

ENLARGEMENT/AGENDA 2000 – WATCH

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ON THE PROJECT

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

T.E.P.S.A. – Institutes in the 15 EU-countries and the four associated partner institutes from Central and Eastern Europe initiated this semi-annual stock-taking in order to monitor the main features and problems of the accession and negotiation process as well as positions and bargaining strategies of the actors involved. A standardised questionnaire was used by all institutes. Due to the specific positions of the applicant countries, not all parts of the questionnaire were as relevant to them as to the present member states. Therefore, the country reports from the Czech Republic, Hungary, Poland and Slovenia are entirely presented in a separate section of this survey.

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This survey was conducted on the basis of a questionnaire. Most institutes replied by the end of May. Issues of Enlargement /Agenda 2000 Watch are available on the *World-Wide-Web* (<http://www.tepsa.be>) and on the homepages of the T.E.P.S.A.-Institutes.

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INTRODUCTION

This issue of *"Enlargement/Agenda 2000 Watch"* focuses on the settlement of the EU's reform package at the Berlin summit and the ongoing accession and negotiation process with the applicants since December 1998. The European Council meetings in Berlin and Cologne took place in the shadow of the Kosovo-conflict and in the aftermath of the resignation of the Santer-Commission. Both summits were not designed as enlargement summits. However, the challenges of pan-European integration were felt strongly and influenced decisions of the Heads of State and Government. The long-term impact of the Kosovo conflict on the enlargement process remains to be seen. The proposal of stability and association agreements (SAA) as a new category of treaties linking the Southeast European countries with the EU and the initiative for a stability pact for this shattered region signal a new stage in the EU's strategy towards the East. Moreover, the urgency of binding Russia into the European security architecture and establishing a more substantial and cooperative relationship were highlighted in the diplomatic activities around the Kosovo crisis. The common strategy issued at the Cologne summit is but a start within a more ambitious CFSP of the Union.

According to the country reports presented in this recent issue of *Enlargement/ Agenda 2000 Watch* the national positions and debates on the agenda 2000 draw quite a uniform picture: Most governments are relieved that the issues could be settled in an overall compromise (cf. box 1 below on the results of the Berlin summit). The muddling through strategy that once again, and not unexpectedly, prevailed over more fundamental policy reforms provides at least a medium term financial perspective for the EU.

EU budget for FY 2000 - 2006

(m Euro)*	2000	2001	2002	2003	2004	2005	2006
Agriculture (including rural development)	40,920	42,800	43,900	43,770	42,760	41,930	41,660
Structural operations	32,045	31,455	30,865	30,285	29,595	29,595	29,170
Pre-accession aid	3,120	3,120	3,120	3,120	3,120	3,120	3,120
Total appropriations for payment	89,590	91,070	94,130	94,740	91,720	89,910	89,310
Available for new member countries	-	-	4,140	6,710	8,890	11,440	14,220
Appropriations for payments as % of GNB	1.13%	1.12%	1.13%	1.11%	1.05%	1.00%	0.97%
Own resources ceiling	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%

Source: EU Presidency

*Appropriations for commitments, 1999 prices

Already in the run up to the Berlin summit a cleavage between North and South has transpired on the goal to stabilise expenditure in real terms. In Berlin the 15 member states agreed on a reversal of the trend towards high growth rates of the EU-budget. This was despite growing obligations of the EU, e.g. in external relations.

A triple challenge:**To finance enlargement:**

Financial framework 2000 – 2006: 1,27% GNP own resources ceiling including enlargement; limit real expenditure to 1,13% (2006) (cf. Table 1).

Changes to the **own resources** decision in order to better correspond with economic strength (GNP)

UK **rebate** remains including enlargement, excluding pre-accession expenditures

To strengthen and reform the Union's policies so that they can deal with enlargement:**Reform of CAP:**

- Stronger orientation towards world market prices and better appreciation of environmental protection;
- **dairy reform** from 2005/2006 marketing year, 15 % reduction of intervention price compensated by direct payments; no abolishment of milk quotas;
- 15 % reduction of intervention price for **cereals** from 2000/2002 in two steps; compensated by direct payments;
- 20 % reduction of intervention prices for **beef** from year 2000;
- average annual expenditure of 40,5 bn Euro in period 2000-2006; report on real expenditure in 2002;
- new instrument for rural development.

Reform of structural policy:

- better **concentration** of assistance in areas of greatest need (from 51 % to 42 % of supported EU-population);
- reduction of number of objectives from 6 to 3; reduction of community initiatives from 13 to 3;
- Total expenditure 213 bn Euro period 2000-2006;
- Compensation list for 13 cases of particular situations;
- Continuation of **cohesion funds** (total of 18 bn Euro) for Greece, Ireland, Spain, Portugal with GNP below 90 % of average GNP in EU;

Institutional aspects: to be dealt with at IGC in the year 2000/2001; agreement on time schedule and agenda at Cologne summit in June 1999.

To negotiate enlargement while at the same time preparing all applicant**countries for accession:**

® **Pre-accession aid:** Overall budget of 3.120 million EUR p.a. (2000 - 2006); ringfenced/not to be used for other purposes or headings

- PHARE: 1,560 EUR million p.a.
- Agricultural instrument (SAPARD): 520 EUR million p.a.
- Structural instrument (ISPA): 1,040 EUR million p.a.

Resources available for **new members:** FY 2002 – 2006 ca. 45 bn. EUR

- ringfenced/not to be used for other purposes or headings

However, the Berlin decisions will probably not be the last word, at least as far as reform of the Common Agricultural policy (CAP) is concerned. Pressure will increase because of the upcoming WTO negotiations and the yet unclear terms of integrating new members with large agricultural sectors into the current CAP. Here national positions of the 15 have initially been wide apart. Co-financing which some saw as the panacea for stopping excessive expenditure but others as the first step towards a re-nationalisation of this key sector did not show the way towards structural reforms of CAP. Moreover, the proposal of a degressive element in the direct income transfers to farmers and the depth and pace of price cuts were most controversial. On the reform of structural funds concessions were easier to negotiate because it still functions as a mix between an intra-EU transfer mechanism of quasi federal nature and giving every one a slice of the cake. The "goodies list" of 13 "particular situations" emphasises the latter function. All in all, no new and plausible rationale for budgetary distributions could be agreed upon.

Pro-enlargement countries of Northern and Central Europe and also the applicants emphasise the link between viable solutions on the agenda 2000 topics and a strong momentum for accession negotiations. Agenda 2000 was launched as a design for the future of the continent with a stronger and wider Europe as its bedrock. Over the quarrels on the concrete issues the wider picture nearly got out of sight. On the other hand, the pragmatism and horse-trading style of most governments made a compromise feasible. Correspondingly, debates in the member states largely focused on the money that the respective government brought home. Once more, farmers' lobbies demonstrated that they are the most powerful interest group across the EU. A transnational discourse as a complement to national debates meets with little response. Thus, from a national point of view none of the member states found the outcome of Berlin unsatisfactory.

It is generally assumed that after the settling of the agenda 2000 enlargement, foreign and defence policy issues and the debate on institutional reform will return centre stage. Apparently, most member states and also candidate countries adhere to a minimalist ICG that focuses on the leftovers of Amsterdam. So far, the definition of national positions has rarely gone beyond the point of broad guidelines. It is frequently stated that the Union must be fit for enlargement before the first accessions. However, as Anna Murphy from Ireland states in her report: "In practice, what constitutes fit is unknown and is to some degree determined by the pace and nature of enlargement." So far, there are, however, no concrete proposals how to engage the applicants in the run up to the next IGC.

While most member states are reluctant to set a target date for the conclusion of the first round of accession-negotiations, Slovenia, for example, regards it as highly desirable from the point of view of all candidate countries. Even more important is a swift continuation of negotiations on the 31 chapters for which the applicants now table their positions including lists of derogations concerning e.g. acquisition of real estate and land (cf. in detail the reports from Hungary and Slovenia).

There is a broad consensus supporting an accession process strictly based on the fulfilment of the membership-criteria. In this respect, the opening of the first wave to candidates like Bulgaria and Romania chiefly for reasons of political symbolism is regarded as a first test case. At least some political signal shall be given to these two countries to emphasise the inclusive character of the accession and negotiation process. A majority of EU-governments continues to see Turkey on a special track towards the EU and is reluctant to move beyond the present offers and proposals. While it is generally assumed that Cyprus could become a stumbling block for the whole enlargement process, no new political initiatives are prepared for.

Over the last six months or so there were no major changes noticed with regard to support of enlargement from both the governments in EU member states and the wider public. "Enlargement" is still an elite topic that arouses little attention, which is also true in the context of the elections to the European Parliament. In Slovenia, Hungary, Poland and the Czech Republic a majority of citizens still supports the country's joining the EU. The awareness of the costs of accession is, however, on the rise. Lately, Czech public opinion seems particularly sceptic. Thus, communication and awareness strategies of the governments increasingly focus on the large groups of citizens who are neutral or undecided towards EU-membership.

Bonn, June 1999

Barbara Lippert

MAIN EVENTS FIRST HALF OF 1999

1 January 1999	Start of the common currency EURO. Beginning of the German EU presidency.
12 January 1999	German Foreign Minister Fischer speech to the European Parliament outlining the main objectives of the German presidency. He stresses the importance of enlargement and asks to step up the negotiating pace.
25 January 1999	EU foreign ministers back the enlargement work programme of the German EU presidency which foresees an intensification of the negotiations. EU Council of ministers' 'enlargement' working group continues to meet regularly twice a week during the first half of 1999.
End of January	The six first wave countries submit their negotiating positions on eight more chapters: company law, free movement of goods, consumer protection, fisheries, statistics, external relations, customs union and competition policy.
1 February 1999	Europe Agreement with Slovenia enters into force.
21 February 1999	Agenda 2000 - "Conclave" of the EU Foreign Ministers works on the basis of two papers from the German presidency.
22 February 1999	Association Councils with Slovenia, Latvia and Lithuania.
25 February – 11 March 1999	After the 'agricultural marathon' the Agriculture Council agrees on the principles of a reform of the Common Agricultural Policy.
25 February 1999	The Commission's "Enlargement Task Force" starts <i>screening</i> in the area of justice and home affairs with first wave countries.
26 February 1999	Informal European Council at the Petersberg near Bonn searches for a compromise on the Agenda 2000.
1 March 1999	Beginning of the bilateral meetings for the analytical evaluation (<i>screening</i>) of the EU legislation with the 'pre-in' countries Latvia, Lithuania, Slovakia, Bulgaria and Romania.
13-14 March 1999	Informal meeting of the Foreign Ministers at the Chateau of Reinhartshausen agrees in principle on CAP compromise.
16 March 1999	Resignation of the European Commission after the publication of the report of the Committee of Independent Experts.
18 March 1999	The European Commission submits draft negotiating positions on three more chapters of <i>acquis</i> (telecommunications, customs union and external relations).
15-19 March 1999	Chancellor Schröder on a European capital tour to discuss confidentially negotiating positions with his counterparts.
21 March 1999	Agenda 2000 – "Conclave" of the EU Foreign Minister focuses on an overall compromise on the Agenda 2000.

22 March 1999	General Affairs Council decides that screening of Maltese legislation has to begin. The European Commission is asked to propose a specific pre-accession strategy. Malta is invited to the next European Conference.
24 March 1999	Start of NATO air strikes on Federal Republic of Yugoslavia (FRY).
23-25 March 1999	European Council in Berlin reaches agreement on the Agenda 2000 and proposes the nomination of former Italian Premier Minister Romano Prodi for the presidency of the European Commission. European Council reassures the countries negotiating for accession, that enlargement remains a historic priority for the European Union. European Council Statement on NATO strikes on Federal Republic of Yugoslavia (FRY).
19 April 1999	Negotiating sessions with the six applicant countries of the "first group" on delegate level (EU-ambassadors and candidates' chief negotiators). The sessions observe growing differentiation between candidate countries while the Polish negotiator criticises the 'bureaucratic nature' of EU.
26 April 1999	Second meeting of the EU-Ukraine Cooperation Council in Luxembourg.
27 April 1999	Meetings of the EU-Romania Association Council, the EU-Slovakia Association Council and the EU-Estonia Association Council and meeting of the Troika with Albania and Former Yugoslav Republic of Macedonia.
1 May 1999	Treaty of Amsterdam enters into force.
19 May 1999	Negotiating sessions with the six first wave countries on delegate level.
26 May 1999	The European Commission adopts a report on relations with south-eastern Europe and proposes "Stability and Association Agreements" in order to bring them "closer to the perspective of full integration into the EU structures".
28 June 1999	General Affairs Council starts comprehensive reflection on implications of latest developments (notably in the Balkans) on the prospects for membership for applicant countries.
3-4 June 1999	European Council in Cologne welcomes the results of the second round of negotiations with first wave countries and will open negotiations on all chapters as early as possible next year. The Helsinki Council will draw the necessary conclusions on second wave countries. The Council confirms intention of convening an IGC early in 2000 which should be completed at the end of 2000. Adoption of the common strategy of the European Union on Russia
10 June 1999	G8 summit in Cologne agrees on stability pact for south-east Europe.
10-13 June 1999	Elections to the European Parliament.
22 June 1999	Negotiations with the six applicant countries of the "first group" at ministerial level.

ANALYTICAL SURVEY BY EU-COUNTRY

A. THE AGENDA 2000 /EU-REFORMS

1. *What was your government's position during the Berlin summit of March 24/25 on the following issues:*
 - *Financial framework 2000-2006 (own resources ceiling of 1,27% GNP of member state; changes on contribution side; British rebate, freeze of expenditure in real terms etc.)?*
 - *Structural funds (reduction of number of regional objectives, definition of qualifying criteria; phasing out of cohesion fund for Euro-zone countries etc.)?*
 - *Reform of Agriculture (co-financing of CAP expenditure, reduction of guaranteed prices and increase in direct support to farmers etc.)?*
 - *Was the preparatory informal European Council at the Petersberg in February of any importance?*

Austria

Financial framework

The top priority of the Austrian government concerning the financial framework was to reduce (or at least not to increase) Austria's net contribution to the Union budget.¹ This

¹ The Austrian text is based on the following sources:

- Bundesministerium für Auswärtige Angelegenheiten: Presseaussendungen vom 15.2., 30.4. und 19.5.1999; www.bfaa.gv.at (Ministry for Foreign Affairs: Press releases).
- Bundesministerium für Auswärtige Angelegenheiten: Presseaussendung vom 31.3.1999 zu den Ergebnissen des außerordentlichen Europäischen Rates in Berlin (Ministry for Foreign Affairs: Press releases concerning the results of the Berlin European Council).
- Bundesministerium für Land- und Forstwirtschaft: Darstellung der Verhandlungen zur Reform der Gemeinsamen Agrarpolitik und Erläuterung der Ergebnisse des Rates (Landwirtschaft) vom

did not mean the rejection of the principle of solidarity, but was merely an argument for a fair "burden-sharing" since some rich countries contribute much less than Austria in relative terms. This criticism was not explicitly directed against any specific country, but it was evidently aimed - among others - against the British rebate and those coun-

11. März 1999 und des Gipfels von Berlin vom 26. März 1999; Homepage des Landwirtschaftsministeriums: www.bmlf.gv.at (Ministry for Agriculture: Description of the negotiations about CAP-reform and explanation of results).

- Der Standard, 1997-1999: Mehrere Artikel, bezogen über das Internet-Archiv: www.derstandard.at/arc.
- Homepages of the Political Parties of Austria:
 - Sozialdemokratische Partei Österreichs (Social Democrats): www.spoe.at.
 - Österreichische Volkspartei (Austrian People's Party): www.oevp.or.at.
 - Freiheitliche Partei Österreichs (Freedom Party): www.fpoe.at.
 - Die Grünen (The Greens): www.gruene.at.
 - Liberales Forum (Liberal Forum): www.lif.or.at.
- Interviews mit einigen Beamten des Außenministeriums und des Bundeskanzleramtes (Interviews with several official of the Ministry for Foreign Affairs and the Federal Chancellery).
- Kammern für Land- und Forstwirtschaft: Der österreichische Bauer; Nummer 4a, April 1999 (Chambers of Agriculture: "The Austrian Farmer").
- Österreichischer Nationalrat: Debatte vom 21.4.1999 zur Agenda 2000, Erklärungen von Bundeskanzler und Vizekanzler zu den Ergebnissen des außerordentlichen Rates von Berlin und zum Kosovo; Stenographisches Protokoll der 165. Sitzung, XX. Gesetzgebungsperiode (Austrian Parliament: Debate on Agenda 2000, speeches by the Chancellor and Vice-Chancellor concerning the results of the Berlin European Council and Kosovo).
- Schlußfolgerungen der Präsidentschaft, Europäischer Rat von Berlin; März 1999 (Presidency Conclusions, Berlin European Council).
- Schlußfolgerungen der Präsidentschaft, Europäischer Rat von Köln; Juni 1999 (Presidency Conclusions, Cologne European Council).
- Schlüssel Wolfgang, 30.7.1997: Presseerklärung zur Agenda 2000; www.europarl.eu.int/enlargement (Press release concerning Agenda 2000).

tries that qualified for the European Monetary Union (EMU) but still wanted to receive financial support out of the cohesion fund. In connection with Austria's aim to reduce its net contribution it argued not only for the maintenance of the 1,27%-ceiling of own resources but also for a freeze of expenditure in real terms.

Austria was flexible concerning the details by which the reduction of its net contribution should be achieved and it supported any measure that would serve the overall goal.

The results of the Berlin summit included a whole variety of measures which, taken together, should reduce the net contribution in the course of the following seven years. The government is reluctant to publicise detailed negotiation positions but the final outcome gives some indications. Austria supposedly wanted a reduction in its share of financing the British rebate and supported the reduction of the value added tax resource within the own resources system. These two measures should reduce Austria's contributions to the EU-budget every year by 1,3 billion shillings (94 million Euro) and 700 million shillings (53 million Euro) each.²

Structural funds

Austria supported the Commission's proposals by and large, including the reduction of objectives as well as community initiatives to three each. Austria had the following priorities:

1. To secure the continued Objective 1 status of the "Burgenland", Austria's only Objective 1 region. This goal never seemed to be in serious question since the necessary threshold to qualify for Objective 1 funds, a per capita income of less than 75% of the Union-wide GNP, was not surpassed by the "Burgenland".
2. The so-called safety-net, meaning that no country should lose more than one third of

its population covered by Objective 2 (compared to the former coverage of Objectives 2 and 5b), was of paramount importance for Austria, since only 8% of the population live in regions that would fall under the new Objective 2 criteria (compared to 40,6% living in regions receiving funds under Objectives 2 and 5b so far).

3. The third main preoccupation of the Austrian government was some sort of special funding for regions sharing borders with the accession candidates of Central and Eastern Europe. Since the European Commission clearly rejected the public request by the Austrian government for special funds for border regions in the spring of 1998, the government concentrated its efforts on the extension of the community initiative "Interreg".

All three goals were achieved. Concerning the third goal, the government was proud to report that Austria will receive 50 million Euro annually out of Interreg funds. Besides, the government counts it as a success that Austria may select regions due to its own criteria for funds it receives through the safety-net clause. Much will now depend, however, on the quality and number of projects that will be developed by the regions and the government.

Concerning the new Objective 2, the responsibility of dividing the funds Austria receives due to the safety-net-regulation (the difference between the reduction of previous funds under Objective 2 and 5b by one third and the regions directly eligible for the new Objective 2) falls to the national government and the "Länder". This means very difficult internal discussions and decisions, scheduled to be concluded by the end of June.

Austria wanted the possibility to support urban regions under the new Objective 2 or else the continuation of the community initiative "Urban".

² Bundesministerium für Auswärtige Angelegenheiten: press release from 31.3.1999.

Further Austrian positions that are reflected in the results were:

- Horizontal rural development in the context of the agricultural reform, independent of the Objective 2 status of the regions.
- Eligibility for Objective 3 funds in any region, irrespective of Objective 2.
- Streamlined administration.

Reform of the CAP

Not surprisingly, the overall goal of Austria in the field of agricultural reform was to avoid any income loss for the agricultural sector. Therefore, the reduction of intervention prices should be more moderate than proposed by the Commission and compensation through direct payments should be full and permanent.

Austria argued for the necessity to sustain employment in the agricultural sector, to maintain the countryside, conserve nature and to secure the cultivation of less favoured areas. Furthermore, environmental and social aspects should be strengthened and the competitiveness of the European agriculture should be enhanced, and effective use of funds secured.

Austria strongly supported the concept of a Rural Development Policy to establish a coherent and integrated approach to rural development.

Specific demands along the mentioned principles included:

- Extension of milk quotas until 2006 in order to maintain and secure milk production in mountainous areas.
- Increased milk quotas for mountain regions. As a compromise, Austria accepted that in member states where more than 50% of the milk is produced in mountainous areas (= Austria) the extensification premium is also applicable in the case of dairy cows.

- Maintenance of the slaughter premia ceilings for bulls, steers and cows at the level foreseen in the accession treaty.
- Granting of a basic rate payment to support mountain farmers.
- Equal treatment of part-time farmers with full-time farmers concerning supportive payments for investments
- Special direct payments for ecologically sensitive and protective forests.
- Promotion of environmental aspects through the connection of funds to certain minimum standards in environmental protection, hygiene and of animal welfare.
- Austria strongly opposed a temporal degression of direct payments and favoured instead the inclusion of a social element through a degression of payments with reference to company size.

The informal European Council at the Petersberg

Yes, it was. According to a government official, it makes sense to force the Heads of State and Government sometimes to discuss the topics and to get more familiar with them. Though the informal meeting did not bring any substantial breakthrough, the discussion was carried on and some points became more clear. Maybe the most significant result of the meeting was that the idea of co-financing the GAP was finally laid to rest.

Belgium

Initial remarks

As already indicated in the previous (pilot) issue of this survey³, given the federal structure of the Belgian State, both the federal and regional (Regions and Communities) state levels share competence on vari-

³ See Enlargement/Agenda 2000 Watch, Pilot Issue, p. 29.

ous matters falling within the ambit of the Agenda 2000⁴. Accordingly, the position defended by the Belgian Federal Government is in fact the result of an internal consultation and coordination process within the framework of the so-called Comité Interministeriel de la Politique Etrangère /Interministeriëel Comité voor Buitenlands Beleid (CIPE /ICBB), involving the different federal and regional ministerial cabinets concerned.

Financial framework

The Belgian Federal Government⁵ opted for renewing of the existing budgetary inter-institutional agreement and endorsed the view of laying down the financial prospects for a period of seven years (2000-2006). Assuming this offered the margin necessary in view of the eastward EU enlargement, it favoured to maintain the ceiling of the Communities' own resources during this period on the current level of 1,27% of the member states' GNP. It could not, however, subscribe to the option of stabilising the expenses for the EU countries in real terms throughout this period on the 1999 budget level (increased by the inflation rate). After all, although retrenched expenses could contribute to the efficiency of the Community's common policies, they could not be allowed to result in undermining its dynamic process and growth potential.

The Belgian Government supported the Commission's proposal to provide, within this financial framework, for both pre-

accession aid and a budgetary reserve for accession. However, whereas it agreed with the proposed amount of pre-accession aid, the Belgian Government preferred only to decide upon the magnitude of the reserve for accession within the global package negotiations of the Agenda 2000. In this regard, it also agreed with the so-called 'ringfencing' approach of excluding budgetary means earmarked for enlargement being transferred to other headings of the Community budget.

Albeit reluctantly, the Belgian Federal Government was willing to examine the net-contributing member states' claims for a review of their contribution to the Communities' budget, which had become politically linked to the Agenda 2000's financial framework. Provided that these claims were based on a generally satisfactory calculation of *saldi*⁶ and acknowledging that the Community's redistributing policies (e.g. through the structural funds) could not be covered by such a correcting mechanism, the Belgian Government was in favour of a fair and equitable burdensharing among all member states in the medium term. This clearly implied the abrogation of the existing British rebate, which it considered no longer to be justified. Moreover, prolonging the British rebate would allow the latter to escape from participating in the financing of the enlargement operation, a prospect rejected by the Belgian Government.

On the income side, Belgium could not agree with a correction based purely on the GNP parameter. A replacement of the existing own resources by a single GNP-resource could only be considered if customs and agricultural levies were allocated to the member states. Rather, the Belgian Federal Government argued for the introduction in the medium term of a fifth and additional own resource which would be

⁴ For instance, owing to the fact that - from an internal Belgian perspective - the European structural policy predominantly deals with matters falling within the competence of the (Flemish, Brussels and Walloon) Regions, the Belgian position thereon basically emanated from these regions' authorities (see answer given by Foreign Affairs Minister Derycke on senatorial question nr. 912 of 6 March 1998).

⁵ Unless indicated otherwise, all information included in the answer to question I.1 is derived from Minister of Foreign Affairs Derycke's note entitled 'Agenda 2000 - Standpunt van de Belgische Regering', approved by the Belgian Federal Government on 4 December 1998.

⁶ In this respect, the Belgian Government challenged the Commission's approach of imputing 60,4% of the administrative expenses as receipts out of the Community budget.

characterised by a true community-wide redistributing dimension (e.g. an energy or savings tax)⁷.

Belgium favoured to eliminate imbalances on the expense side as much as possible, though. In this regard, only a partial national co-financing of the common agricultural policy (e.g. 25% of compensating income support) could be contemplated, provided that the determination of the policy entirely remained within the Community's competence⁸. In the Belgian view, a partial national co-financing of the common agricultural policy could in no way be understood as giving an impulse to the ulterior re-nationalisation of the policy itself.

Structural funds

On the whole, the Belgian Federal Government endorsed the general principles of the reformed structural policy as proposed by the Commission, including the reduction of the seven current objectives to three, the emphasis on objective 1 measures and the reduction of the financial means as compared to the 1994-1999 period.

As far as the new objective 1 is concerned, the Belgian Government insisted on a strict and uniform application of the eligibility criteria. At the same time, though, it called for significant 'phasing out'-funding throughout the entire seven year period for those currently eligible regions which consequently would no longer fulfil the eligibility criteria in the future (among which the Bel-

gian Hainaut region). Also, at most 66% of the total amount of funding available for the structural policy could be spent on objective 1 projects.

Likewise, the Belgian Government insisted on a similar 'phasing out'-regime for disqualified objective 2 regions. It also stressed the importance of a 'correct' application of the proposed 'safety net', according to which the population covered by objective 2 measures under the new schedule should not be reduced by more than 33% as compared to the current situation. In the Belgian view, such a correct application meant in effect that former objective 1 (phasing out) regions which would become eligible for new objective 2 funding should not be taken into account for the calculation of the maximum population ceiling⁹.

Regarding the new (wide) objective 3, the Belgian Government underlined the need for its complementarity with the guidelines for an EU employment policy and the national action plans stemming therefrom.

Whilst the Belgian Government held the view that member states participating in the EMU could not continue to enjoy financial injections from the Cohesion Fund for an undetermined period, it accepted that these countries should only have their cohesion funding be phased out gradually¹⁰.

Reform of the CAP

The Belgian Government agreed with the general principles of the CAP reform, as proposed by the Commission: reduction of guaranteed prices, compensated by an increased direct support to farmers. Whilst the proposed price reductions were broadly acceptable, it could not, however, agree

⁷ Thus, the Belgian Government implicitly endorsed the proposition of Finance Minister Viseur to make the fourth (GNP) own resource redundant by reviewing the current third (VAT) own resource. According to this proposition, alongside (and modeled upon) a share of their VAT receipts, the member states would also transfer a portion of their energy and/or savings tax revenues to the Community budget (see Agence Europe, 18&19 January 1999 and 23 January 1999). As such an evolution requires the prior coordination of the member states' energy and/or savings tax regimes, though, it could only be contemplated in the medium term.

⁸ Cf. infra.

⁹ This stance stemmed from the fact that whilst the Flanders Region in itself would be a beneficiary from this 'safety net' measure, it would lose this benefit when the population living in the current objective 1 Hainaut area (in the Walloon Region), which would become eligible for objective 2 fundings under the new regime, would be taken into account for the calculation thereof.

¹⁰ See also Agence Europe, 8 & 9 February 1999.

with the compensations offered. These were considered to be insufficient and, moreover, inadequate both in view of the desired further development of rural areas and the failure to sufficiently appreciate the environmental requirements¹¹.

According to the Belgian Federal Government, the agricultural guideline needed to be maintained in its current form, without any 'rebating'. All common agricultural policy (CAP) funding (including agricultural pre-accession aid, agricultural costs of future accessions and structural measures in agrarian areas financed by the EAGGF) should be available within this financial bodice.

Whilst it was opposed to a linear reduction of the budgetary means earmarked for the agricultural sector, the Belgian Federal Government was ready to discuss alternative ways of saving on agricultural spending. In this regard, for instance, as contrasted with degressivity in a given space of time of the direct support to farmers, a ceiling thereof could be contemplated. In the same respect, also the issue of partial national co-financing of the CAP was approached with a certain degree of flexibility in that it was not per se assimilated to a re-nationalisation of the common agricultural policy itself, an option to which the Belgian Government remained fiercely opposed¹².

Informal European Council at the Petersberg

During the informal European Council of Petersberg, Belgium took a median stance between on the one hand those member states advocating an absolute stabilisation of the EU expenses (let alone reduction thereof) and on the other those inversely in favour of a substantial increase of the EU budget.

¹¹ See declaration of Minister of Agriculture Pinxten before the Belgian Parliament's Advisory Committee on European Affairs, 7 July 1998.

¹² Cf. supra.

Denmark

Financial framework

The Danish Government entered the negotiations supporting the Commission's proposals and with a flexible stand, which would allow it to strike the necessary compromises. Generally, the overall perception was that it was crucial for the enlargement process that a deal was indeed struck in Berlin. Before the European council meeting in Berlin, March 24–25, 1999, the Danish Prime Minister Poul Nyrup Rasmussen underlined, that he was ready to accept that Denmark would have to pay more for EU membership, as long as the EU-budget and the reform of the CAP would prepare EU for the enlargement.¹³

Denmark supported the 1.27 per cent ceiling of the budget. However the Government would have preferred not to freeze expenditure in real terms, but it had been clear a long time before Berlin that this was not in the cards.¹⁴ It was against the overall idea of rebates. The Danish Minister of foreign affairs expressed it as following: "*It will not work if more countries travel half fare in relation to the EU budget*".¹⁵

Denmark was strongly in favour of increasing the funds set aside for Central and Eastern Europe and to ensure that applicants with the greatest needs should receive special support.¹⁶ However a considerable time before Berlin it was clear that this would not be possible. Denmark maintained its overall position in principle, but concentrated on 'ringfencing' the amount set aside in the Commission's Agenda 2000, i.e. ensuring that the amount was not decreased and that it could not be used for other purposes should the enlargement process continue beyond the time frame presented in

¹³ Berlingske Tidende, 23.03.99.

¹⁴ Interview Ministry of Foreign Affairs, May 1999.

¹⁵ Berlingske Tidende, 22.03.99.

¹⁶ Interview Ministry of Foreign Affairs, May 1999. See Enlargement /Agenda 2000 Watch, pilot issue.

Agenda 2000. Both negotiation goals were obtained.

Structural Funds

Denmark was one of the few countries which supported the Commission's proposal all the way through. Denmark accepted that the number of regional objectives should be reduced and that the criteria for the economic aid should be changed. In practice, the overall reform of the structural funds was never a topic which raised a lot of concerns in Denmark.¹⁷

With regard to cohesion funds Denmark took the view that Euro-zone countries should still be eligible for these funds.

Reform of the CAP

Considering Denmark's relatively big agricultural sector, CAP-reform was an area with high stakes for Denmark. Denmark did not support the idea of co-financing. If one travelled down this route one could quickly end up with a re-nationalised CAP - *without* the important structural changes. Instead Denmark favoured the price reduction approach and a gradual phasing out of economic aid. To be sure, in the light of the ineffectiveness of the CAP, the wish to reform was a goal in itself; independent of enlargement. However, it also played a role that CAP-reform would reduce the costs of enlargement and also improve the EU's chances of striking a deal in the WTO.¹⁸

In relation to the agricultural reform especially the question of milk and milk quota was very important. From a Danish position it was a clear wish that there should be a price reduction of 15 per cent.¹⁹ The compromise struck at the agricultural council meeting in March did not result in such reductions, but as the Danish minister of food and agriculture Henrik Dam Kristensen put

it: "The compromise is an important step in the right direction toward the final reform of EU's agricultural aid, but we do *not* have the final reform yet."²⁰ The chairman for the Danish Dairy Association, Kaj Ole Petersen, was not as satisfied: "The postponement of the milk reform ...means that EU on the milk domain will have less time to adjust the system as well as to take up the challenge of the forthcoming WTO agreements. It also makes the conditions for the enlargement unclear."²¹

This overall position led to the situation in Berlin, where Denmark tried to maintain the agricultural compromise, which the ministers of agriculture had struck in March. Prime Minister Poul Nyrup Rasmussen was of the opinion that " *..if the agricultural compromise is re-opened, then it will be like Pandora's box. We will then have lots of troubles.*"²² When this was not possible (mainly due to the French position) Denmark took the initiative to secure a review of the reforms after 2 years.

Finland²³

Financial framework

The own resources ceiling of 1,27% of the GNP of the member states should be maintained. The question of the British rebate is not a key issue in the sense that it is accepted that it is maintained for the moment. Yet, it is hoped that the rebate issue will be taken up again at the latest by the next enlargement. Finland is for tight budgetary discipline; however, budgetary discipline should not harm the actual policies or lower their level or extension. In general, Finland sees itself as a mediator between the net contributors and the net receivers.

Structural funds

¹⁷ Interview Ministry of Foreign Affairs, May 1999.

¹⁸ Interview Ministry of Foreign Affairs, May 1999.

¹⁹ Jyllandsposten, 02.03.99.

²⁰ Politiken, 12.03.99.

²¹ Kristeligt Dagblad, 12.03.99.

²² Børsen, 25.03.99.

²³ Unless otherwise indicated, the answers are based on interviews with officials from the Ministry for Foreign Affairs.

Finland favours the reduction of the number of regional objectives. One of its central goals was to merge Objective 6 to Objective 1, which was indeed done. In other words, Northern Finland was included in Objective 1 (together with Eastern Finland). (Northern Finland was admitted to Objective 1 because of sparse population and difficult conditions and not because of GNP-based criteria - usually, the criterion for Objective 1 is a GNP less than 75% of the average GNP.)

Phasing out the cohesion fund for the countries which belong to the Euro-zone is not considered as an urgent priority or necessity: Finland sees that these countries can still continue to benefit from the cohesion fund.

As to the definition of the qualifying criteria, Finland supported the inclusion of unemployment among the main criteria. In fact, the Berlin special summit stated that structural funds could be directed to areas where the GNP is considerably lower than the EU average, and, in addition, to areas of, e.g., high unemployment. However, Finland actually hoped that unemployment would have got even more weight among the criteria than is now the case.

Reform of the CAP

Co-financing of CAP expenditure would have been acceptable for Finland. What was essential was to get a recognition for the particularly difficult conditions for agriculture in Finland which imply considerably higher production costs than elsewhere in the Union. It was also important to repeat the principle accepted at the Luxembourg Summit in December 1997 that it has to be possible to cultivate land in all parts of Europe - a principle to which, on Finnish initiative, was added a reference to areas with specific problems.

Thus, it was important that the Finnish farmers receive a full compensation for loss of income due to the particularly difficult conditions for agriculture in Finland. This

was indeed achieved - Finland being the only country which actually received full compensation.²⁴ In practice, this compensation was achieved through special subsidies for cereals and oil plants, for grass silage, and through increased direct support to farmers. (Thus, Finland also supports the idea of increasing direct support to farmers.)²⁵

The informal European Council at the Petersberg

The preparatory informal European Council at the Petersberg in February was useful and important in that some ground work was done, e.g., regarding the agenda.

France

Initial remarks

During the special summit meeting of 24-25 March 1999, the position of the French government was based on the following principles: containment of expenditure, more equitable contributions and financial solidarity²⁶.

Financial framework

As regards the financial framework for the 2000-2006 period, France was therefore in favour of "stabilising" expenditure and retaining the 1,27% GNP ceiling set for ex-

²⁴ See also *Helsingin Sanomat* 16 March 1999.

²⁵ See also *Helsingin Sanomat* 12 March 1999.

²⁶ Informal meeting of heads of state and of government of the European Union. Joint press conference of the President of the Republic, M. Jacques Chirac and the Prime Minister, M. Lionel Jospin, Petersberg, 26-02-1999; joint press conference of the President of the Republic, M. Jacques Chirac and of the deputy minister for European affairs, M. Pierre Moscovici, at the end of the special summit of heads of state and government of the European Union, Berlin, 26-03-1999; interview with the deputy minister for European affairs, M. Pierre Moscovici, on Europe 1 radio, 26-03-1999; conclusions of the summit meeting; hearing of the deputy minister for European affairs, M. Pierre Moscovici, before the delegation for the European Union of the Assemblée nationale, Paris, 01-04-1999.

penditure as well as own resources, with a balanced Community budget. Reading official statements and making interviews of foreign ministry officials has enabled us to better grasp the three arguments which France had put forward in support of its position. Firstly, one cannot demand that member states of the Economic and Monetary Union should have strict budgetary policies and, in particular, conform with the stability pact, without extending the requirement of sound management of public funds to Community level. Secondly, tighter spending control is needed so that anticipated expenditure consequential to enlargement to eastern and central European countries can be accommodated. Thirdly, as already mentioned in the previous issue of *Enlargement/Agenda 2000 - Watch*, the containment of expenditure is considered by France as a means to meet the main net contributors' concern to limit their contribution to the Community budget²⁷.

Initially, France was not requiring changes on revenue, in so far as, on account of the payments it receives under the CAP, its net contribution to the Community budget is low in relation to its national wealth²⁸. In the face of pressing demands from highly contributing countries, it upheld the idea, on the one hand, to have a better control of expenditure, and on the other, that contributions should be made more equitable through raising the share of the GNP-based resource in the overall own resource over the VAT resource. However, it continued rejecting any solution which might run counter to the financial solidarity principle and therefore any generalised correction mechanism for member countries with a negative budgetary balance. This is the reason why, to-

gether with the equity principle which requires that every member should take its share of the joint effort, France was in favour of reconsidering the British rebate.

Structural funds

As for the structural funds, France also insisted on the need to stabilise the overall envelope and to concentrate funds into the poorest regions, in accordance with its proclaimed twofold concern for both budgetary discipline and enlargement preparation. Consequently, the French were in favour of a reduction in the number of regional objectives and of a strict respect of the qualifying criteria. France was even prepared to accept that this latter measure should result in excluding Corsica and Hainaut from the regions benefiting from structural funds under objective 1²⁹. Such an attitude may in fact have been eased in by the fact that France should largely benefit from new objective 2. It should however be noted that France, in refusing, at the end of the negotiation, to "pick" a last minute financial benefit under compensation for existence of "particular situations", contrary to most member states, stuck by its principles³⁰.

The stand taken by the French representatives on the cohesion fund pertains to the same rigorous logic. Arguing that the fund was designed to accompany the efforts made by a number of countries (Spain, Greece, Ireland, Portugal) to comply with

²⁷ Institut für Europäische Politik in Cooperation with the Trans European Policy Studies Association. *Enlargement/Agenda 2000 - Watch, Pilot Issue*, October 1998, p. 51.

²⁸ *Ibid.*, p. 50. Recently, the ratio between the net contribution of Germany and that of France has reached 1 to 37.

²⁹ Are eligible to the structural funds paid under objective 1, the regions whose per capita GDP is below 75% of the Community average. With strict enforcement of this criteria, the Départements d'outre mer (DOM) would remain the only French regions qualifying under objective 1.

³⁰ Item 44 of the Presidency conclusions at the Berlin European Council deals with these "particular situations" (development of the Lisbon region, the PEACE programme in Northern Ireland, the particular characteristics of labour market participation in the Netherlands, some Swedish regions, the specific problems of the Highlands and Islands of Scotland...). In *Europe Documents*, n° 2131/2132, 27-03-1999, p. 5. As to the atmosphere towards the end of the negotiations, refer, for instance, to *Le Figaro*, 27/28-03-1999.

the convergence criteria required for joining the single currency, they requested that it should no longer benefit the states which are already members of the Euro zone. However this stance may well not have been welcomed by the whole French administration. In the course of interviews we made, an official from the Secrétariat Général du Comité Interministériel (SGCI)³¹ seemed to be rather open to arguments in favour of the status quo (the countries which have made the effort to prepare for the single currency should continue to receive assistance as long as their per capita GDP remains below 90% of Community average), while it would seem that the foreign affairs ministry, and even more so the economy and finance ministry, viewed positively a reduction in the number of recipients.

Reform of the CAP

As for the common agricultural policy (CAP), France there again pleaded for a containment of expenditure. It may seem more of a surprise as, contrary to the structural funds, it derives maximum benefits from the policy. Actually, its main concern was to avoid any plan for CAP expenditure co-financing, that is the funding from national budgets of part of the spending decided on in Brussels³². To justify its refusal of CAP co-financing, France made two points. Paving the way for national funding may, in the longer term, lead to uncontrolled spending. Keeping Community expenditure at a constant level would then mask a possible increase of national supports systems to farmers. But, first and foremost, the co-financing concept carries

the seed of "renationalisation" of the common agricultural policy, which would challenge the *acquis communautaire* together with one of the major common policies. As already underlined, President Jacques Chirac, traditionally quite attuned to the farming community, was particularly hostile to the idea and fully determined not to give in³³. In 1998, there were reportedly some difference of opinion between, on the one hand, the right-wing President, mainly intent on retaining the current principles governing the CAP together with the competitive edge of French farm products, and, on the other, the socialist government more open to the idea that the CAP should take other perspectives into account, such as country planning or protection of the environment³⁴. But in fact, during the last lap of negotiations on Agenda 2000, French leaders took great care to "speak with one voice" so as to give added strength to their country's posture³⁵. In 1999, the prime minister, M. Lionel Jospin and the European affairs min-

³³ Institut für Europäische Politik in Cooperation with the Trans European Policy Studies Association, op. cit., p. 51.

³⁴ During the European Council of agriculture ministers of 31 March 1998, the previous French agriculture minister, M. Louis Le Penec, declared: "I do not personally consider that the competitiveness of European agriculture lies in its capacity to sell basic commodities at a low prices on the world market". The President of the Republic, Jacques Chirac, answered him a few months later: agriculture should "reaffirm its export vocation in refusing the decline to which an inward-looking attitude would lead", going further and adding: "farmers should not be turned into state-appointed nature gardeners or 21st century countryside wardens". Cf. *Mise en garde contre une renationalisation de la PAC. Le Monde*, 04/05-10-1998.

³⁵ Les dirigeants français défendent ensemble les acquis de la PAC. *Le Monde*, 19-02-1999; M. Chirac et M. Jospin au coude à coude. *Le Monde*, 19-02-1999; in an article on the Berlin European Council, the British magazine *The Economist*, even made the following suggestion: "do not allow France alone to be represented by two heads of government", Président Chirac and his prime minister, Lionel Jospin, at such summits, for they simply compete to be seen back home as the farmer's best friend" ! (Dismal in Berlin, *The Economist*, 3 April 1999).

³¹ The SGCI is the administrative structure in charge of co-ordinating the French position on Community issues.

³² In its report on own resources dated 7 October 1998, the Commission suggested that only 75% of the direct aids paid to farmers should come from the Community budget. These are aids compensating for the price drops having occurred in 1992 and paid to individual recipients, which represent around 2/3 of CAP expenditure.

ister, M. Pierre Moscovici as well as the agriculture minister, M. Jean Glavany opposed the project of co-financing of aids. As for President Jacques Chirac, he did not prevent the government from defending its "degressive" direct aids project geared to the promotion of rural development³⁶. Admittedly, this project was also meant to divert people's minds from co-financing, putting forward concerns which might be shared by other member states, such as the protection of the environment or the quality of agricultural products.

Turning now to the main products involved in the considered reform of the CAP, as could be anticipated as of autumn 1998, French representatives did not actually oppose the lowering of cereal prices, even if, contrary to the previous 1992 CAP reform, it is only partially offset for by direct aids to farmers. Admittedly, France would otherwise not have been true to the principles it claimed to uphold, since the price drop went along the lines of control of expenditure, of anticipation of the effects of enlargement (prices being lower in central and eastern Europe) and of maintaining of the CAP principles. France nevertheless tried to limit its impact. But, it continued opposing the removal of the dairy quotas. It was obviously easy enough for France to insist on the costs such a measure would entail. As for beef, it advocated the principle of continuation of interventions in case of price drops.

The informal European Council at the Petersberg

The preparatory informal Petersberg European Council in February turned out to be important for France. First, it gave President

Jacques Chirac the opportunity to make it clear to his partners, to Germany in particular, which, for a while, had been tempted to isolate France and use the CAP as the adjustment variable in the negotiations, that he was fully determined to reject any idea of co-financing³⁷. Moreover, it led to an agreement to stabilise expenditure, as advocated by France³⁸. After this summit, the position of Germany, currently holding the rotating presidency of the Union, had become more clear to the French and closer to their own views. Indeed, during the agricultural "marathon" started before the Petersberg summit, and in spite of positions taken in favour of control of Community expenditure, the German presidency tabled a compromise which entailed a level of expenditure well above that of 1999, much to the dismay of French leaders³⁹. They were therefore obviously satisfied with the statement made by the German Chancellor at the end of the Petersberg summit. During his press conference, he recognised that the Council of agriculture had overstepped the annual 40,5 billion Euro financial expenditure framework and asked, in the name of the heads of state and government "that it should target its decisions to this expenditure ceiling"⁴⁰. The agriculture marathon actually ended in a compromise proposal which provided for a level of expenditure close to the ceiling set at Petersberg⁴¹. It did not retain the concept of co-financing either.

³⁶ La réforme des aides agricoles proposée par la France laisse ses partenaires dubitatifs. *Le Monde*, 21-01-1999; La France propose une réforme de la politique agricole commune. *Le Monde*, 02-02-1999. The idea was to take a levy on the direct aids paid to farmers, small farmers being exempted, and to use this levy to fund rural development projects which have no direct link with production.

³⁷ Informal meeting of the European Union heads of state and Government. Joint press conference of the President of the Republic, M. Jacques Chirac and of the Prime Minister, M. Lionel Jospin, Petersberg, 26-02-1999. In his own press conference, M. Schröder commented in respect to the idea of co-financing: "You just cannot discuss it with France". This is reported by Agence Europe in its Bulletin quotidien Europe n° 7415, 1-2 March 1999.

³⁸ Ibid.

³⁹ Le "marathon" agricole se solde par un échec. *Le Monde*, 27-02-1999.

⁴⁰ Comments quoted by the *Bulletin quotidien de Agence Europe*, n° 7415, 1-2 March 1999.

⁴¹ *Bulletin quotidien de Agence Europe*, n° 7423, 12 March 1999.

Germany

At the Berlin summit the German government faced several constraints: Germany held the presidency and was expected to play the role of a broker of compromise and to give a positive example. At the same time, Germany was demanding a decrease in its net payments and by implication expected other member states who pay below their capacities to pay more. Moreover, the Berlin summit was a test case for the newly elected red-green government which had to earn its first pro-EU credentials.⁴² Also, for domestic reasons (resignation of Finance Minister Lafontaine in early March, economic stagnation, no breakthrough in fighting unemployment etc.) the Schröder government needed a political success on the European stage. These circumstances influenced the positions taken at the summit. The settlement of the agenda 2000 was the most important topic of the German presidency (besides the Kosovo conflict).

Financial framework

The red-green government largely built on the analysis and positions of its predecessor⁴³. It likewise asked for a fairer burden sharing that would result in a decrease of German net-contributions to the EU budget.⁴⁴ Initially Chancellor Schröder used quite curt language and announced that his government would break with Kohl's "cheque book politics" and that it was not prepared to finance expensive package

deals.⁴⁵ In the run up to Berlin the tone became more cautious. Mr. Schröder explained that the Agenda 2000 negotiations were not about a "Lotto win"⁴⁶. Also with respect to the role of presidency, the German government did not present target figures on the budget corrections it demands but claimed that all provisions on the income side of the EU budget (e.g. British rebate) as well as expenditures (e.g. cohesion fund) should be put to the test.

Thus, the government put all the reform options on the table that had been outlined by the Commission in its report of October 1998 on the system of own resources. It expected positive effects through a shift towards a GDP-based own resources mechanism and an abandonment⁴⁷ or re-definition of the British rebate, e.g. within an overall correction mechanism⁴⁸ that would provide for a return of net contributions exceeding a defined threshold of 0,3 - 0,6% of the GDP to the member states.⁴⁹ "Stabilisation of expenditure" in real terms became the leitmotiv of the Schröder government. As a rule, increase of EU-expenditure should not exceed growth of the GDP in the Union anymore. Germany supported the respective joint proposal of France, the UK, The Netherlands, and Sweden. Falling below an agreed own resources ceiling of 1,27 % GDP was of overriding importance for Germany. Contrary to the Kohl government, the red-green government stressed the need to cut CAP expenditure to improve Germany's net balance. Thus, it took up the option proposed

⁴² The coalition agreement between the Social Democrats (SPD) and the Green party (Bündnis90/Die Grünen) only gave a very general guidance for the negotiations on the agenda 2000, cf. *Aufbruch und Erneuerung – Deutschlands Weg ins 21. Jahrhundert. Koalitionsvereinbarung zwischen SPD und Bündnis 90/Die Grünen*, Bonn, 20 October 1999.

⁴³ Cf. *Enlargement Watch/Agenda 2000 Watch*, pilot issue, pp. 50-51.

⁴⁴ In 1997 Germany contributed 21,2 billion ECU to the EU budget (28,2%) and received 10,27 billion Ecu in return. Germany had a share of 61,8% of EU net transfers.

⁴⁵ Cf. his speech at the SPD congress in Saarbrücken, 8 December 1998.

⁴⁶ Cf. Interview with Chancellor Schröder "Uns die Last erleichtern", in *Der Spiegel*, No. 1/1999, pp. 42-45, p. 44.

⁴⁷ German would save an estimated 1,000 million EUR in 1999.

⁴⁸ Germany was estimated to save hypothetically ca. 2,676 Mio EUR in 1999 if the Commission's proposal of a 0,6% GDP-ceiling would be implemented.

⁴⁹ Cf. on this proposal originally introduced by former Finance Minister Waigel, *Enlargement/Agenda 2000 Watch*, pilot issue, pp. 50-51.

by the Commission to co-finance direct income transfers to farmers through national budgets. In its search for an overall compromise and due to France's hostile opposition, the Schröder government abandoned this option even before the informal summit at the Petersberg, while the net-limiter-proposal remained on the table. However, in the run up to Berlin, the red-green government rather expected a positive cumulative effect of a combination of specific measures than a fundamental change of the own resources mechanism.⁵⁰

Structural funds

Again, the Schröder government could build on the consensus across the political parties, Länder and economic and academic elites, that structural policy needs reform along the lines of increased efficiency through concentration of resources.⁵¹ Thus, Germany favoured to limit expenditure at 200 billion Euro (Commission proposal 239 Mio Euro, i.e. increase of 18%). Other positions held were: reserve cohesion fund only for non-euro zone countries that fall below 90% GNP; expire cohesion fund by the year 2006; more flexibility and room for member states in the implementation of regional policy; shorter periods for gradual phasing out of support for former objective 1 regions; principle opposition against the so called efficiency reserve proposed by the Commission. The German government stressed the goal that the whole of East Germany should further receive objective 1 status.

Reform of the CAP

On the background of enlargement and the upcoming WTO negotiations the government wanted a fundamental reform of CAP to improve competitiveness and ecological standards of European agriculture. Costs

should decrease over the period of seven years and be limited to EUR 40,5 billion annually. Germany supported a reduction of guaranteed prices and a compensation (in particular beef and milk) through direct income support for farmers, including national co-financing.

The informal European Council at the Petersberg

For the German presidency the Petersberg meeting gained importance because of the clash of political positions and the impression that every member state was unhappy with the results that had been achieved so far. Government officials declared that this was a good sign because it showed that concessions were to be made by everyone. It was said to foreshadow the outcome that there will be neither winners nor losers.

Greece

The main area of concern for the Greek government was to keep the level of Structural funds financing available to the Greek economy and to avoid any significant slide of the CAP to national co-financing; all positions to other areas of the negotiations were derived from these concerns.

Financial framework

The real position concerning the 2000-2006 financial framework and, generally speaking, the need for EU financial reform was that the own-resources available should match the spending to be agreed upon following the Agenda 2000 structural funds negotiations, the impact of enlargement, etc. and not the other way around. This Greek position derived directly from a reading of the EU budget as an implicit "Finanzausgleich" system of a quasi-federal nature, although this has never been made explicit in a politically or even theoretically straightforward manner.

In the context of the Agenda 2000 negotiations, though, the consensus within the

⁵⁰ Cf. Interview with Chancellor Schröder "Uns die Last erleichtern", in *Der Spiegel*, No.1/1999, pp. 42-45, p. 44.

⁵¹ Cf. Heinz-Jürgen Axt (Ed.): *Agenda 2000 – eine gute Grundlage für die Reform der EU-Strukturpolitik*, Duisburg 1999.

Greek government (and the recommendation of the Foreign Affairs Ministry) was that it would be unwise to try and participate actively in the own-resources debate; rather, the tactics of taking strong positions on the spending side were adopted - with the implications on own-resources to follow. The British rebate was frowned upon but not really touched.

Structural funds

The position on the future of structural funds was the major item of Agenda 2000 for Greece. The core position was that the level of funds available for least-developed regions should be increased, since Greece remains the only country that can invoke (and prove) a development deficit for the whole of the country - and has been the only EU country willing but unable to participate in EMU third stage (so it will have to make further efforts in 2000-2002 to keep its hopes to participate eventually). Consequently Greece would militate for sharply focus regional objectives, to keep low GDP and/or per capita Structural funds financing as thresholds to get aid, and for the exclusion of the Euro-zone countries from cohesion fund financing. But as a matter of negotiation tactics - especially so when it became apparent that safeguarding structural funds financing levels would be the object of an alliance led by Spain - the Greek government eventually opted for a simple position: that the level of funding available for Greece should in no way be reduced in real terms for the 2000-2006 period, as compared to the level of 1994-2000.

A further issue of interest to Greece was to make sure that projects previously financed under structural funds aid would be eligible for continuation under the new framework. An important point was that the whole Athens area would be still eligible, so that major infrastructure projects in the region can be completed. Also a special treatment was asked for the island regions. These points were referred to the technical negotiations

about the reform of the structural funds regulations.

Reform of the CAP

The reform of the CAP under the Agenda 2000 negotiations was not of great practical importance to Greece, since Mediterranean products were not targeted (with the exception of wine-market adaptations). But the serious consideration given to renationalization of the CAP through the co-financing of agricultural expenditure - especially after the February proposals of the German Presidency - brought Greece into the fray at the side of France-Italy-Spain to resist the very principle of co-financing.

In Greece has been some discussions about the interest in shifting to direct support of farmers as opposed to support through guaranteed prices (The Ministry of Agriculture is reluctant, but the matter is raised as a matter of central planning by the Ministry of National Economy. Still it has been considered an ill-advised move to bring this Greek position on that particular aspect of the CAP into the Agenda 2000 negotiations.).

Ireland

Financial framework

The overall objective was to reach an equitable agreement which took account of Ireland's continued developmental needs and, in particular, that of continued funding for Northern Ireland. It was anxious to complete the negotiations by the target date of the Berlin summit and in that light was willing to compromise on some issues. It considered the Commission's original proposals in Agenda 2000 as being fair in terms of a balance between necessary funding of EU policies and the capacities of the member states. The tabling of proposals for co-financing and stabilisation created a much tougher negotiating environment and were deemed to bear more heavily on Ireland. Its

key objectives concerned CAP reform, structural and cohesion funds.

Own resource ceiling

Ireland remained open to a discussion of ways to achieve equity and transparency with respect to budgetary contributions. It did not seek any increase in the ceiling for own resources. It supported a move to a GNP-based system and a higher retention of traditional own resources. It was also open to examining a generalised corrective mechanism where member state contributions exceeded a specific level of GDP. Its position prior to the Berlin summit was influenced by the emerging alignment of interests amongst other member states in favour of strict limits on spending, the fact that the Commission report on own resources (late 1998) opened a debate on net contributions and, on the other, recognition that the requirement of unanimity with respect to contributions meant that far-reaching agreement on the revenue side would be difficult to reach at this stage. As the focus of EU negotiations shifted to that of controlling EU expenditure, the government acknowledged that some form of stabilisation of expenditure was inevitable.⁵²

Stabilisation of expenditure in real terms

Ireland initially opposed stabilisation of the budget in real terms as it was expected to have negative repercussions for CAP reform (which, in the short term, would require increased expenditure), overall levels of structural and cohesion funds and financing of enlargement. However, stabilisation was deemed preferable to a move to co-financing of the CAP. In the run up to the Berlin summit, the government position was one of acceptance of the principle of stabilisation provided that this was fair to all states and above Euro 40.5bn.

Structural funds

⁵² See Statement of the Taoiseach, Bertie Ahern, in advance of the opening of negotiations on Agenda 2000, Department of the Taoiseach, 22 February 1999

In the period leading up to the Berlin Summit, considerable diplomatic effort was devoted to ensuring that, against the background of the Celtic Tiger, Ireland's position on EU finances and her development needs were understood by other member states (Dail debates 1 April 1999:2). The fact that per capita GDP over the period 1993-95 reached 88.5% of the EU average took Ireland over the 75% per capita GDP threshold for Objective One status. Two points were made: 1) most of the convergence with other EU states was achieved recently - since 1993,⁵³ and 2) Ireland had to address its 'accumulated investment deficit'.⁵⁴ There was a need for continued investment in infrastructure, education, and training to increase the national stock of wealth and consolidate growth. Studies by the Economic and Social Research Institute and Institute for European Affairs and the Commission (Sixth Periodic Report on Regional Policy) supported this view.⁵⁵ Nonetheless, it was generally recognised that EU transfers would diminish substantially over the period 2000-2006, especially with respect to cohesion funds, and that Ireland was likely to become a net contributor to the EU budget in 2007.

⁵³ Moreover, when economic performance was measured in terms of GNP, per capita GNP reached 81% of the EU average in 1995. The differential between GDP and GNP is on the order of 15 percentage points owing to the substantial repatriation of profits linked to foreign direct investment (Institute for European Affairs, *Agenda 2000 - Implications for Ireland* (IEA, Dublin: 1999, p. 11).

⁵⁴ This position was also strongly supported by the Irish Business and Employers Confederation (IBEC) - see Irish Business Bureau, *European Monthly Newsletter*, No. 114, July-August 1998 (Brussels).

⁵⁵ See also Irish Times, 25.2.99; 26.02.99 (which forecasts a significant drop in net EU receipts over the period 2000-2006; Dail Debates, 25.02.99, Economic and Social Research Institute, *Medium-Term review 1997-2003* (ESRI, Dublin:1999); *Quarterly Commentary* (March 1999) and *National Investment Priorities 2000-2006* (March 1999).

The government resisted attempts to establish clear limits to spending under the structural funds. Its main objective was to obtain recognition of Ireland's developmental needs; agree transitional arrangements with respect to Objective One status and reach re-classify Ireland as two regions for the purposes of EU aid (to which the government committed itself in September 1998).⁵⁶ Domestic debate was dominated by the issue of regionalisation - government plans to split the country into two regions for the purpose of obtaining continued access to Objective One funding for one of those regions were modified following objections from Eurostat (two areas were removed from the region which would benefit from Objective One).⁵⁷ With respect to the second region, the government's objective was to obtain a soft landing or transition arrangements for those areas no longer eligible for Objective One status. Recognition of the principle of regions in transition was of major importance in view of the kinds of state aids regime which could be operated and in terms of access to headline payments under the CAP. At the Berlin summit, the government was satisfied with the agreements reached on overall levels of funding and principles applying to regions in transition against the backdrop of demands for substantial cuts in spending.

A third objective of the Irish government, working with its UK counterpart, was to obtain continued support for the Northern Ireland peace process. The overall package agreed in Berlin, which included a substantial component of cross-border funding, was equal to that obtained in the period 1993-99 (Euro 500m per annum). In addition, the government secured EU support of Euro

15m per annum for the Northern Ireland fund.

Definition of eligibility criteria

The definition of eligibility criteria for access to the Cohesion fund was also significant for Ireland, even though it expected to lose access to the fund in the medium-term. The government argued that proposals in the Council to apply the EMU convergence criteria over specific time periods would disproportionately affect Ireland. It supported Commission proposals that Ireland, Greece, Spain and Portugal should retain access to the Cohesion Fund subject to a mid-term review. Proposals tabled by other member states that a number of reviews of eligibility be carried out over the financing period were rejected by Ireland - the Berlin Summit agreement was deemed acceptable as, while receipts to Ireland would fall as anticipated, only one mid-term review would take place. The final deal meant that Ireland will qualify for Cohesion Funds until 2003.

Reform of the CAP

The government aimed to obtain 'an adequate and equitable outcome' which recognised the importance of agriculture to the national economy. The beef and dairy sectors account for 70% of output while the agricultural sector as a whole accounts for a third of net foreign earnings from trade.⁵⁸ The original Commission proposals were seen to hit Ireland disproportionately.⁵⁹ The government aimed to increase overall compensation for price cuts in the beef sector and to acquire a share in the allocation of new milk quotas. The main objectives were to achieve a fair deal (this entailed some revision of the Commission's original proposals which were deemed detrimental to the

⁵⁶ Irish Times, 18.9.98.

⁵⁷ See statement on regionalisation by Minister for Finance to the Dail, 10.11.98 (<http://www.irlgov.ie:80/finance/mcc333.html>); Dail Debates, 19.11.98 (<http://www.irlgov.ie/debates98/s19nov98/sect1.html>) and 01.04.99 (<http://www.irlgov.ie:80/ebates99/1apr99/sect3.html>).

⁵⁸ Address by Taoiseach, Bertie Ahern to Irish Farmers Association AGM, Dublin, 3 February 1999 (<http://www.irlgov.ie/taoiseach/press/Curent/04-02-99.html>); see also Irish Times, 22 February 1999.

⁵⁹ Enlargement/Agenda 2000 Watch, pilot issue, p.42.

beef and dairy sectors in particular)⁶⁰ and to scupper proposals for co-financing and degressivity. It rejected the principle of co-financing for two reasons - it would undermine the principle of Community solidarity and would bear more heavily on those states most dependent on agriculture. However, the government declared that, against the background of overwhelming support for retrenchment, it was ready to consider some form of degressivity 'provided that the exemption level was sufficiently high and account was taken of the different roles played by direct payments in each sector'.⁶¹

The unravelling of the Commission's proposed cuts in price support for cereals and their staggered introduction, agreed by Agricultural Ministers in March 1999, was deemed to be in Ireland's interest (they were deemed to be considerably better than earlier expectations). Steps including an agreement to delay the introduction of some reforms and the adoption of a difference reference period for calculation of compensation meant that Ireland would gain in net terms over the period 2000-2006 to the period (IR 395m), compared to an estimated loss of IR 1.386m under the Commission's original proposals.⁶²

Italy

The negotiation results from the 24-25 March Berlin European Council could be assessed as generally convenient to Italy, in the sense that it got most of its initial stakes. According to Italian Prime Minister, Massimo D'Alema, "Italy certainly walks out

content from the negotiations, both from a political and from a financial point of view. We do not yet have the exact estimates, but we will have zero costs over the next two years with regard to [EU budget] contributions".⁶³ The nomination of the former Italian Premier Romano Prodi as President of the European Commission can also be considered as one of the Italy's great successes at the summit, as well as a personal victory for D'Alema.

Financial framework

With regard to finance and own resources, Italy considers itself a medium-size contributor, at the same level of France, Belgium, Denmark, and Luxembourg.⁶⁴ Italy evaluates as beneficial the summit's decision to gradually diminish the VAT contributions by half by 2004, as it deems (mainly for reasons of effective problems in the current Italian income taxation system) that this type of contribution hurts it in a way to make its contribution higher in real terms than that of other member states. On the contrary, a GNP-based redistribution of contributions seems fiscally more convenient to Italy despite the fact that Italy will end up paying It £ 800 bln (about 414 mln Euro) more per annum towards the common budget, plus its part (still to be calculated) of the quota towards the defraying the British rebate. Italy's enthusiasm with the deal is due to the fact that it will start to receive additional funding immediately, while Italian additional payments are not to begin until 2002. Furthermore, according to Italian calculations, when in 2006 the new financial mechanism will have been fully applied, Italian net contributions will be roughly similar to the current ones.⁶⁵ It should be mentioned that Italy wanted a "package deal" covering special advantages in the

⁶⁰ The government estimated that the original Commission proposals would entail a loss of up to IR 233m per annum after 2003. The IEA estimated a loss of punts 200m or 10% of aggregate farm income. However, it also estimated that co-financing along the lines of that proposed by the Commission in October 1998 i.e. 25% of all direct payments to CAP beneficiaries would cost some Euro 106m in 1999 rising to Euro 196m in 2006 (IEA, 1999, pp. 77-78).

⁶¹ Ibid.

⁶² Dail debates, 01.04.99 *op cit*, p. 15.

⁶³ Own translation, as quoted by Adriana Cerentelli and Mario Margiocco, "Agenda 2000, intesa a Berlino sul bilancio Ue", *Il Sole 24 Ore*, 26 March, 1999, p. 1.

⁶⁴ Adriana Cerentelli, "Un accordo fondato su tre pilastri", *Ibid.*, p. 5.

⁶⁵ Interviews with Italian officials.

other two essential areas of the summit, namely structural funds and agricultural reform, which eventually went through more or less the way it was initially desired, so that the little extra cost incurred on the financial framework was considered as acceptable. The Council also accepted the Italian request for the introduction of a new own resource in view of enlargement, namely a new tax levied directly in individuals, that will avoid additional contributions on the part of member states, while still guaranteeing the Union's financial stability.

Structural funds

Turning to structural funds, Italy was generally satisfied with the 213 bln Euro global package, having previously stated that it considered 216 bln Euro an acceptable low limit (as compared to the 240 bln Euro proposed by the EU Commission, or the initially declared Italian optimum sum of 230 bln.⁶⁶ At final count, however, the new structural funds for Italy will be considerably higher as compared to the ones available for period of 1994-99. Furthermore, Italy was also in favor of the "phasing out" of the cohesion funds, which (not benefiting in any way from them), it considered superfluous, particularly after the launch of the Euro. There was a severe clash of interests with Spain over this particular point. However, Italy managed to secure a special "transitory" deal for its region of Abruzzo, which was classified as a region emerging from regional objectives 1 and 2, and was not in the Commission's initial proposal.

Reform of the CAP

An estimate on the outcome of the agreements on the agricultural reform is generally quite positive. Italy certainly considers its biggest negotiation success in this sphere the increase of its milk quota with 600 000 tons, and it also deems beneficial the general increase of all quotas by 1,5% in 2006. However, the decision to postpone the in-

plementation of the quota regime with two years with respect to the Italian proposal of 2003-2004 is considered unfavorable, although the postponement might indirectly benefit Italian farmers as compared to the more competitive Nordic producers. Another important positive consequence of the reform postponement for Italy are the overall 3,2 bln Euro savings over the period 2000-2006, which, combined with the cereal and veal savings, avoided progressive subsidy cuts of typically Mediterranean products fundamental for the Italian economy, such as tobacco and fruit, which remain outside the scope of the current reform. Particularly positive is also the evaluation of the wine compromise considered advantageous to Italy as an important wine producer. The general evaluation of the agricultural negotiations in Berlin is assessed as quite favorable by the Italian government. In the words of the Italian Minister for Agricultural Policies, Paolo de Castro, "Italy finally managed to counter-balance a long past of insufficient attention on agricultural front on the part of the EU and brought home a financial package of £ It. 1,700-1,800 (roughly 930 mln Euro). These are positive results achieved owing to the alliance with Great Britain, Sweden, and Denmark within the EU."⁶⁷

Netherlands

The strategy of the Dutch government for the Berlin summit was almost entirely focused on one objective, which was to ensure that the Dutch contribution to the European Union would be at least 590 million Euro lower than suggested by the European Commission in their Agenda 2000 proposals. This objective had been the outcome of the Coalition Agreement (the basic document concluded in September 1998 at the formation of the second coalition gov-

⁶⁶ Interviews with Italian officials.

⁶⁷ Own translation, as quoted by Michele Menichella, "De Castro: ha vinto il gioco di squadra", *Ibid.*, p. 4.

ernment to be led by Prime Minister Wim Kok), so it had not only budgetary, but also political implications. The strategy meant in practice that the Dutch government, in principle, would judge every suggested proposal on its financial consequences for The Netherlands.⁶⁸ This led to the following positions on the different issues:

Financial framework

The Dutch government wanted to freeze the expenditure ceiling in real terms, while keeping the "own resources ceiling" of 1.27% GDP. Moreover, the government wanted to abolish the British rebate and replace it by a generalised correction mechanism for net-contributor member states, and if this was not possible, it wanted to change the own resources system into a GDP-based system. Concerning the structural funds policy, the Dutch government wanted a reduction of the number of regional objectives and a strict application of the criteria for qualifying for structural funds. Euro-zone countries should not receive any cohesion funds; therefore, a phasing out timeframe is needed. As to the reform of the Common Agricultural Policy (CAP), the Dutch government supported ideas on a partial re-nationalisation of CAP expenditure, especially of direct income support. Moreover, the government was convinced that guaranteed prices had to be decreased towards the world-market level. Such a decline of guaranteed prices had to be compensated for by an increase in direct support to farmers. To the Dutch government it was very important that it was not just small and inefficient farmers from the southern parts of the Union who would benefit from this shift from production towards income support.

⁶⁸ All Dutch governmental sources, if no other references are made, are: Ministry of Foreign Affairs, Agenda 2000, Kamerstuk 25731-05, The Hague, 30-10-98 and: Ministry of Foreign Affairs, De Staat van de Europese Unie. De Europese agenda 1999 vanuit Nederlands perspectief, The Hague, spring 1999.

Almost every position the Dutch government took during the Agenda 2000 negotiations can be explained in one single sentence: "pay less, get more".

The informal European Council at the Petersberg

The informal, preparatory European Council at the Petersberg was important in a sense that it helped the Dutch government to underline its intention to make the Berlin Summit a success. At the Petersberg, the Dutch government sought for recognition of the net-contributor status of The Netherlands, while in Berlin it had to solve this problem. It is important to underline that failure at the Berlin summit would have had serious political implications for the Dutch government (see question A2, public opinion).

Portugal

The assessment of the Berlin European Council made by the Portuguese government is very positive, but only from a strictly Portuguese point of view; in other words, because Portugal was able to maintain the level of structural financial support of the previous period, because it will remain eligible for cohesion funds, and because the specificity of Portuguese agricultural needs and of the Lisbon region were recognised. These were the objectives of the Portuguese government and negotiations were conducted with these objectives in mind.

Financial framework

The Portuguese government opposed the ceiling of 1,27% of member states' GNP and a freeze on expenditures in real terms. From the time of the presentation of the Agenda in 1997 the government stated that economic growth forecasts were not certain and that the Union should leave some room for increasing of the ceiling and expenditures. Freezing was an essential element to reach an agreement among the Fifteen, however, such that the Portuguese govern-

ment finally agreed to it. The same applies to the British rebate. Although opposed to its maintenance, the Portuguese government was forced to accept it and even to pay for it, given that ten member states are sharing the reduction of the German, Dutch, Austrian and Swedish contribution from 2002 onwards.

Structural funds

Apart from maintaining levels of structural financial funds, the Portuguese government pursued two other major goals: the maintenance of the cohesion fund (despite its participation in the Euro) and the phasing-out of the Lisbon region from Objective 1. As far as the reduction of the regional objectives, the Portuguese government worried about concentration of funds in Objective 3, as it was concerned with the possibility that the unemployment rate – which is not very high in Portugal –, might be more important in the distribution of funds. The Berlin European Council reaffirmed the primary importance of Objective 1 and therefore the Portuguese government did not oppose the reduction of objectives.

One of the top priorities of the government was the phasing-out of the Lisbon and Tagus Valley region. Aside from the global phasing-out agreement, the government gained recognition of the specificity of this region, where 30% of the Portuguese population and 34,5% of the employed are located. Lisbon is the engine of the national economy and a radical reduction of financial flows would affect the entire country. As things stand, the Lisbon region will receive an additional 500 million Euro.

One issue that was not open to debate for the government was Portuguese eligibility for the cohesion fund. Together with other cohesion countries, Portugal has always stated that it should not be penalised for the merit of fulfilling the Maastricht criteria. Given that the country is still below the 90% of GNP threshold, it is unwilling to accept cuts. Finally, the criteria for the allocation of

resources were another key issue. Due to a relatively low unemployment rate, Portugal supported the use of regional and national prosperity criteria. The only Portuguese goal that was not achieved was stronger support for remote regions (Azores and Madeira). Since these regions are all below the 75% threshold, they are eligible for Objective 1 funds but will not receive any additional funds apart from Community Initiatives monies. The Portuguese government considers that this decision does not represent a full implementation of the dispositions of the Amsterdam Treaty.

Reform of the CAP

Portugal opposed the agricultural agreement of 11 March. On the one hand, opposition was part of a strategy to avoid the closure of specific issues before the Berlin summit, as the government considered that it had a better chance of achieving its goals in a global negotiation. On the other hand, opposition was also a means of highlighting the specific needs of Portuguese agriculture, which was recognised in Berlin. The reduction of guaranteed prices and increased support for farmer income were Portuguese goals, as this would allow for increases in financial transfers to Portugal. Despite the positive outcome of the negotiations to Portugal, the minister of Agriculture considered it only a minimum acceptable reform⁶⁹.

The informal European Council at the Petersberg

The Petersburg Summit was one of the most difficult negotiation stages. According to the Portuguese Prime Minister⁷⁰, the proposal of the German presidency, a worst version of Agenda 2000, was totally unacceptable for the government and the possibility of a veto was raised. From the Portuguese perspective, the Petersburg Summit was important insofar as it allowed Portugal to block any separate agreements. By refusing to discuss the proposal on a point by

⁶⁹ *Público*, 5 April 1999.

⁷⁰ *Público*, 27 February 1999.

point basis, the Portuguese government successfully pushed for a global agreement within which the Portuguese position was more easily sustainable.

Spain

The position of the Spanish government has been of complete support for the Commission and the proposals contained in Agenda 2000. The government insisted in many occasions that Agenda 2000 was the only basis for negotiation and has been very critical with those proposals which, to its view, significantly deviated from Agenda 2000. The maintenance of the Cohesion Fund has been central to the strategy and objectives of the government.⁷¹

Position on ceilings and freeze of expenditures

Spain did not agree with the idea of fixing the ceiling at 1.27%. It held the view that the ceiling expressed the needs of an EU with 15 members but not the needs of an enlarged Union. The Spanish government has consistently been against the dominant drive for budgetary cuts and expenditure stabilisation. It has held the belief that this reflected an attempt by some of the wealthier members to endorse the costs of enlargement to the less wealthy ones. To the government and to many other observers in Spain, this was evident both in how Agenda 2000 envisaged a decrease in structural expending and in the proposals of some countries to suppress the Cohesion Fund for the Euro-in countries. The Spanish government made clear that the wish to impose budgetary ceilings on future EU spending was inconsistent with the desire to proceed ahead with the next enlargement. Rather, the government held, the budget had

to be raised to anticipate enlargement costs.⁷²

Position on contributions

The position of the Spanish government was presented by Finance Minister, Mr. Rato, at the ECOFIN meeting of October 11-12, 1998. The main elements of his position were:⁷³

- Solidarity should govern not only EU expenses, but contributions as well. Much as it happens at the domestic level in all EU member states, those who have more should also pay more. According to the government, this proposal was fully compatible with the Treaty. The government reminded the member states that in the Treaty's Protocol on Social and Economic Cohesion, they had expressed their intention that the Own Resources System should take more into account the relative prosperity of each country.
- Proposals in this direction were presented to the Commission on July 2, 1998 in a letter from the Spanish government to the President of the Commission and subsequently annexed to the Commission's Report on the Own Resources System of October 1998. The three possible options examined by the Spanish government concerned only the VAT and GNP resources and attempted at establishing a "clear, transparent and non-discriminatory formula to calculate each country contributions".⁷⁴ The alternatives were:
 - First, a system by which GNP and VAT contributions would be calculated by the relative wealth of each country vis-a-vis

⁷¹ *El Pais*, 8 December 1998, p.51 and 13 December 1998, p.2; *European Voice* 18-24 February 1999, "Spain softens stance on budget reform".

⁷² High-ranking civil servant at the Finance Ministry, Mr. Cordero, in "España y la Agenda 2000", *Cuadernos del CERI*, No. 3-4 (Madrid: CERI, 1999) p.41.

⁷³ As summarised by Mr. Bastarreche, Secretary General for EU affairs, in "España y la Agenda 2000", *Cuadernos del CERI*, No. 3-4 (Madrid: CERI, 1999) ,pp.26-27.

⁷⁴ *El Pais*, 3 July 1998.

the EU average, either in GNP per capita or according to purchase power standards (PPS). With this system, Spain would pay 64.9% or 76.9%, respectively, of what it was paying at the moment.

- Second, to apply the criteria of relative wealth only to a percentage (to be negotiated) of the VAT and GNP contributions, maintaining strict GNP proportionality in the remaining percentage.
- Third, contributions would be fixed according to the wealth categories each country belonged to. These were five: below 90% of EU average; between 90% and 100%; between 100% and 110%; between 110% and 120%; and above 120%.

At the same ECOFIN meeting of October 1998, Finance Minister, Mr. Rato, considered that the attempt to introduce correction mechanisms in favor of Germany, the Netherlands, Austria and Sweden had no legal base whatsoever. It introduced regressive elements in the Own Resources System, and was in absolute contradiction with the Protocol on Economic and Social Cohesion. According to him, concepts such as "excessive contribution", "equilibrium", and "net balance" were completely unacceptable because budgetary balances could not be used to establish each country's costs and benefits of EU membership.⁷⁵

This position was backed by a detailed analysis of financial balances produced by a High-ranking civil servant at the Finance Ministry. The study concluded that imbalances in the contributions could be addressed without much trouble by progressively replacing the VAT resource with the GNP resource. Little could be done beyond that, the paper said, because the real imbalances were in the expenditure side, especially in how much some rich countries benefited from the CAP compared with

others. Thus, neither a cut in the contributions or a system of rebates would solve the problem.⁷⁶

British rebate

In line with the Report on the Own Resources System, the Spanish government considered that changes in agricultural expenditure since 1984 and the average wealth of the UK deprive the British rebate of any justification whatsoever and had thus to be eliminated.

Structural funds

Two issues were considered of uttermost importance for Spain and were thus supported very intensively. First, the maintenance of the Cohesion Fund despite accession to the third stage of EMU. Second, the consolidation of the amounts budgeted in 1999 for structural and cohesion expenditure as the financial reference for average expenditures in the period 2000-2006.

The government's legal argument for defending the cohesion funds was that these were independent of accession to the third stage of EMU. This position was ratified by the Council's Legal Service. The political argument was summarised by State Secretary for European Union Affairs, Mr. de Miguel, and by the Spanish Permanent Representative in Brussels, Mr. Elorza. They publicly defended that these funds were a compensation to less wealthy countries for opening their markets to the richest countries and thus should be seen as an integral part of the single market program.⁷⁷

The government supported the maintenance, as proposed by the European Commission, of a 0.46% ceiling for structural actions. Concerning the reorganisation of the objectives of the structural funds, the government supported the reorganisation of objectives,

⁷⁵ Finance Minister, Mr. Rato, position at the ECOFIN (in Secretary General for EU Affairs, Mr Bastarreche, 1999, p.26).

⁷⁶ High-ranking civil servant at the Finance Ministry, Mr. Cordero, 1999, p.41.

⁷⁷ Mr. de Miguel in *El Pais*, 28 November 1998, p.55; Mr. Elorza in *El Pais*, 6 December 1998, p.54..

more particularly, the concentration of the expenses on Objective 1; the limitation of eligible populations; the inclusion of ultra-peripheral regions (Canary Islands) in Objective 1; the progressive phasing out of regions above 75% of EU average and the maintenance of Objective 3 as an horizontal objective.

Spain opposed the whole idea that budget cuts were to be mostly bore by structural operations: while economic and social cohesion (line 2) suffered major budget cuts (4.2%), agricultural expenditure (line 1) was to be raised by 2.5%. Concerning Cohesion and Structural Funds, the government opposed the introduction of new conditionality criteria for Cohesion countries to have access to Cohesion funds; the wideness and ambiguity of the new Objective 2, which could end up by including largely populated areas; the use of the guarantee section of the EAGGF Fund for financing structural reforms in the agricultural sector and the consequent suppression of the guidance section of the EAGGF Fund; the exclusion of Objective 1 and 2 areas from Objective 3 and the setting aside of a 10% "efficiency reserve", which could mean a 10% arbitrary reduction of the cohesion levels agreed on at Edinburgh.⁷⁸

Reform of the CAP – general principles

The general approach of the government towards the reform of the CAP was expressed by Secretary General for European Union Affairs, Mr. Bastarreche in the following terms: "The reform of the CAP should take place independently of both enlargement and the incoming WTO reform, processes which, at best, will not start or conclude, respectively, until 2003. Because there is no urgency for reform, CAP reform cannot be used to cut down the bill of enlargement. Rather, the objectives of agri-

culture policy are and should remain being so, those of economic and social cohesion, community preference, and financial solidarity enshrined in Treaty Art. 39".

Spain did not support proposals to co-finance direct aids. This was seen as a re-nationalisation of the CAP and in open contradiction which the 1992 reform, which established that intervention expenses would be reduced in return for direct aids to farmers. Finance Minister, Mr. Rato, told the ECOFIN that co-financing meant that the costs of the reform of the CAP would be bore by the four cohesion countries. This, he said, was politically unacceptable. Besides, he argued, co-financing would be contradictory both with the CAP principle of financial solidarity and with the Principle of Sufficiency of Means established in Treaty's Art. F.3..

Particular issues

The government considered that Commission proposals were discriminatory to Mediterranean agriculture: price reductions were excessive and compensations in aid insufficient. Also, Spain was worried about the possibility that pre-accession aid to Eastern Europe could translate into a production increase for sectors already in surplus (milk, meat and cereals).⁷⁹

Sweden

During the preparations for the Berlin summit, the Swedish government put the emphasis on some key points: "The EU expenses must not continue to grow, in contrast to what happens in the Member States; this is indefensible." "Sweden's net contribution stands in no reasonable proportion to our relative welfare level - Sweden is number 11 among the MS in GNP, based on purchasing power". "Sweden is getting a very bad dividend from the structural funds

⁷⁸ High-ranking civil servant at the Finance Ministry, Mr. Cordero, in "España y la Agenda 2000", *Cuadernos del CERI*, No. 3-4 (Madrid: CERI, 1999) p.41; Secretary General for EU Affairs, Mr Bastarreche, 1999, p.21-23.

⁷⁹ Secretary General for EU Affairs, Mr Bastarreche, 1999, p.22; Finance Minister, Mr. Rato, in Bastarreche, 1999, p.26; High-ranking civil servant at the Finance Ministry, Mr. Cordero, 1999, p.61

since we have a rather equal distribution of income and since there are no great differences of unemployment across the country.⁸⁰ The following details are taken from the above mentioned report, Promemoria 1999-02-10, and reflect the government's position on Agenda 2000.⁸¹

Financial framework

The ceiling for contributions should remain at 1,27% during the whole enlargement process. The ceiling for yearly expenses for EU-15, suggested by the Commission, is too high. The government's position was that the level for year 2006 should be Euro 85bn (i.e. around 0,90% of the GDP), which means a stable level expressed in fixed prices. The expenses could be cut, it is stated, through a concentration of the structural funds and a quicker phasing out of the areas which will not be entitled to any support. Also, the margins between the yearly budget ceilings and the actual level of expenses are too wide. The difference between the budget of 1998 and the proposed ceiling for the year 2000 is Euro 15,3bn or 18%, and this problem is mainly apparent within the CAP. Sweden also stressed the importance of keeping apart the expenses of EU-15 and those of new member states. The proposal contains no explicit guarantees preventing the present MS from using funds set aside for new MS, and this uncertainty is also primarily found in the farm budget. On the income side, Sweden as one of the largest budget contributors had a strong interest in bringing about some form of general ceiling for the net contribution. Such a mechanism, proposed by Sweden, would not cost the MS (except the United Kingdom) more than the British rebate costs today. Calculating with a repayment of two thirds of the net burden which exceeds 0,4% of GDP, all

countries except U.K. would profit. The Commission has calculated with 0,3%, which would be to a disadvantage for several MS. Sweden's net contribution is also affected by a number of other issues in the Agenda 2000. Apart from the adjusting mechanism, the element which primarily would positively affect the contribution is the lower level for the EU budget according to the new financial perspective. A national co-financing within the CAP, on the other hand, would only give limited effects. Generally speaking, the Swedish government does not believe that different measures to increase the reflux of funds is an alternative to a net contribution ceiling or cuts in expenses. However, it is important to watch the development of the reflux as a complementary factor.

Structural funds

Sweden supported the general proposals toward concentration and simplification. In view of the future enlargement the government pointed out that the yearly budget for EU-15 should be kept at the same level, in real terms, as the present financial perspective, that is around EURO 28bn for the funds, including the cohesion fund. Also, Sweden wanted to change the exceptional rules for the structural budget, namely the fact that the expenses are connected to the development of GDP and that the budget is regarded as a target for expenses and not as a ceiling. The most important single issue for Sweden was the future of Objective 6. To integrate it in the new Objective 1 was considered "a good starting point for further discussions". But the population criteria of Objective 6 has to be equalized with the income criteria of the Commission's proposal. The recognition, written in Sweden's accession treaty, that the sparsely populated areas is a considerable structural problem, must still be valid. Sweden also wanted the statistical methods to define these areas to be the same as for the other Objective 1 areas. That gives a considerable advantage

⁸⁰ From statements by Mr Gunnar Lund, State Secretary for European Affairs and report from the Ministry of Foreign Affairs, Feb. 10-12, 1999.

⁸¹ See also the Pilot issue of Enlargement/Agenda 2000 - Watch, section B2.

to Sweden since the coastal areas in north-east would be included in Objective 1.

The Commission had proposed a connection between areas where national support is allowed according to the exceptions in Article 92.3 of the Treaty and areas which should have the right to EU funds. The terms of the proposal were disadvantageous to Sweden, and a consequence would be a large loss of contributions from the structural funds. Therefore, Sweden argued that such a connection would have no function since the national support is directed towards private enterprises whilst the EU funds have other, wider purposes. Concerning the cohesion fund, the government did not support the Euro-zone connection, but simply stated that its position depends on the level of the total grants for regional policy contributions. The important factor is the economic progress in a country, and the total contributions to that country, whether they come from the cohesion fund or other structural funds. The government added that new MS should get access to the cohesion fund on equal terms.

Reform of the CAP

It is well known that Sweden, like some other MS, want the see more far-reaching reforms. That means for example a price level which is adapted to the world market. An important principle is a time limit for compensation in the form of direct support. It is essential that, on a longer term, the budget costs for the CAP are going down. The challenges facing the Union will not be met if the ambitions are too low, says the government. There may be new problems with surplus production. EU has to prepare itself for the coming negotiations within the WTO. Besides, the enlargement requires a reform. The quota system in the milk sector, which is damaging to the social economy, should be abolished. The principle of an ecologically sustainable development should be an integrated part of the reform. Sweden has expressed a certain interest for the idea of a national distribution of a part of the

direct support. A Swedish position on this issue would depend on whether there are strict criterias in order to guarantee competition neutrality.

The informal European Council at the Petersberg

According to a political representative of the Ministry of Foreign Affairs, the meeting gave the Presidency an opportunity to record the priorities of the MS - "narrowing down the number of matters". Even if there were no concrete progress on certain issues, the meeting was considered rather important, especially since there were no progress in Vienna last December. In the Swedish media, some writers have been more critical, for example in a news analysis in Svenska Dagbladet (March 27), after the Berlin summit. In the article, Rolf Gustavsson wrote that German Chancellor Schröder was the loser. In order to save the "Berlin package" he had to give in to the pressure and pay for the party. He "missed the opportunity to take a first confrontation at the Petersberg summit, where harmony (between the MS) was his priority. After this tactical error, it remained for Schröder, as expected, to jump into Helmut Kohl's old 'spending trousers'".

United Kingdom

It is important to note the general political climate in Britain towards the European Union in order to gain an insight into the debate on Agenda 2000 and enlargement. Two years into office the new Labour government sees Britain as an engaged, committed player in Europe pursuing a reformist agenda and building new alliances. Indeed the general attitude towards the European Union and the tone of pronouncements has become more positive. The Conservative Party remains divided and officially hostile to the European Union, whilst the enthusiastic Liberal Democrats criticise the government from a more pro-European stance.

However, the debate on the future of (Britain in) Europe is still dominated by British membership of the Euro and is conducted in the face of a largely hostile media. As such the language used by the government is still couched in terms of what is in the national interest. This has resulted in defensiveness and timidity in government strategy, and a need to be seen, to use a cricketing metaphor, to be batting for Britain rather than Brussels. The British rebate, won as we are often reminded by Margaret Thatcher, has in this context become a totem for defending Britain's national interest and its maintenance a test of Prime Minister Blair's strength. Apart from the rebate the issues surrounding enlargement and Agenda 2000 are not as high profile as membership of the Euro and as such information is less readily available.

Financial framework

Many of the specifics of the British position on Agenda 2000 and enlargement were contained in a Memorandum submitted by the Foreign and Commonwealth Office to the Foreign Affairs Select Committee of the House of Commons in February 1999⁸². This document stated that *'The Government's objective in the future financing negotiation is to make the necessary preparations for enlargement and to keep down the United Kingdom's net contribution. This requires strict control of spending in EU15, and maintenance of the UK abatement. The Government believes that sustained increases in EU15 spending are unjustified, and accordingly that EU15 spending should be stabilised by 2006 at around 1999 levels (about 85 billion Euro, £58 billion) in real terms. This can be largely achieved by bearing down on the costs of the CAP and through structural fund reform. Other possible measures, which would*

also assist other large net contributors, include national co-financing of direct payments under the CAP.'

On the issue of the British rebate, the Minister of State for European Affairs, Joyce Quin MP, said under questioning from the Foreign Affairs Select Committee of the House of Commons on 3 March 1999 that: *'I think it is fair to say that we remain firmly wedded to the Fontainebleau mechanism unless there is something better on the table, and there is not anything better on the table.'*⁸³

Structural funds

The Foreign Office Memorandum⁸⁴ further stated that *'Substantial reform of the European Union's structural funding arrangements is needed before enlargement. There has been welcome progress in agreeing a reduction in the number of Objectives from seven to three, improved financial control and simplified administration. The Government's main objectives for the remainder of the negotiation are to achieve agreement to stabilisation of total EU15 structural spending, and to maximise the UK regions' share of receipts within the total.'*

With changes agreed to the qualifying criteria for Objective 1 status for structural funds, it was certain that the Highlands and Islands of Scotland would not meet the eligibility criteria of GDP per capita of below 75% of the Community average. It was a government priority, perhaps related to the first elections to the new Scottish Parliament in May 1999, to argue for their inclusion on the grounds of sparsity of population, similar to the conditions granted to comparable regions of Finland and Sweden on their accession. Likewise Northern Ireland was to be included but because of the

⁸² Memorandum submitted by the Foreign and Commonwealth Office to the House of Commons Select Committee on Foreign Affairs, February 1999.

⁸³ Minutes of Evidence, Hearing of the House of Commons Foreign Affairs Select Committee, 3 March 1999.

⁸⁴ Memorandum submitted by the Foreign and Commonwealth Office, op.cit.

special situation there relating to the peace process. Cornwall became a distinct European region, separate from Devon, in order to ensure that it continued to gain European funding.

With regard to the phasing out of the Cohesion Fund, the Foreign Secretary, Robin Cook MP, told the House of Commons on 16 February 1999 that *'It is our view that the cohesion fund was invented to prepare countries for membership of the single currency, it is illogical to continue with that fund once they are actually in the single currency. In these circumstances we remain to be convinced of the case for the cohesion fund.'*⁸⁵

Reform of the CAP

The Foreign Office Memorandum⁸⁶ further stated that *'The UK fully supports the Commission's proposals to bring EU cereals and beef prices down to world levels. For the dairy regime, the Government seeks more ambitious price cuts and agreement on the phasing out of milk quotas.'*

'The benefits of reducing prices are substantial. The Government estimates that the price cuts proposed by the Commission in March would, once implemented, benefit EU consumers by 12 billion Euro (over £8 billion) a year, or by £80 per family of four in the UK. The benefit to consumers would increase to 16 billion Euro a year if milk prices were cut and quotas phased out.'

'Farmers should be compensated for these price cuts. But the compensation should not continue forever: the payments should reduce with time, so be 'degressive'. Degressivity would help prepare the EU for enlargement and strengthen its position during the next round of WTO talks.'

On his return from the marathon Agriculture Council, the Agriculture Minister Nick Brown MP made a statement to the House of Commons on Friday 12 March 1999⁸⁷. He stated that: *'The outcome of the Agriculture Council represents a radical change in the direction of the common agricultural policy. It is a change in direction for which the British Government have been pressing strongly, and it has been achieved despite a reluctance to reform on the part of several countries. We have, however, worked closely with like-minded member states to ensure that the case for reform is fully taken into account. The deal is a very good outcome for British consumers, for our farmers and for the environment. It is also a good deal for the European Union as a whole.'*

Under questioning from the Opposition spokesman, Mr Brown did though concede that *'The package holds two major disappointments. The first was the failure to get Agriculture Ministers to agree to the introduction of degressivity in the compensation payments. That is a clear aim of the British Government, and the Chancellor of the Exchequer and the Prime Minister will pursue it at Berlin.'*

'On milk reform, I share the... disappointment that the reform will start only in 2003. However, the negotiations involved 15 member states, some of which were bitterly opposed to milk reform and some of which had the idea that we should keep the quota for ever and enshrine it in the agreement. That is a hopeless position for the European dairy industry. Four countries advocated reform and 11 opposed it, so to have secured reform in such circumstances is a good deal for the supporters of reform.'

The informal European Council at the Petersberg

⁸⁵ House of Commons Hansard, 16 February 1999

⁸⁶ Memorandum submitted by the Foreign and Commonwealth Office, op.cit.

⁸⁷ House of Commons Hansard, 12 March 1999

Press coverage of the event was relatively limited and the Prime Minister did not make a statement to Parliament. Minister of State at the Foreign Office, Joyce Quin, in evidence to the Foreign Affairs Select Committee of the House of Commons on 3 March 1999 did state that '*...from the United Kingdom perspective the outcome was generally positive. Certainly the German Presidency is much better informed about the strength of Member States' views on the main Agenda 2000 issues*'.⁸⁸

2. *Were these topics controversial among parties, pressure groups, regions etc. or even in the wider public? Were they discussed in relation to enlargement or more or less independently?*

Austria

Most topics were not controversial, especially not concerning the financial framework and structural reform. With respect to the latter, controversy only began after the conclusion of the Agenda 2000 because after the common goal of getting as much as possible the available funds have to be divided internally now.

In the field of agriculture the ministry had to transform the demands of the Chambers of Agriculture into negotiation positions with some degree of flexibility and the chance of getting a majority.

A more serious line of conflict traditionally existed between the Ministries of Agriculture and Finance, since the first one wanted to get as much payments as possible for the agricultural sector while the Ministry of Finance primarily wanted to keep expendi-

tures as low as possible. A controversial issue was, due to government sources, the question of co-financing the CAP, but no details were provided.

In the public the Agenda negotiations were not explicitly linked to enlargement. The main point was the reduction of Austria's net contribution and some sort of support for border regions. Considering the circumstances the missing link to enlargement is perfectly logical. After the retirement of the Commission under the pressure of allegations of fraud and mismanagement of funds, the government followed the public mood by concentrating on the net contribution topic. Furthermore, enlargement is not very popular in Austria, the less so in pre-election times. (Austria faces not only the elections to the European Parliament in June but also general elections in October) Therefore, it would make no sense for the coalition parties to stress the link of the Agenda 2000 with enlargement.

Belgium

As expressed in the previous issue of this survey⁸⁹, the different regional Governments took position on Agenda 2000 matters following the latter's publication. Whilst their views on the agricultural aspects generally ran parallel in that some fear concerning the proposed price reductions called for compensations, their stances on the structural policy reflected some divergent interests. While the Flemish Government insisted on limiting some blatant competition distortions and the Walloon Government emphasised the need of a substantial 'phasing out'-scheme, the Brussels Government stressed the need of measures concerning poverty and urban zones. Overall, however, the position eventually defended by the Belgian Federal Government took into account all basic regional requests.

⁸⁸ Minutes of Evidence, Hearing of the House of Commons Foreign Affairs Select Committee, 3 March 1999.

⁸⁹ See Enlargement /Agenda 2000Watch, Pilot Issue, p. 24.

The previous issue of this survey also rendered an account of the social partners' points of view in this regard⁹⁰. Since then, these positions culminated in two opinions from one of the key councils for social dialogue in Belgium: the Conseil Central de l'Economie / Centrale Raad voor het Bedrijfsleven (CCE / CRB). In a first opinion, on the implementation of the Agenda 2000's proposals⁹¹, the council stressed that the enlargement should not be realised to the detriment of the objectives of the CAP (in particular its aim to secure the income and standard of living of persons engaged in agriculture). In this regard, the council expressed the view that the agricultural reform should not be allowed to result in a renationalisation of the CAP, in that this might serve as an undesirable precedent for a similar evolution in other fields of Community policy. It also deplored that the reduction of funds earmarked for the structural policy is inspired more by the need for budgetary savings rather than the result of a thorough efficiency analysis. In a second opinion, on the financing of the EU budget⁹², the council warned that a policy of freezing the EU budget on the 1999 level while at the same time excluding any flexibility for unexpected expenses would hinder the eastward enlargement. The 1,27% of member states' GNP budget ceiling could only be maintained in so far provision was made for a budgetary margin for unexpected but necessary expenses. Also, the "fair return" approach was considered to collide with both the idea of European integration and the prerequisites for eastward enlargement.

Particularly in view of the June 1999 elections for the European Parliament, also most

political parties, albeit to a varying extent, have adopted position papers on the various issues raised in Agenda 2000. For those political parties that had already forwarded such papers following the Agenda 2000's release⁹³, the current positions do not significantly depart from their predecessors. On the whole, there appears to be no real controversy what so ever between the different political parties. Exception made of some shift in emphasis, the views defended by the political parties in general take a similar stand as the Federal Government's stance highlighted above.

Thus, on the basis of the information collected⁹⁴, all political parties appear to agree

⁹³ See thereon Enlargement/Agenda 2000 Watch, Pilot Issue, pp. 11-13.

⁹⁴ Exception made of "Vlaams Blok" (the Flemish unltra-nationalist party, of which we only dispose of its *Programma voor de toekomst van Vlaanderen, 1997 - hoofdstuk buitenlandse beleid*, sent in view of the drawing up of the pilot issue of this survey), all main Belgian political parties provided documents illustrating their positions towards eastward EU enlargement and the Agenda 2000:

- "Parti Social Chrétien" (PSC - the Francophone christian party): working document 'La personne au coeur de l'Europe - Projet du nouveau PSC pour la poursuite de la construction européenne', 1998.
- "Christelijke Volkspartij" (CVP - the Flemish christian party): electoral platform 'Doorgroeiprogramma voor 13 juni 1999', 2 March 1999.
- "Parti Socialiste" (PS - the Francophone socialist party): note to the party's bureau 'Elargissement de l'U.E. et Agenda 2000', 16 March 1998; note to the party's bureau 'De nouvelles institutions pour l'Union européenne', 28 September 1998.
- "Socialistische Partij" (SP - the Flemish socialist party): electoral platform 'Europa afwerken - 21 punten voor de 21ste eeuw', 1999.
- Federation of Francophone liberal parties 'Parti Réformateur et Libéral', "Front Démocratique des Francophones" & "Mouvement Chrétien des Citoyens" (PRL-FDF-MCC): draft electoral manifesto, based on the book 'Daniel Ducarme - Entretiens pour l'Europe' by J-F. Furnemont.
- "Vlaamse Liberalen en Democraten" (VLD - Flemish liberal party): electoral platform, 1999.
- "Ecolo" (Francophone green party): electoral platform 'Par dessus le marché - Reconstruire l'Europe', 26 March 1999.

⁹⁰ See *ibid*, pp. 13-14. Whereas the Walloon social partners showed particular interest in the Hainaut region's lost status as an objective 1 beneficiary, the social partners in Flanders were especially concerned with the correct calculation of the 'safety net' in regard of objective 2 regions.

⁹¹ See 'Advies over de verwezenlijking van de voorstellen van Agenda 2000', 9 December 1998.

⁹² See 'Advies over de financiering van de Europese Unie', 31 March 1999.

on the principle of eastward EU enlargement as a means of enhancing peace, stability and prosperity in Europe⁹⁵. At the same time, however, they stress that accession of new member states should not be allowed to dilute the *acquis communautaire*. Appropriate transitional measures and periods will therefore be necessary. In the same sense, they jointly stress that enlargement and deepening should go hand in hand: in depth reform of the Community's common policies and, particularly, a significant revision of the Union's institutional architecture are considered as indispensable preconditions for the enlargement to become effective.

Exception made of Vlaams Blok (which favours a confederal approach), all political parties thus demand a fundamental revision of the institutional framework in a federal spirit, which would include: a sweeping generalisation of matters falling under qualified majority voting (QMV) within the Council (leaving only issues such as treaty amendment and accession object to a unanimity requirement); a parallel expansion of matters dealt with under the co-decision procedure; a Commission in which each member state appoints one Commissioner; and the European Parliament being granted the right to sanction Commissioners individually. As regards the latter proposition, however, one dissident opinion should be mentioned. Unwilling to weaken the Commission's basic structure as a college, PRL-FDF-MCC instead proposes to grant the Commission's president enhanced disciplinary powers.

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- "Agalev" (the Flemish green party): electoral platform, 1999; brochure 'Europa Magazine', I-1999, brochure 'Uitbreiding: een Europese Unie, open voor alle Europese democratieën', 1999.
 - "Volksunie" (VU - the Flemish nationalist party): electoral platform, 1999; party position 'Uitbreiding van de Europese Unie', 21 April 1998.

⁹⁵ It may be mentioned that only the green parties and the VU expressed some doubts as regards the Community's approach of starting enlargement negotiations with only six of the applicant states, fearing this might have a counter-productive effect on the overall stability in Europe.

Also on the rotating presidency of the Union has PRL-FDF-MCC forwarded an original proposition: within the European Council, one of its members should be elected as president for a period of at least two years. Also on the re-weighting of the member states' votes within the Council have some parties taken position. Whereas Agalev stresses that the weights of votes cannot be altered in favour of the large member states, CVP agrees with such a revision provided the small member states retain a relative advantage, thus rejecting a strict application of proportionality in this regard.

As to the reform of Community policies and their financial implication, the opinions expressed by the political parties generally constitute a variation on the following themes: overall, while re-nationalisation of the policy is rejected, the need of a CAP reform along the lines of the Commission's proposal is recognised, although the improvement living standards in rural areas should receive special attention; also the proposed revision of the structural policy is accepted, provided provision is made for significant 'phasing out' funding for disqualified regions; a strict 'fair return' approach as regards the Community budget is unacceptable and maintenance of its ceiling at 1,27% of the member states' GNP should not be considered as sacred.

Denmark

In the Danish Folketing there was almost complete consensus on the need to reach a deal at the European Council in Berlin. Indeed, the entire Agenda 2000 process has been characterised by a political consensus. This consensus is completely linked to enlargement: since all parties in the Folketing support enlargement, they were all willing to support the necessary changes which had to be made. In practice, the overall Agenda 2000 was therefore very closely linked to enlargement.

Among the wider public, Agenda 2000 did not stir any kind of debate. However, in the run up to the summit there were some attempts to start a debate on the fact that Denmark (after Agenda 2000) would be transformed into a clear net-contributor. These attempts were largely unsuccessful. The core reason for this must once again be sought in the general consensus on the enlargement project in Denmark. Indeed, it is apparently impossible to make a populist case against enlargement.

The agricultural sector was the only interest group, which truly mobilised in the run up to Berlin. Unlike what was the case in many other member states, the farmers were however willing to accept substantial reform of the CAP. This should be seen in the light of the competitiveness of Danish agriculture. In practice, Danish agriculture would thus have better chances of 'surviving' in a more competitive agricultural policy than many of its EU-counterparts.

Finland

The government aimed at guaranteeing the continuation of existing structural policies (without paying too much, however) and full compensation, which contributed to diminishing possible controversies. In general, the issues of structural policies and agriculture were to a large extent treated independently of, e.g., the problematic of enlargement (although the minister of agriculture Kalevi Hemilä argued that the changes made in Berlin to the provisions on milk and cereals imply postponing the enlargement).⁹⁶

The general aim to get recognition for northern agricultural problems seems to be undisputed. The main opposition party, the Finnish Centre party (Suomen Keskusta), stresses in its European programme of April 1999 the need to add to the GNP based criteria of structural funds, in a permanent way, the northern conditions, i.e., the spe-

cific characteristics of sparse population, long distances, large countryside and cold climate. Similarly, the Left Alliance (Vasemmistoliitto; in government) notes in its programme for the European elections that the Northern Dimension - understanding and taking into account the specific nordic conditions - should be taken into consideration when reforming structural policies.⁹⁷

The Central Union of Agricultural Producers and Forest Owners (MTK) stated that in Berlin, Agenda 2000 was considerably worsened. In particular, the agreement on milk was seen to imply problems in the future.⁹⁸ In a speech in February, the President of MTK Esa Härmälä had taken up the reasons for special subsidy system for grasslands and grass silage - the short period for cultivation and the long period for caring and feeding livestock in sheltered conditions. He also underlined two additional specificities of Finnish agriculture: small scale family farming and the importance of milk. He argued that there were no grounds for dramatic price reductions (as the internal market utilises 90 per cent of the EU milk production and a mere 10 percent is for export) and claimed that if the EU was to favour price reduction, the loss incurred should be compensated in full.⁹⁹ After the Berlin special summit, MTK complained that the rules of the game of agricultural policy were still not the same in all parts of Europe and underlined the difficulties in guaranteeing, under these circumstances, the basic goals of preserving cultivated rural landscape and keeping the countryside populated.¹⁰⁰

France

As often in France, when it comes to European issues, farmers seem to be the cate-

⁹⁶ *Helsingin Sanomat* 27 March 1999.

⁹⁷ See, respectively, <http://www.keskusta.fi> and <http://www.vasemmistoliitto.fi>.

⁹⁸ *Helsingin Sanomat* 26 March 1999.

⁹⁹ Esa Härmälä in Kuopio, 5 February 1999.

¹⁰⁰ See <http://www.mtk.fi>.

gory most heavily mobilised by Agenda 2000 and farmers' unions expressed a number of warnings before the Berlin European Council¹⁰¹. Admittedly the CAP principles were actually being challenged. Beyond equally critical statements, it is possible to distinguish between the positions of the main farmers' union, the FNSEA (Fédération Nationale des Syndicats d'Exploitants Agricoles) and those of left-wing unions, in particular the Confédération paysanne. The former, mainly concerned with securing competitiveness of farm products, did not seem completely adverse to the principle of a new lowering of prices. It essentially seemed intent on limiting its scope and avoiding measures which might question the existing system, such as, in particular, co-financing of agricultural expenditure¹⁰². Conversely, the Confédération paysanne, pleaded for this second CAP reform to serve as an opportunity to give more consideration to the unemployment fighting and land development roles fulfilled by the farming community. It was therefore particularly favourable to the degressive aid project¹⁰³. As at the end of the day the Fifteen opted for a mere price modulation, only optional as well, the union, logically, was vocal about "a logic of price drops, deregulation and incentive to productive agriculture"¹⁰⁴. The union's stances nevertheless have one point in common: they hardly consider the problems raised by enlargement to the eastern and central European countries. For example, the monthly review of the Confédération paysanne devoted a main feature dossier to the results of the Berlin

European Council : none of the articles included touch on the enlargement issue¹⁰⁵.

And yet concluding that the debate on Agenda 2000 remained confined to the farming community would be over-simple. The drafting of a report on the subject by the Delegation for the European Union of the Assemblée nationale, as early as autumn 1997, together with public session voting of resolutions on 17 March 1999, before the Berlin European Council, is ample evidence of the interest French political circles have for this question¹⁰⁶. On 1 April 1999, the Delegation for the European Union even conducted a hearing of M. Pierre Moscovici on the results of the European Council¹⁰⁷. Both the content of the debate and the terms of the resolutions of 17 March clearly show that French members of parliament considered these issues in the light of the impact of enlargement of the European Union. In the resolution on the setting of a new financial perspective for the 2000-2006 period, it is stated that the budgetary decisions will notably have to "help support the enlargement process"¹⁰⁸. In the text of the resolution itself, the members of parliament consider, for instance, that "in order to translate into facts the political priority of enlargement, the ceiling of the appropriations for commitments devoted to pre-accession should indeed be considered as expenditure objectives"¹⁰⁹. All the same, there is still a degree of contradiction. While "considering that it is necessary to prepare the enlargement of the European Union", at the same time, the resolution on the draft CAP reform states opposition to the principle of lowering the price of cereals¹¹⁰.

¹⁰¹ Refer for instance to: Messieurs Jospin et Chirac, refusez de signer! Press release from the Confédération paysanne, 11-03-1999.

¹⁰² FNSEA position on the eve of the resumption of negotiations in Brussels, Paris, 3 March 1999.

¹⁰³ Degressive aids. Contribution of the Confédération paysanne, 29 January 1999.

¹⁰⁴ Réforme de la PAC: le gouvernement doit prendre ses responsabilités. Press release from the Confédération paysanne, 26-03-1999.

¹⁰⁵ Campagnes solidaires, n°129, April 1999.

¹⁰⁶ Delegation for the European Union of the Assemblée Nationale. *Agenda 2000 : quel élargissement pour quelle Europe?*, 1997; *Agenda 2000, Débats du 17 mars 1999 et textes adoptés*, 1999, p. 205.

¹⁰⁷ Delegation for the European Union of the Assemblée Nationale. *Agenda 2000, Débats du 17 mars 1999 et textes adoptés*, 1999, p. 199-205.

¹⁰⁸ Ibid., p. 167.

¹⁰⁹ Ibid., p. 169.

¹¹⁰ Ibid., p. 159-160.

The two meetings at the SGCI which, over the last six months, gathered local representatives, the deputy minister for European affairs, M. Pierre Moscovici, and the environment minister, Mrs Dominique Voynet, have confirmed that French elected representatives have an interest in the consequences of enlargement. While deploring, in the course of an interview, that local leaders should not have taken a greater part in the discussion on Agenda 2000, the deputy general secretary of the SGCI in charge of regional policy took great care to emphasize that in these meetings there had been very active debate. He was particularly impressed by the number and content of the questions relating to enlargement. Contrary to what could have been expected from local representatives eager to attract Community funds, the participants reportedly tried to see whether, in terms of economic and social cohesiveness, the Agenda 2000 project adequately catered for the financial consequences of enlargement to the East. It should therefore not be implied from the relatively "corporatist" attitude of the farming community that French officials did not carefully consider the link between Agenda 2000 and enlargement.

Even though questions pertaining to Agenda 2000 have been debated in a number of circles, it would all the same be mistaken to say they have been a major issue for the general public.

Germany

Parties

The change in government and the adjustment to the new roles of government and opposition largely influenced the political debate on Agenda 2000 in Germany. Whereas the SPD still criticised the inconsistencies of the Kohl government's approach (reduction of net payments and high share of structural funds combined with a no reform attitude on the CAP) on the agenda 2000, the CDU/CSU opposition put

forward high standards for a successful settlement of the negotiations. In particular they expected a minimum of 7,5bn DM relief in Germany's net balance and an agreement on a 50% national co-financing of high direct income transfers to farmers.¹¹¹ Despite some heated debates, the parties represented in the Bundestag agreed on the broader terms of reform and one could hardly identify alternative policy proposals. The FDP was most radical in claiming to limit support through the structural funds to 30% of EU-population and in orienting agriculture towards the global markets. The Greens and also the SPD emphasised the observance of strict ecological standards and employment creating effects of a reformed CAP.¹¹²

A week before the Berlin summit and shortly after Chancellor Schröder's capital tour, many observers found Germany trapped in a difficult bargaining situation. Just like Helmut Kohl before, Foreign minister Fischer explained before the Bundestag, that it is up to Germany to exert leadership and be aware of the strategic interests in the progress of European integration or see Europe fall apart.¹¹³ This statement was also in response to Bavarian Prime Minister Stoiber who proposed to postpone the scheduled Berlin summit until a more favourable negotiating situation transpires.¹¹⁴

Pressure groups

¹¹¹ Cf. Agenda 2000 – Woran wir die Bundesregierung messen. Positionspapier von CDU und CSU, Bonn, 19 February 1999.

¹¹² Cf. Entschließungsantrag der Fraktionen SPD und Bündnis90/Die Grünen zur Abgabe der Erklärung der Bundesregierung zum Stand der Agenda 2000 nach dem Rücktritt der Europäischen Kommission, 16 March 1999; Antrag der Fraktion der F.D.P. Agenda 2000- die Europäische Union erweiterungs- und zukunftsfähig machen, 17 March 1999. Erklärung der Bundesregierung zum Stand der Agenda 2000 nach dem Rücktritt der Kommission, delivered by Foreign Minister Fischer, 18 March 1999.

¹¹³ Cf. Erklärung der Bundesregierung op. cit.

¹¹⁴ Cf. Süddeutsche Zeitung, 17 March 1999.

Pressure groups had actively taken part in the Agenda 2000 debate and had already delivered their position papers by summer and autumn 1998.¹¹⁵ The farmers' lobby (Deutscher Bauernverband) was challenged by the reform-orientation of the new government and rallied against the Commission's legislative proposals of March 1998 because they feared severe income losses.¹¹⁶

Media

As Germany held the presidency, there was a constant and broad media coverage of Agenda 2000 topics. They tackled not only the money related issues and the net-payer controversy, but also more fundamental questions of enlargement and the necessities to prepare for it. The quality press did not claim a more radical course of the government on agenda 2000 but put German payments into broader perspective of the benefits of EU-membership. They stressed, however, the severe imbalances of the EU's budget both in terms of priorities of expenditure and also in terms of national contributions to the budget. It realised in quite neutral tone, that Germany had to make one concession after the other.¹¹⁷ However, in the run up to the Berlin summit the identification of the bargaining positions of the major players in the categories of horse trading and "winners" and "losers" dominated the media. This might be also due to a communication strategy of the new government that spoke of clashes of interests between member states or groups of member states in public. It thus cultivated its role of managing distribution quarrels among the 15 and looking for an overall compromise.

¹¹⁵ Cf. Enlargement/Agenda 2000 Watch, pilot issue, p. 53.

¹¹⁶ Cf. Enlargement/Agenda 2000 Watch, pilot issue, p. 52.

¹¹⁷ Cf. "Leise räumt die Bundesregierung ihre Positionen", in *Frankfurter Allgemeine Zeitung*, 24 March 1999; "Das traurige Ende einer Jahrhundert-Reform", in *Süddeutsche Zeitung*, 24 March 1999.

Many analytical articles before and after the Berlin summit discussed the frictions in and future of French-German relations. Besides, the papers went into the tactical mistakes and failures of the government in managing the agenda 2000. Some commentators explained the difficulties of the government also with a lack of European vision and the shortcomings of a muddling through strategy.¹¹⁸

Public opinion

Polls taken in Germany in December 1998 showed that fighting unemployment and reducing Germany's net payments to the EU budget were rated as very important issues of the German Presidency.¹¹⁹ So one should expect that most citizens were interested in the fiscal aspects of agenda 2000. As in 1998 there were numerous conferences and seminars with representatives across the political parties, pressure groups, academia and media that discussed aspects of the agenda 2000.

Greece

In the early stages of Agenda 2000 negotiations - late 1998, first weeks of 1999 - there was much public debate focused mainly on the government's capacity to ensure the continued flow of EU funds and the future of the agricultural sector. From January 1999 two successive shocks to the political system - the Ocalan affair and then the Kosovo crisis - monopolized public opinion's concern and obliterated Agenda 2000, or indeed any EU topic, from the news. The Press and electronic media let the special Berlin Summit of March 24/25 slip from their attention and gave it just perfunctory coverage. This dual shock raised anew the matter of whether Greece essentially belongs to Europe, to the West; compared to this, the balance of gains from the Agenda

¹¹⁸ Cf. "Der Bundesregierung fehlt eine europapolitische Vision", in *Handelsblatt*, 24 March 1999.

¹¹⁹ Cf. Infratest dimap: DeutschlandTrend Januar 1999, Question 14, p. 41.

2000 could scarcely compete for public attention. Prime Minister Simitis tried to capitalize on the positive outcome of the negotiations and on the boost that the Stock Market got from the news; but he was not late in accepting that trying to get Agenda 2000 matters to the fore would probably prove counter-productive.

Of pressure groups, only the farming lobby was present in the negotiations - but was happy to keep in the background once it was clear that no major changes were expected in the support of important Greek products. Regional and local authorities still play a passive role in EU matters: they act as recipients of structural funds aid the Government obtains and squabble over the share-out, but are not really involved in the negotiations. (Parallel to the Agenda 2000 negotiations public consultations about future projects financed during the 2000-2006 period took place in Greece. Concerning the enlargement component of the Agenda 2000 process, it was almost inexistent in public awareness.)

Italy

In Italy political parties are generally pro-European, and no important controversies over the processes of deepening and EU institutional reforms have taken place on the internal political scene, despite the fact that recent European developments have benefited the center-left, which oversaw important Italian achievements such as the early entrance of the country into the Euro zone, as well as Romano Prodi's nomination as head of the EU Commission. It should also be noted that the level of partisan debate makes inter-party public discourses quite superficial.

Netherlands

These topics were not controversial, but at the same time there was no general consensus among political parties, pressure groups

and the public. However, this lack of consensus should not be blown out of proportion. There are three reasons for this. First, there is a longstanding tradition of general agreement within the political elite in the Netherlands on the issue of European integration. Second, this general consensus within the elite is backed by the majority of the public. Third, one should keep in mind that, since the European Council in Edinburgh in 1992, the general perception had grown that, compared to its GDP, The Netherlands net-contribution to the EU was too high. Considering these three general remarks, the topics enumerated in the answer to question A1 have been discussed between the actors listed below.

Political parties

The coalition parties supported the government in its policy to cut back 590 million Euro on the net-contribution to the EU. In particular, the Conservative-Liberal party (VVD) strongly backed the government's position. This was no surprise, as both the Finance Minister, Zalm, as well as the Minister of Foreign Affairs, Van Aartsen, are members of the same Conservative-Liberal party. The two other coalition parties, the Social-Democratic PvdA and the Liberal-Democratic D66, have also backed the government's policy, albeit with less internal consensus.

The opposition parties in parliament were not so enamoured with the government's position. First the Christian-Democratic CDA whose MPs were not so much opposed to the government's policy, but who had their doubts about the strategy ("pay less, get more") chosen by the government to fulfil its budgetary goals. The Greens (GL) have a slightly different approach towards Europe. They are in favour of a more democratic, social and on environmental awareness based Europe. This ideology has not led to a clear vision on Agenda 2000 topics. The Left-wing Socialist SP and three Right-wing Orthodox Calvinistic parties (RPF/GPV/SGP), are either

anti-European parties against the capitalistic way of integration (SP), or demand a purely inter-governmental Europe (RPF/GPV/SGP).

Pressure groups

The Dutch National Agricultural Lobby Organisation ("LTO Nederland") has issued a comment on the Agenda 2000 proposals of the European Commission. In this paper, the topics of Agenda 2000 have been discussed in relation to enlargement. Although the suggested agricultural reforms are in principle welcomed, the lobby advises the government to seek some important improvements, such as the need to secure a policy that would provide efficient Dutch farmers with sufficient income support¹²⁰.

Another, typical Dutch, organisation which expressed its view on Agenda 2000 and enlargement issues is the so-called Social-Economic Council (Sociaal-Economische Raad). This Council may be seen as the embodiment of the Dutch 'Poldermodel', in which trade unions, employers' organisations and the government work together to create nation-wide consensus on social-economic matters. In general, the Social-Economic Council takes the same position as the government on the most important Agenda 2000 topics. Nonetheless, as the government is mainly focused on the budgetary benefits of reforms, the Council stresses the need for institutional reforms as a precondition for enlargement.¹²¹

Public opinion

The media have also played their part. Although there have been some analytical articles in various newspapers on the consequences of Agenda 2000, the main attention of the media was focused on the political implications of a possible failure of the

government's aim to decrease the Dutch contribution to the EU. This was no surprise at all, as there were some serious doubts whether the government would be able to succeed in Berlin. As already noted, the coalition agreement between the Social-Democratic, Liberal-Democratic and Conservative-Liberal party had obliged the government to cut back 590 million Euro on the Dutch contribution to the European Union. Therefore, any failure of the Government to achieve this objective at the Berlin summit, would have had domestic political implications, like the need for new budgetary cuts. And, of course, a failure for the government would have been a success for the opposition parties.

Portugal

The Portuguese government gained strong support for its positions, both from the parties and its social partners. This wide consensus was possible due to the constant stress placed by the government on the difficulty of negotiations. Since the presentation of the Agenda 2000 in 1997, the government has always stressed the difficulties entailed in negotiations, a changing European environment, and pressures by the richest countries to reduce contributions to the budget. It is precisely because of this campaign that the government was able to gain support from the trade unions, industrial, trade and agricultural associations, and from the parties. This approach was very successful, enabling the government to present the results as a major achievement.

The Portuguese government tried to de-link Agenda 2000 from enlargement. It focused on attempts by the wealthiest member states to reduce budget contribution and to build a cheaper Europe. For the Portuguese government, negotiations were more about the 'national selfishness' of the richest than about the division of funds among present and future members. By adopting this position, the government tried to avoid an anti-

¹²⁰ LTO Nederland, Commentaar van LTO Nederland op Agenda 2000, 710\713\B9909010.yha, February 8th, 1999.

¹²¹ Sociaal-Economische Raad, 98/04, Agenda 2000: de uitbreiding en financiering van de EU, March 20th, 1999.

enlargement label. It also constantly stressed the strategic and political importance of widening the Union.

Spain

Agricultural reforms captured most of the attention prior to the European Council meeting in Berlin. Farmers were very active in presenting their demands, with major mobilisation in many Spanish cities. These mobilisations received wide attention in the media.

Sweden

There is a general agreement in the nation that an enlargement has a very high priority, and consequently, a budget reform that makes this possible is considered equally important. In the same time, the Government's strong demands, together with three other member states, to cut the four countries big net contributions to the budget, was also totally supported in Sweden. However, there were disagreements, or at least pressures on the Government in mainly one area, the proposed changes of the milk regime. During the decisive meeting with the Farm Council in Brussels the agro-industrial organization LRF (Lantbrukarnas riksförbund) issued an open letter to the Swedish agricultural minister¹²². It stated: "In the negotiations, the Swedish government has not stood up for the interest of its own farmers but demanded larger price cuts which threatens the quality, environment and development of Swedish agriculture and food industry. We are expecting that (the Swedish) strategy to participate in a blocking minority will not lead to a discrimination of Swedish agriculture ... we are also expecting concrete, positive results in the areas which really affects Swedish agriculture, for example compensation for the maize ensilage support which goes to other

countries, and rules which stimulates meat production based on grazing cattle and the conditions for oil seeds production." A day later, after the Council meeting, the LRF asked Minister Margareta Winberg "Why does Sweden get together with large scale milk producers like the UK and Denmark? In which way would that be profitable for the vast number of small milk producers in Sweden?".

United Kingdom

Debate on European affairs in Britain revolves around British entry to Economic and Monetary Union. This is the strategic question at present and is the main preoccupation of the political class. As such, other issues, however important they may be, take a back seat and are the subject of far less interest among parties, pressure groups and the media.

The issues were also overshadowed by the resignation of the European Commission and the outbreak of war in the Balkans. Nonetheless the subject has aroused some controversy among those focused on the subject, even if this has not yet registered to any great extent in the public consciousness.

The National Farmers Union, which maintains an active and constructive interest in European affairs, published a policy document '*What we need for a fair deal for British farmers in Europe*' on 2 February 1999 and called for:

- a common system of support throughout Europe which does not disadvantage farmers from any country;
- any conditions attached to payments to farmers to be the same throughout Europe;
- equal treatment for all producers whatever the size of their operation.

The House of Lords European Communities Committee, in its Sixth Report 1998 - 99 published on 16 March 1999 called for Mr

¹²² Cf. letter of Lantbrukarnas riksförbund, Feb. 22, 1999.

Blair to abandon the rebate in the interest of an overall EU financial settlement. It concluded that: *'We agree that there is still a problem for the United Kingdom but we consider that the rebate itself may no longer be the best way of solving it. We, therefore, take the view that the rebate should be negotiable as part of an overall settlement delivering the result of fairer net contributions. It would be regrettable if the entire package (including CAP reform and the possibility of funding enlargement) were lost because the United Kingdom government insisted there was only one way of solving its problem'*.

Think tanks, notably the Federal Trust and the Blairite leaning Centre for European Reform, made significant contributions¹²³ to the debate calling for the rebate to be put on the negotiating table with the aim of securing wider strategic objectives such as radical CAP reform. Flexibility here would have put the reformist British in a stronger position vis-a-vis opponents of CAP reform, notably the French.

The issues have however not gained any resonance in the wider public sphere.

3. How are the results of the Berlin summit evaluated, by the government, informed public opinion etc ...

- *in light of a more efficient and effective EU ?*
- *in light of enlarging the EU ?*

Austria

The government celebrated the decisions of the Berlin summit as a huge success for Europe and for Austria. For Europe, because the heads of state and government showed that they are able to take difficult decisions in difficult times. For Austria, because its financial contribution to the Union is expected to decrease dramatically (the government calculates for the period 2000-2006 with around 17 billion shillings (1.231 million Euro) less as against the Commission's proposals) and the overall package meets many of Austria's demands. As the most important results besides the financial framework, the government mentions that

- the reform of agriculture accepts the importance of rural development and secures the continued cultivation of Austria's landscape
- the "Burgenland" retains its Objective 1 status
- the security-net allows Austria to define regions eligible for Objective 2 funds, going beyond the regions directly eligible, by three times
- border regions receive funds of 50 million Euro annually out of the "Interreg"-program.

The minister of foreign affairs, Mr. Wolfgang Schüssel, also mentioned that the Agenda decision makes enlargement possible within the agreed financial framework. But this, clearly, is the least important aspect of the Berlin summit from the view of Austria's government - at least in public statements.

The Chambers of Agriculture agree with the government that some important Austrian demands, such as the extension of milk quotas until 2006 or the prevention of the temporal degression of direct payments, are reflected in the final Berlin-compromise. The Chambers also welcome the more modest reduction of guaranteed prices than suggested by the Commission but criticise

¹²³ *Paying for an Enlarged European Union*, Charles Jenkins, Federal Trust, London, March 1999. Working Paper, *The EU budget: an agenda for reform?*, John Peet and Kitty Ussher, Centre for European Reform, London, February 1999

that they are insufficiently compensated. Therefore, the agricultural interest organisations demand an Austrian answer to the Berlin compromise, meaning that the government should conceive measures to fully compensate any income losses. These measures should include efforts to achieve a fully functional common market for products necessary for agricultural production (such as machines) because Austrian farmers still have to pay higher prices than their colleagues in other EU-countries.¹²⁴

The Austrian television was infected by the euphoria of the government and brought in alteration of its program a special report from the results of the Berlin summit - a highly unusual measure since European policy does not belong to the main topics of TV-reporting and special reports are usually reserved for wars, mine-disasters and the like.

Belgium

A more efficient and effective EU

In Belgian Prime Minister Dehaene's view¹²⁵, the many reforms currently under discussion (notably those of the Community's common policies and its financial and institutional frameworks) are not so much necessitated by the prospect of further enlargement as by the need of a more efficient and effective European Union in itself. Even without the stimulus of eastward enlargement are these reforms highly desirable. With this in mind, the mere fact that at the Berlin summit an agreement has eventually been brokered on the Agenda 2000 package should be regarded as positive. Nonetheless, in ascertaining that the continued effectiveness of an enlarged Union will still require some thorough reforms of the Community's

policies, the Prime Minister implicitly questioned whether the results of the Berlin summit could be labelled as unequivocally propitious in view of further European integration¹²⁶.

From a purely national perspective, however, the Belgian authorities on the whole consider the outcome of the Berlin summit regarding the internal aspects of the Agenda 2000 as relatively satisfactory. As positive elements of the deal from a Belgian perspective could be considered, for example, the 'phasing out' regime for the structural funds, the calculation of the objective 2 'safety net', the increased amount of recoverable administrative expenses and the inclusion in the Berlin conclusions of an invitation to the Commission to undertake before 2006 a review of the own resources system (including the question of creating new autonomous own resources). Less convenient though, are, for instance, the maintenance of the British rebate, albeit in a modified version, and the reinforced emphasis on the GNP own resource.

Enlarging the EU

Now that the time-consuming discussions on the internal aspects of the Agenda 2000 have been concluded, attention should again be focused on the external matters dealt with in Agenda 2000, notably the forthcoming enlargement and its various related foreign policy issues. Nonetheless, from a Belgian point of view, an additional major internal prerequisite for a successful enlargement still remains to be cleared out: an enhancement of the Community's institutional framework.

Denmark

The overall view of the Danish Government is that the result did not go far enough with

¹²⁴ Kammern für Land- und Forstwirtschaft: Der österreichische Bauer, p. 2.

¹²⁵ See De Standaard, 25 June 1998. See also Foreign Affairs Minister Derycke's speech 'De Unie uitbreiden: een delicate operatie!', Europafeesten Tiel, 5 July 1998.

¹²⁶ See Prime Minister Dehaene's declaration on the results of the Berlin summit before the Belgian Parliament's Advisory Committee on European Affairs, 30 March 1999.

regards to CAP reform. The most important thing is however that a reform was agreed upon and that the road is now paved for enlargement.

The Danish Agricultural Council (DAC) was critical of the result of the negotiations. The President for the DAC, Peter Gæmelke, said that "*..the final agreement on the CAP was not in favour of Danish interests*".¹²⁷

In a report published in May 1999, the Economic Council was also critical of the CAP-deal.¹²⁸ According to the Council the deal opens for a situation, where the EU will have to apply two common agricultural policies, since Central and Eastern European membership of the present CAP would lead to an unacceptable increase in the budget. In order to avoid such a double agricultural policy the Council urged the EU to go back to the reform table before enlargement.

Finland

In the evaluations, the larger goals of a more efficient union or its enlargement did not get as much attention as did the Finnish achievements in terms of agriculture and structural policies. All were generally satisfied: the results were found at least sufficient.¹²⁹ The government's view as to the question of enlargement was, however, that the results were not necessarily sufficient, and as far as efficiency was concerned, it was understood that further steps were still needed.

France

French leaders seemed to be rather satisfied with the results of the special summit of 24-

25 March 1999. As a matter of fact, it included an agreement which rejects any co-financing of CAP expenditure, which France absolutely wanted to rule out. In more general terms, it should enable the European Union to proceed forward and it significantly anticipates on the future effects of enlargement¹³⁰.

Firstly, the containment of expenditure achieved does secure the continuation of common policies, included within an enlarged Europe. This is of special importance to France which has always considered that common policies were a distinctive feature of European construction over a mere free-trading area and stood as evidence of a certain ambition. This is in fact one of the effects of enlargement dreaded by France : the risk that in increasing the number of recipients, there might be such an increase in the cost of the policies that they could not be kept up. An yet, the scheduled reduction in the share of payment appropriations earmarked for the Fifteen within Community GNP makes it possible to bring out new resources for accommodating the possible joining of new members as of 2002¹³¹. No doubt, France would have rather hoped for a tighter control of the envelope earmarked for funding structural operations (structural funds and cohesion fund). But, on the one hand, its level appears as a compromise

¹²⁷ BT, 26.03.1999.

¹²⁸ The semi-annual report of the Economic Council, May 1999.

¹²⁹ Indeed, the daily *Helsingin Sanomat* had commented in its editorial already on 12 March 1999 that the results thus far achieved were "an important Finnish victory".

¹³⁰ In his press conference at the end of the Berlin summit, M. Jacques Chirac termed the agreement a "reasonable" one, subsequently specifying that he was "pleased" with the agreement and that the government was "satisfied"; during a press conference in Germany, M. Moscovici stated that "it was a good compromise for Europe, a good compromise for European policies, a good compromise as regards enlargement and a good compromise in particular for each of our two countries". (Joint press conference of the deputy minister for European affairs, M. Pierre Moscovici, and of the German deputy minister in charge of European affairs, M. Günther Verheugen, Bonn, 19-04-1999).

¹³¹ Conclusions of the presidency. Berlin European summit, 24-25 March 1999, *Europe Documents*, n° 2131/2132, 27 March 1999, p.14, table A. Over the period 2002-2006, funds are set aside to cover expenditure resulting from possible accessions.

between the demands of France and the requirements of the so-called cohesion countries (Spain, Ireland, Greece, Portugal) which did not quite get all they expected either¹³². On the other hand, expenditure towards accommodating "particular situations" is construed as an ultimate compensation and is therefore not meant to outlive 2006.

With a relatively tight control for the 2000-2006 period, community expenditure will moreover be funded by more equitable contributions - which, there again, should guarantee continuation of common policies. It was indeed decided, as France called for, that the share of VAT originating resource would be reduced and the GNP based resource privileged so that each member state's ability to contribute should be better taken into account¹³³.

France was not only given assurances as to the continuation of common policies on the financial level, but also on the level of principles. The solutions most contrary to the principle of financial solidarity - that is to say co-financing of agricultural spending but also the generalized contribution correction mechanism - have been ruled out. From this point of view, the renewal of the British abatement was a setback for France who nevertheless succeeded in avoiding its general extension.

Last, the very fact that there should have been an agreement paves the way for a reform of the institutions¹³⁴. And for French

leaders, this is a crucial reform, both towards improving the effectiveness of the Union as of now, but also towards putting an enlarged Union in a position to make decisions.

Admittedly, one may wonder, as the French administration does, whether the chosen measures alone will allow satisfactory control of common policies costs in an enlarged Europe. As a matter of fact, the only bastion preventing any increase in the structural funds is the GNP-related ceiling set for aids¹³⁵. As for farm products, their price drop was too small-scaled to change the fact that overall price levels are higher in Western Europe and that, consequently, in the present state of things, extending the CAP to Eastern Europe would be very costly. However, it is difficult to tell for the time being, to what type of extent spending will rise on account of enlargement. This also interrelates with on-going developments in the applicant countries, in particular as regards per capita GDP and farm prices. For the latter, there already is a convergent movement in prices. The cost of enlargement over the period covered by Agenda 2000 mainly depends on the number of new member states and on the date on which they will join. At present, it is impossible to know either element with any certainty.

In the end, the fact that France got its views to prevail on farm issues should not lead to an overestimation of the benefits it derives from this agreement¹³⁶. Even though it had

¹³² The envelope defined for the 2000-2006 period is 213 billion Euro: it is higher than the 200 billion Euro advocated by France but lower than the 240 billion originally put forward by the Commission and called for by the cohesion countries.

¹³³ *Europe Documents*, n° 2131/2132, 27-03-1999, p.13, item 71.

¹³⁴ Interview with the deputy minister for European affairs, M. Pierre Moscovici, on Europe 1 radio, Berlin, 26-03-1999: "I used to say that this Agenda 2000 was in fact, the "dirty part of the job", the difficult, thankless task and that it had to be done. Now we can move on to much more noble things. What I have in mind is the reform of the institutions".

¹³⁵ The conclusions of the Berlin summit stipulate that "total annual receipts in any Member States from structural operations (i.e. including the Cohesion Fund) should not exceed 4% of national GDP". In *Europe Documents*, n° 2131/2132, p. 9, item 46.

¹³⁶ It notably obtained, apart from the giving up of co-financing, that the milk reform should be postponed until 2006, that the drop in the intervention price for cereal should be brought down to 15% and that the intervention principle, should the need arise, be maintained in the meat sector. Cf. the communiqué from the agriculture ministry dated 26-03-1999 and the interview given by the agriculture minister, M. Jean Glavany: Berlin est

so far enjoyed a particularly favourable situation, its net contribution to the Community budget is going to increase. It will especially have to contribute more to the financing of the British "cheque" while questioning its very principle. French leaders nevertheless seem relieved that this agreement on Agenda 2000 should safeguard the future. This is a case in point of the whole ambiguity of the European policy of France. It does not hesitate to defend its national interests, in particular farming interests. The French discourse should not conceal that the generous "financial solidarity" phrase actually means the funding by all member states of a policy which first and foremost benefits France. At the same time, French leaders are often sincerely attached to the strengthening of a European construction which France has largely contributed to set up. In this respect, their stands on Agenda 2000 show that they establish a link between deepening and enlargement of the European Union, and more so than some past statements may have led to believe¹³⁷.

Germany

The results of the Berlin summit are discussed under both aspects, the functioning of the EU-15 and the widening of its membership. In the foreground were of course the implications for Germany and the overall performance of the German government as presidency of the Union.

All in all, the Berlin summit on the agenda 2000 was, also in public opinion, overshadowed by the decision on NATO air strikes against Serbia and the proposed nomination

of Mr. Prodi as President of the Commission. Surely, the compromise of Berlin would have deserved better attention.

The new government under Schröder and Fischer rapidly learned on the job and got a foretaste of policy making in the EU-15. It takes pride in having "held Europe together" (FM Fischer)¹³⁸ and that it put "legitimate German interests in the background" for the sake of a "reasonable overall solution" (Chancellor Schröder).¹³⁹ The Berlin compromise was per se a success for the German presidency, whereas a failure and postponement of decisions would have been a fatal signal, not only towards the applicants but also towards the EU citizens. The government explains the results as a compromise that echoes the spirit of solidarity and stays on course of gradual reforms. Moreover, it emphasizes that the agreement takes up specific German concerns and interests: A stabilization of expenditure, a more fair burden sharing, solidarity between poor and rich countries in the Union and the improved capacity for enlargement. Thus, the Schröder government expects that German net transfer will be reduced from 0,55% GDP in 1999 to 0,43 % in 2006. While the German share in EU net transfers is currently nearly 60% it will amount to around 50% in 2006. By then, Germany will annually transfer 700 mio. EUR less to the EU. These improvements are mostly due to changes in the own resources mechanism. Germany benefits from any cuts in expenditure, for example the lower ceiling for the CAP guideline. Shortly after the summit it was State minister Verheugen, who, somewhat undiplomatic, saw the need for further improvement of the CAP-decisions.¹⁴⁰ Ministers Funke and Fischer, however, had praised the agreements as "the most impor-

positif. *La Nouvelle République du Centre Ouest*, 29-03-1999.

¹³⁷ After the fall of the Berlin wall, France showed reluctance for the enlargement of the European Union. In 1991, M. Mitterrand notably declared that the joining of central European countries would not occur before scores of years. Cf. Florence Deloche-Gaudez. *La France et l'élargissement à l'Est de l'Union européenne. Les études du CERI*, n° 46, octobre 1998.

¹³⁸ Cf. "EU-Gipfel einigt sich auf Agenda 2000", in *Süddeutsche Zeitung*, 29 March 1999.

¹³⁹ Cf. Speech Chancellor Schröder to the European Parliament, Strasbourg, 14 April 1999.

¹⁴⁰ Cf. "Vor EU-Erweiterung weitere Reformen nötig", *Das Handelsblatt*, 12 April 1999.

tant reform in the history of CAP".¹⁴¹ The Eastern German Länder in particular are satisfied with decisions both on CAP and on Structural funds. The 5 Länder remain objective 1 areas and will receive about 2,85 bn. EUR p.a. more than in the previous period. For East Berlin a phasing out arrangement was agreed that provides for 729 Mio EUR. Germany also expects significant returns under the new objective 3: payments will double from 2,12 to 4,58 bn EURO in the next period. Germany made, however, concessions as to the prolongation of the cohesion funds for the euro-zone countries Spain, Portugal and Ireland. The smooth settlement of this issue and the overall agreement on the agenda 2000 were crucial for Germany's pro-enlargement policy. Although it is yet too early to give precise information on the impact of the Berlin decisions on Germany's net payer position the trend is favorable for Germany. The SPD called the agenda 2000 the biggest reform package in the history of the EU and the Greens underlined that the new government successfully stood the test as presidency.¹⁴²

However, the opposition parties criticize Schröder for tactical mistakes (e.g. giving up co-financing) in the run up to Berlin. Moreover, the opposition refers to a statement of the Länder who claimed a totally unrealistic reduction of net contributions of 7 or even 14 bn DM. The CDU/CSU called the results "absolutely insufficient" and concluded that a Kohl government would have done a better job.¹⁴³ The FDP called the results "not a great hit" and criticized in

particular the minimalist CAP reforms.¹⁴⁴ All parties appreciated the link between the settling of agenda 2000 and the enlargement process.

The reaction of interest groups were generally friendly. The farmers' lobby, DBV, was relieved that serious cuts could be prevented. Others were more cautious, like the BDI or the Handwerksverband (German Confederation of Skilled Crafts).¹⁴⁵ Most analytical comments questioned the WTO compatibility of the decisions on CAP and the viability of CAP reforms in view of enlargement.

Greece

The first pleasant surprise from the Summit was that Agenda 2000 has reached an outcome and has not remained pending as many in government had come to expect. The outcome for the structural funds - 198 bn Euro, plus 18 bn Euro for the cohesion fund as well as the decision that 70% of the former sum would end up to objective I regions - was close enough to the Commission's proposal of 239,2 bn Euro for the 2000-2006 period to be considered quite acceptable.

Greece is supposed to get 21,75 bn Euro which is compared to the 18,75 bn of 1993-1999 an increase of some 16%. From the cohesion fund Greece expects to get 3,14 bn compared to the 3,13 bn of 1993-1999. Plus 650 million Euro added from transferred payments will amount over the next 7 years to a grand total of 25,63bn Euro for Greece in comparison with a total of 21,89 bn for the period of 1993-96. The outcome for the entire EU is noticeably lower (218 bn Euro to be compared with 202,86 Euro, i.e. an increase of 7,46%). The fact that Germany got out of the Berlin Summit just one-third of the requested 11 bn Euro as a reduction

¹⁴¹ Cf. *Agence Europe*, 12 March 1999, pp.6-7.

¹⁴² Cf. Resolution of the SPD-Parteivorstand "EU-Summit a great success for Europe and Germany", Bonn, 29 March 1999; "EU-Gipfel und Agenda 2000. Erfolgreiche Weichenstellung für Europa", Bündnis 90/Die Grünen, information for the press No. 0135/99, 26 March 1999.

¹⁴³ CDU/CSU-Bundestagsfraktion: "Agenda 2000"-Ergebnis völlig unzureichend. Bewertung des Europäischen Rats von Berlin am 24/25 März 1999, Berlin, 9 April 1999.

¹⁴⁴ Cf. Statement by U. Heinrich, spokesman for agriculture, FDP-information for the press, 26 March 1999.

¹⁴⁵ Cf. *Handelsblatt*, 29 March 1999.

of its yearly contribution to the EU budget and that Austria, the Netherlands and Sweden were able to reduce their contribution just marginally, gave Greece good reasons to feel that the Berlin negotiations were the best possible outcome.

Prime Minister C. Simitis and Minister of National Economy Y. Papantoniou were jubilant with their success. The press comments were quite positive, although the coincidence with the beginning of the Kosovo crisis robbed them of much effect, especially coming after the bruising Ocalan affair. The opposition tried to douse the enthusiasm of the government pointing out that the outcome was less favorable in drachma terms; the government's reply was that, once one adds the public funds allotted to the overall development program to be implemented one reaches the impressive sum of 12,4 trillion drachma (compared with 8,4 trillion for the earlier period) which allows to hope that until the year 2006 the Greek GDP per capita will reach 80% of the EU level.

In the agricultural sector, the fact that rationalization of the CAP was avoided has been the main source for positive comments; it was expected to cost Greece some 150-200 bn drachma per year in lost financial support. Moreover, the notion of "decreasing support" was largely avoided; there was an appreciable increase in milk quotas (70.000 tons) for Greek producers; the cut in cereals prices was 15% against the proposed 20% which leaves Greece with little impact; the overhaul of the wine sector is relatively modest; the system of letting 10% of the land fallow over the 2000-2006 period seemed reasonable. Overall, the reaction for the agricultural aspect of Agenda 2000 was that the results were "no nasty surprise".

As evident from this analysis, neither EU enlargement nor the efficiency of the EU system had much to do with the evaluation of the results of the Berlin Summit.

Ireland

The summit was evaluated in positive terms both with respect to Irish and EU interests and in view of the divergent and competing interests involved. EU leaders were seemed to have forged a compromise in difficult circumstances on EU finances. The budget was also deemed adequate to meet the needs of enlargement (i.e. the Commissions assumptions of costs were accepted by Ireland).

Italy

As already mentioned, the overall results of the summit are considered particularly positive and advantageous to Italy, which has insisted on the necessity to proceed with institutional reforms before enlarging the Union to the associate members from Central and Eastern Europe. Italy argues that institutional reforms are particularly necessary also precisely in view of enlargement.

Netherlands

The results of the special summit have been evaluated by the media and by public opinion, as well as by the government, on its financial results. Characteristic is Finance Minister Zalm's first sentence at the press conference immediately after the Berlin summit had successfully ended. He said: "It is enormously difficult to get exactly such a result. And indeed, we did not manage to do so. The result is even more favourable than what we demanded"¹⁴⁶. This quotation from the Finance Minister sets out exactly how,

¹⁴⁶ Opinion magazine "Elsevier", 03-04-1999, p. 14. ("Het is buitengewoon moeilijk om precies op zo'n resultaat uit te komen. Het is inderdaad niet helemaal gelukt. We zijn er iets boven uitgekomen").

in general, public opinion and the main political parties evaluated the summit; that is, mainly by the financial outcome. Moreover, as the outcome was better than expected, the general opinion was positive.

A more efficient and effective EU

The results of the special Berlin summit are not evaluated in the light of a more efficient and effective EU. Although most parties and informed public opinion see the need for a more efficient and effective EU, most actors are convinced that these issues have to be dealt with during the next IGC, the agenda of which will be discussed this June in Cologne. Institutional reforms are seen as a very important precondition for enlargement (see question A4).

Enlarging the EU

A successful outcome in Berlin was the first precondition for enlargement of the EU eastwards. Some comments in various newspapers have stressed the failure of the suggested agricultural reforms in Berlin, which will create the need for a new round of negotiations between the present EU members. They see two possible future solutions. The first is a new round of negotiations before the accession of new member states ("Agenda 2000+"), the otherwise inevitable second solution will be long transition periods for the CEEC on the CAP until the new member states have reformed and modernised their agricultural sector towards Western-European standards.

Portugal

Although the results achieved at Berlin are considered a major achievement, the Portuguese government is fully aware that several fundamental issues remain unresolved. It is felt that the results were insufficient to prepare the Union for the challenges of enlargement and the new WTO round of negotiations. The results of Berlin are seen as the possible consensus rather than the necessary reforms.

Spain

On 30 March, President Aznar presented to the Parliament the views of the government concerning the agreements reached at the European Council meeting in Berlin. In his opening statement, Aznar congratulated himself of having been able to close Agenda 2000, thus allowing the Union, he said, to successfully meet the challenge of enlargement. The resulting agreement was described as balanced and satisfactory for the Spanish government. Some items received particular attention and were interpreted as positive for Spain:¹⁴⁷

First, an adequate separation had been established between the needs of the member states, the cost of pre-accession policies and the needs of enlargement. The ceiling had been maintained at 1.27%, subject to its revision at the moment of enlargement.

Second, the reforms introduced in the own resources system had reduced existing regressive aspects and thus benefited the least prosperous member states. The government had successfully resisted the introduction of GNP-related ceilings for each member contribution or the generalisation of correction or compensation mechanisms.

Third, the British rebate was to be maintained but measures had been taken to ensure that the UK would not see it increased as a result of the changes in the own resources system or of the next enlargement.

Fourth, the Council had endorsed the agreement previously reached by the ministers of Agriculture. The level of agricultural expending is maintained. Spain had obtained satisfaction for its principal demands with respect to cereals (a 10% raise in the output rate); a 20% increase in the number of cows subject to subsidy; a

¹⁴⁷ President Aznar. Spanish Parliament, 30 March 1999 (DSCP, Pleno 226, VI Legislatura, 1997, p.12020-12023).

550.000 tonne raise in the milk quota and a new market organisation for wine which included significant improvements in aid levels.

Fifth, with respect to structural and cohesion expenditure, the President highlighted the benefits for Spain of the concentration of Objectives and put a especial emphasis in the approval of a Cohesion Fund of 18.000 million euro, out of which Spain will now receive 62% instead of the 55% share of the 1992-1999 package previously enjoyed by Spain.

Sixth, compared with the previous financial perspectives (1993-1999), the President said the agreement for 2000-2006 meant a 10.7% increase in the net financial balance of Spain; an 18.2% increase in agricultural transfers; a 5.6% in the structural funds received by the country and a 8.5% increase in the benefits Spain draws from the Cohesion Fund.

The main opposition party (Socialist PSOE) harshly criticised the negotiating behaviour of the government and the agreements reached at Berlin. PSOE representatives at the European Parliament have voted against the financial perspectives 2000-2006 both in the Parliament's Commission for Financial and Budgetary affairs as well as in the Plenary Session which endorsed the agreements reached in Berlin. Replying to President Aznar in the Parliament on March 30, 1998, opposition leader, Mr. Borrell, accused the government of manipulating public opinion with the aid of the public broadcasting system to present as a victory what had been a resounding defeat.

Mr. Borrell argued that the agreement questioned the ability of the Union to enlarge to the East and gave Spain a very bad signal as to the effects of this process of enlargement. The government, he said, had accepted the wishes of the northern countries that the southern countries paid the cost of eastern enlargement. The agreement reached in Berlin was regressive, it meant

the breakdown of the cohesion policy agreed in Edinburgh in 1993 and a setback for the process of the European integration. The agreement cut the budget by 8%, but in that agricultural expenditure was raised 6% and structural expenditure was cut down 7%, it was evident that budget reductions are exclusively bore by the poorest members, including Spain, which would see the Cohesion Fund reduced from 21.000 to 18.000 million euro. To summarise, he concluded, if compared with 1999, every year between 2000 and 2006 Spain was going to receive 600 million euro less in agricultural transfers and 1.200 million euro less in structural and cohesion funds, a 25% cut.¹⁴⁸

Convergencia i Unio, (CIU) the Catalan nationalist party which supports the government in Parliament, has congratulated the government for adequately defending Spanish interest in a very adverse context, but the Party's Spokesman, Mr. Molins, said the agreement reached in Berlin was "regressive" and questioned whether the construction of the Union could proceed with such a tiny budget.¹⁴⁹

Agrarian professional organisations and regions have been divided in evaluating the agreement. CODA and UPA have supported the agreements, praising them in that they put an end to the historic discrimination of Spanish agriculture as a result of the accession treaty of 1985. ASAJA has mostly complained about the 33% cut in subsidies to sunflower and the losses of subsidies in cereals.¹⁵⁰

Some regional governments and nationalist or regional parties have also criticised the agreements. Basque nationalists said the agreement was good for the Union as a

¹⁴⁸ Opposition leader, Mr. Borrell. Spanish Parliament, 30 March 1999 (DSCP, Pleno 226, VI Legislatura, 1997, p.12026-12028).

¹⁴⁹ *Convergencia i Unio* (CIU) Spokesman, Mr. Molins. Spanish Parliament, 30 March 1999 (DSCP, Pleno 226, VI Legislatura, 1997, p.12034).

¹⁵⁰ Losses in the sunflower sector were estimated at 100 million euro. *ABC*, 28 de marzo de 1999.

whole, but not for the Basque agriculture, where the richest farmers would continue benefiting most from agricultural subsidies. The representative of the Partido Nacionalista Vasco (PNV) said he was also very concerned about how the reduction of subsidies to Objective 2 regions would affect the Basque country. Representatives of the Canary Islands said they were worried about the ambiguities concerning whether they will continue benefiting or not from Objective 1 subsidies. The regional governments of Andalucía and Castilla-La Mancha, both Socialist and with a large agricultural base, have sided with the opposition in its criticism of the results obtained by the government in Berlin.¹⁵¹

Sweden

A more efficient and effective EU

The fact that an agreement could be reached in Berlin has to be seen as a considerable achievement for the EU as well as for the German Presidency, says the Foreign Ministry in a preliminary report on the summit, presented to the parliamentary EU Committee (April 23, 1999). The agreement creates better prospects to deal with the challenges now facing the Union. It means among other things that the work with the enlargement can be carried on with full strength. Even from a strict Swedish perspective the results must be regarded as positive. There has been a change of the trend in a more restrictive direction as far as the expenses of the Union are concerned. Burden-sharing is recognized as a problem, and certain measures have been taken to improve the situation. These two factors mean that the Swedish contribution the budget will be less heavy. Sweden will get an increased reflux from the structural funds, in spite of a limited total framework.

The CAP reform will not be so radical as Sweden wished, but still constitutes a step in the right direction. One of the purposes with the proposed CAP reform in Agenda 2000 was to facilitate the enlargement and lay a foundation for the coming WTO negotiations. The result, however, means that the original target has not been met to the extent which had been desired. The judgement of the Swedish government is that further reforms of CAP will be necessary.

Informed public opinion

There was a mixed reaction from the political parties. The two parties which cooperate with and give parliamentary support to the governing Social democrats, were negative, as they are also negative to the Swedish EU membership. The first reaction from the economic spokesman for the leftist party (Vänsterpartiet), Johan Lönnroth, was that the agreement was costing too much. A parliamentary member of the ecological party (Miljöpartiet), Yvonne Ruwaida, said the deal "was an obvious failure. They have not succeeded in cutting down the budget as they wanted, nor have they carried through an agrarian reform". Of the four opposition parties, three had mainly praise for the agreement. To the right of the political spectrum, Moderata samlingspartiet and Kristdemokraterna, agreed that the result was paving the way for the enlargement, while Centerpartiet also gave credit to the government for having "brought some money home to Sweden". The leader of the fourth party, however, Mr Lars Leijonborg from the liberal Folkpartiet, was critical. "The result is a big disappointment. Rather than making it easier for new countries to become members new stumbling blocks have been rolled up on the road to a united Europe". The parties did not specifically mention anything about the efficiency of the future Union, mainly because of the feeling that more work has to be done with the CAP reform. A main theme in the large news media was the rather surprising outcome in terms a lower than expected

¹⁵¹ *Partido Nacionalista Vasco* (PNV) Spokesman, Mr. Zabalia. Spanish Parliament, 30 March 1999 (DSCP, Pleno 226, VI Legislatura, 1997, p.12039).

Swedish contribution during the period and better possibilities to get money from the structural funds, and even through CAP. To understand this reaction, one has to bear in mind the wide spread popular opinion/pessimism in the nation, saying that "EU costs a lot of money and gives very little back", in combination with the notion that, while most other MS try to get as much as possible out of the EU budget, the Swedish government, in a rather altruistic way, tries to act for the best of the Union, not for the best of its farmers and other possible recipients of EU grants.

Apart from this general theme, and discontent with the meagre result of the CAP reform, most newspapers agreed with the government that the Berlin summit means "full speed ahead in the negotiations on the enlargement eastward. The budget creates room for a first wave in 2002".¹⁵² A precondition, said the newspaper Dagens Nyheter, will of course be another CAP reform before a Polish membership.

A quite different opinion came on the same day from the other big morning paper in Stockholm, Svenska Dagbladet (liberal-conservative). Its editorial said that the summit had decided to "cancel the enlargement indefinitely. It is difficult to see differently on the failure to take any real steps to reform the CAP". The paper argues that the EMU project took most of the political energy from other issues, and that the EMU may now require a further integration. "The enlargement is an obstacle to the road of development of the EU which has been chosen, not a natural part of it". The editorial adds that "it is too early to completely rule out an enlargement", but asks how the Union within a couple of years will succeed with something (i.e. a far reaching CAP reform) they have not managed to do so far. "Up till now it seems that the interest for an enlargement has decreased in proportion to how acute the need of reforms have be-

come." There is an aspect on the efficiency of EU in the above mentioned editorial in Dagens Nyheter. It says that the Berlin meeting clearly showed the need for a EU constitution. "It is absurd that fifteen heads of national governments, and soon twenty-one, should be sitting night after night in order to distribute contributions and grants amongst themselves. These are tasks for a European government and a European parliament."

United Kingdom

Coverage of the Berlin summit was distracted by the resignation of the European Commission and also by the outbreak of war in Yugoslavia. As such the issues attracted far less attention than they otherwise would have done. It is difficult to gauge even informed public opinion as media energies have been focused on Kosovo.

In his post-Summit statement to the House of Commons on Monday 29 March 1999, Tony Blair, putting a positive spin on the deal, outlined the agricultural reforms and changes to EU budget and structural funds with particular reference to those areas of Britain most affected.

In concluding his speech he stated: *'The outcome of Agenda 2000 is an agreement which:*

- makes significant reforms to the CAP;
- puts the Union's financial house in order in preparation for enlargement;
- brings spending under control and reduces Community spending as a proportion of Community GNP even after allowing for the costs of enlargement;
- gives a fair deal to UK regions which receive support from the structural funds;
- and maintains the abatement.

It is a good result for Britain and has been achieved by a new government

¹⁵² So the biggest daily morning paper, Dagens Nyheter - liberal - on March 27, 1999.

*which has rejected the sterile confrontations and isolationism of the recent past; which engages constructively with Europe to get a better deal for Britain. I commend it to the House.*¹⁵³

Given that the deal reached at the earlier marathon Agriculture Council fell short of the government's hopes, the further pruning of the deal in Berlin must have resulted in some frustration and disappointment at the EU's inability to reform more radically.

Outside the government views were rather more sceptical. In his response, the Leader of the Opposition, William Hague asked: *'Is it not true that a summit that was supposed to prepare the EU for the next decade has left it with a largely unreformed agricultural policy; with cohesion funds still there; with enlargement more distant rather than nearer; and with a disgraced Commission still in place?'*¹⁵⁴

Liberal Democrat leader Paddy Ashdown stated *'...is it not the case that there is good news and bad? The good news is that the Government have retained the rebate; the bad is that they have done so - as, indeed, others have succeeded in doing - by sweeping everything under the carpet. The summit did not tackle the tough decisions that needed to be tackled.'*¹⁵⁵

The inability to reform the CAP has also weakened the EU's position in the context of the Millennium Round of WTO negotiations. There is a clear British interest in trade liberalisation and this position was lost at the Berlin summit. Further reforms will be required if the EU is to meet international obligations; a point which the British could have driven home if they had been prepared to put everything on the negotiating table.

Despite the gloss put on the deal by the government there is a general acceptance

that the agreement reached was fudged, that more radical reforms were watered down, particularly in agriculture, and that the government was unable to pursue its reformist aims successfully.

4. *The Cologne summit wants to issue a schedule for institutional reforms. When shall institutional questions be addressed and what shall be the scope of a next IGC ?*

- *Settle leftovers of Amsterdam (weighting of votes in the Council, size and composition of the Commission; extension of majority voting) ?*
- *Other questions like: role of the General Affairs Council; institutional effects of Euro-zone; distribution of 700 seats for the EP; flexibility beyond closer co-operation, European constitution and the finalité of integration.*

Austria

Austria did not have the desire to start the institutional reform at any specific date, but it always stressed that institutional reform is a necessary precondition to enlargement.

Meanwhile, the European Council in Cologne decided to convene an Intergovernmental Conference early in the year 2000 "to resolve the institutional issues left open in Amsterdam that need to be settled before enlargement". It further decided that "the Conference should be completed and the necessary amendments to the Treaties agreed upon at the end of 2000".¹⁵⁶ The European Council agreed upon a narrow scope of the Conference, concentrating on the Amsterdam leftovers, weighing of votes in the Council, the size and composition of

¹⁵³ House of Commons Hansard, 29 March 1999

¹⁵⁴ *ibid.*

¹⁵⁵ *ibid.*

¹⁵⁶ Schlußfolgerungen der Präsidentschaft, Europäischer Rat von Köln; paragraphs 52 and 53.

the Commission and the possible extension of majority voting. However, the European Council added a passage that includes the possibility of an extension of the scope of the Institutional Conference: "Other necessary amendments to the Treaties arising as regards the European institutions in connection with the above issues and in implementing the Treaty of Amsterdam, could also be discussed."

It used to be Austria's position that the two-step strategy outlined in the Treaty of Amsterdam should be followed. The first step would be the readjustment of the Commission in connection with the weighing of votes in the Council. A comprehensive overhaul of the institutional structure should only start one year before the number of member states exceeds 20.¹⁵⁷

Meanwhile, Austria thinks that the two-step strategy is outmoded and argues for a broad mandate for the Intergovernmental Conference which should include the accountability of the Commission, a reform of the European Court of Justice, the European Parliament and its relation to Europol and possibly the Common Foreign and Security Policy (CFSP). The mandate of Cologne is regarded as too narrow. On the other hand it should be stressed that it must not exceed institutional questions.

Concerning the European Commission, Austria's government holds the view that it is necessary to find some sort of answer to the recent events that brought down the Commission. So far, no common position was decided upon. In the wake of the Commission crisis and its stepping down - mainly as a consequence of the intransigence of one commissioner - Chancellor Klima declared that he, personally, could imagine the possibility of a vote of censure

against individual commissioners to enhance democratic control.¹⁵⁸

However, this measure would have its drawbacks. It would undermine the collective responsibility of the Commission and would weaken the Commission president.

Other possibilities would be to give the Commission president the right to dismiss individual commissioners or - as Mr. Prodi recently proposed - to ask for the prior consent of each new commissioner to step down if the president demands it. This last measure would have the advantage to be applicable without new treaty provisions.

Since the Commission is appointed by the member states together with the European Parliament it would be logical to think about a shared responsibility for the dismissal too - requiring a majority not only in Parliament but also in the Council.

Content of institutional reform

Concerning the content of institutional reform, Austria argues for an extension of decisions taken by qualified majority voting and an extension of the powers of the EP. It accepts the compromise of the Amsterdam Treaty concerning the connection of reducing the number of commissioners to one for each country in exchange for some readjustment of the weighing of votes in the Council. Austria would have serious problems with any further reduction of the number of commissioners, leaving some - especially smaller - countries without a member in the Commission.

The question of an European constitution is not around the corner and there does not exist any official position about it. However, the Minister of Foreign Affairs, Wolfgang Schüssel, is said to be principally sympathetic about the idea. But, as already mentioned, it is not the topic of the day.

¹⁵⁷ Schüssel Wolfgang, 30.7.1997.

¹⁵⁸ Österreichischer Nationalrat: speech by Chancellor Klima, 21.4.1999.

The decision of the Cologne European Council that, "at the present stage of development of the European Union, the fundamental rights applicable at Union level should be consolidated in a Charter and thereby made more evident", was and is supported by the Austrian government.¹⁵⁹

Belgium

Settle leftovers of Amsterdam

To date, no formal position on the necessary institutional reforms has been adopted by the Belgian Federal Government¹⁶⁰. Nonetheless, as was emphasised in the pilot issue of this survey¹⁶¹, Belgium is among the member states that annexed a declaration to the Treaty of Amsterdam, according to which an institutional consolidation going beyond the elements provided in the Institutional Protocol added to the Amsterdam Treaty is an essential prerequisite for the first forthcoming enlargement to become effective. Although the ratification and, especially, implementation of the latter treaty (including its protocol providing for both a re-weighting of votes within the Council and a reconsideration of the size and composition of the Commission) remains its prime priority¹⁶², the Belgian Government is particularly keen on an additional and significant extension of the number of matters which allow to be decided upon by qualified majority voting, leaving only issues of a constitutional character (such as treaty amendment, accession, own resources, uniform election procedure for the European Parliament or application of the current article 235 EC-Treaty) object to an unanim-

ity requirement. From a Belgian perspective, these three elements are indissolubly linked: the more unanimity requirements will be repealed during the forthcoming IGC, the more indulgent the Belgian Government will be on the issues of the composition of the Commission and the re-weighting of the member states' votes within the Council¹⁶³.

Within the Belgian Parliament's Advisory Committee on European Affairs¹⁶⁴, on the other hand, such a formal position came about. Referring in this regard to what it calls the 'Amsterdam triangle', it generally supports the Government's stance on the matter. First, as far as the composition of the Commission is concerned, for the time being a formula should be developed under which each member state appoints one Commissioner. The 'large' member states would be allowed to appoint an additional deputy Commissioner. Once the number of EU members would increase beyond twenty, though, either the amount of Commissioners should become inferior to the number of member states or a hierarchy should be established among Commissioners. Second, concerning the re-weighting of the member states' votes within the Council, it appears desirable to maintain the status quo and to extrapolate it to the new member states upon accession. Finally, with regard to the intimately related issue of qualified majority voting (QMV), only (quasi-) constitutional matters should remain object to unanimous decision making. All other issues would be decided upon by QMV, the threshold of which nonetheless may be slightly raised in order to partly fall in with the larger member states' demands. For certain matters of particular importance

¹⁵⁹ Schlußfolgerungen der Präsidentschaft, Europäischer Rat von Köln; paragraph 44.

¹⁶⁰ Although such a position paper is under preparation in view of the June 1999 Cologne summit, which is expected to launch a new Intergovernmental Conference (IGC).

¹⁶¹ See Enlargement /Agenda 2000 Watch, Pilot Issue, p. 41.

¹⁶² See declaration of Prime Minister Dehaene before the Belgian Parliament's Advisory Committee on European Affairs, 15 december 1998.

¹⁶³ See article by Prime Minister Dehaene, published in *Internationale Spectator*, IX-1997, pp. 466-469.

¹⁶⁴ See proposition of resolution on 'de institutionele hervormingen van de Europese Unie in het licht van de uitbreiding', adopted by the Advisory Committee on European Affairs on 9 February 1999. This proposition, however, only intends to provide for possible solutions to some topics, and explicitly does not exclude alternative solutions.

even a double majority (member state/population) may be introduced.

Other institutional questions

Also other institutional matters figure among the Belgian desiderata, though. According to the Belgian Parliament's Advisory Committee on European Affairs¹⁶⁵ emphasis should - in first instance¹⁶⁶ - not only be put on the so-called 'Amsterdam triangle'¹⁶⁷, but also on the further enhancement of the role, responsibilities and competencies of the European Parliament, the functioning of the Council of General Affairs as well as the revaluation of the national parliaments' input in European decision making. Thus, all matters falling under QMV regime within the Council automatically should be considered by the European Parliament (EP) under the co-decision procedure. Also, alongside the collective censure on the Commission, the EP should be granted the right to sanction unsatisfying or deficient Commissioners individually (under similar conditions as those laid down as regards the collective motion of censure). Also, a functional distinction should be introduced between on the one hand a Council of Foreign Affairs, which would deal with matters of external policy and on the other a differently composed Council of General Affairs, which would be charged with internal coordinating and, whenever necessary, mediating tasks. Finally, the national parliaments' participation in the elaboration, decision and implementation of measures at the Community level, as well as in the parliamentary preparation and follow-up of European Council and Council of Minister meetings, should be further developed.

¹⁶⁵ See proposition of resolution on 'de institutionele hervormingen van de Europese Unie in het licht van de uitbreiding', adopted by the Advisory Committee on European Affairs on 9 February 1999.

¹⁶⁶ Implying that even further reforms should be contemplated in the longer term.

¹⁶⁷ Cf. *supra*.

Denmark

The forthcoming IGC presents the present Danish Government with a number of challenges. First of all, it is anxious to avoid that the IGC will touch upon issues which are linked to the Danish opt-outs, especially the one on defence. This would namely force Denmark to take a stand, possibly asking the public to vote on the removal of the opt-out. Secondly, the very fact that there now will be an IGC is problematic for the Government, seeing that a number of ministers during the Amsterdam referendum took the view that there 'would be no more IGCs'.¹⁶⁸ Thirdly, the Government is also keen on avoiding a situation where the IGC-agenda becomes so large that enlargement could end up being postponed. All in all, the Danish attitude is therefore that the IGC should be focused and quick. To be more concrete, the conference should focus on the institutional protocol of the Amsterdam Treaty and be finalised at the end of 2000. This time-horizon is important since it enables the EU to finalise the first enlargement negotiations in 2001.¹⁶⁹

However, the Government has accepted that the issue of QMV will be raised. Furthermore, it cannot be excluded either that certain issues linked to the crisis within the Commission will come on the agenda (individual vs. collective accountability; vice-commissioners). Possible reform of the General Affairs Council will depend on the Trumpf-Piris report, but will most likely not involve in any treaty-changes. The distribution of the seats in the European Parliament should be decided in the accession negotiations. A renewed discussion of enhanced

¹⁶⁸ Weekend-avisen, May 1998; For the referendum-campaign see Nikolaj Petersen: The Danish Referendum on The Treaty of Amsterdam, Copenhagen: DUPY-yearbook, 1999, pp. 101-122 and Lykke Friis: EU & Legitimacy - the Challenge of Compatibility: A Danish Case Study, Cooperation & Conflict, forthcoming, 1999.

¹⁶⁹ Speech by Foreign Minister Niels Helveg Petersen; Council of European Policy, Copenhagen, 25th of May 1999.

co-operation is not looked upon as appropriate. After all, the new provisions have not been applied yet, so any possible discussion should at least await such an application.¹⁷⁰

The Danish Government has difficulties in seeing the real purpose of launching a debate about a Constitution. The same goes for the so-called *finalité* of the integration process. In the Danish perception the very lack of a clear *finalité* has been one of the cornerstones of the EU's success, since it has allowed member states to maintain different visions of how the EU should develop thereby securing a dynamic evolution of the EU to the benefit of member states' interest.¹⁷¹

Finally, it should be added that Denmark is anticipating that the next IGC will be followed by a larger review of the Treaty once the number of EU-members has exceeded 20. In other words: it is expected that the two-phased institutional approach, which was already indicated in the institutional protocol of the Treaty of Amsterdam will carry the day.¹⁷²

Finland

The government seems ready to start discussing institutional issues without delay. Actually, the government has for some time now spoken about the next IGC. In a press release by the Council of State¹⁷³ it was noted that preparations for the next IGC could well begin under the Finnish presidency; in May, President Ahtisaari considered it possible that decisions on the start of

the IGC could be made during the Finnish presidency.¹⁷⁴

As to the scope of the next IGC, settling the leftovers of Amsterdam is a possible starting point for the Finnish government. What is of special importance for Finland is that all countries shall be represented in the preparatory work for the next IGC (instead of having a committee of wise men or, e.g., one person only).

As regards weighting the votes in the Council, Finland is ready to consider and assess different proposals; the direction of the development seems to be towards a compensation for the larger countries. As far as the size and composition of the Commission are concerned, Finland's position is that there should be one commissioner from each member state, and that all members of the Commission should be equal in their status.

It is important for Finland that the use of majority voting be extended, particularly in view of enlargement. In general, Finland is ready for new evaluations of the fields in which this could be done. Matters such as treaty amendments, however, should still be decided on by unanimity.¹⁷⁵

Finland stresses the coordinative role of the General Affairs Council; increasing its efficiency is a welcome goal, while in general terms, the number of councils should rather be cut down than increased.

The issue of the distribution of the 700 seats of the European Parliament has not been discussed (it does not belong to the Amsterdam leftovers). As regards flexibility, the question now is how to put in practice the Amsterdam Treaty on this subject. Finally, as to the constitutionalisation of the union,

¹⁷⁰ Interview, Ministry of Foreign Affairs, May 1999.

¹⁷¹ Interview, Ministry of Foreign Affairs, May 1999.

¹⁷² Speech by Foreign Minister Niels Helveg Petersen; Council of European Policy, Copenhagen, 25th of May 1999.

¹⁷³ Council of State 15/99, 22 January 1999.

¹⁷⁴ Cf. speech of President Ahtisaari in Turku, 8 May 1999.

¹⁷⁵ One might see in these statements signs of change towards accepting majority voting even in the field of the CFSP: in the Government report on Agenda 2000 to the Parliament of 10 October 1997, it was stated that CFSP development should still be decided by unanimity.

the importance of fundamental rights is stressed, while the way in which they should be tackled is being discussed. The *finalité* of the process of integration has not been an issue of discussion.

In general terms, the Finnish government stresses efficiency as the main goal of institutional reforms, while keeping an eye on the small countries' position in decision-making. The new government's programme of April 1999 states that "The Government will seek further development of the decision making and administrative powers of the EU in accordance with the principles of transparency, responsibility and effective administrative procedure. The Government is committed to strengthening the European Union as an international political and economic actor. The Government aims at institutional reforms that are durable also after enlargement. The Government is ready to support the extension of qualified majority voting to ensure proper functioning of the Union and to preserve a balance among the institutions of the Union and to ensure mutual cooperation."¹⁷⁶

President Ahtisaari took up the concern for small states' position in his speech in Turku characterising way the votes are now weighed in the Council of Ministers as a "safety net".¹⁷⁷ The President has also expressed his views on institutional reform and enlargement more in detail: he has argued that institutional reform must focus on matters relating to the effectiveness of the Union - the best way to safeguard efficiency being increase of qualified majority voting -, secondly, the reform must be durable and sustainable, no matter how many new members are admitted, and, thirdly, the reform must be decided upon well in advance of the next enlargement.¹⁷⁸ As a concrete

proposal aimed at increased efficiency he proposed in his above-mentioned speech the nomination of two vice-presidents for the Commission.

In the eyes of the public, EU decision-making is excessively dominated by the larger member countries, or takes place on their terms. A majority of Finnish people see that the Commission should be composed of representatives of every member country and that the Commission's power should not be increased.¹⁷⁹

The Prime Minister's party SDP, the Social Democratic Party states in its view on European policies that Finland should stress a considerable increase in openness and clarification of decision-making procedures.¹⁸⁰

The main opposition party, the Centre Party, while favouring efficiency, seems more decisively intergovernmentalist in orientation. Its European programme states that the European Union is one of the levels of international cooperation where Finland has to further its own ideals and its own national interests; it is primarily an association of states which should be developed essentially as such.¹⁸¹ The Centre Party stresses that member states are the main decision-makers, and that the position of the Council of Ministers should be strengthened. In the most important fields, decisions have to be made by unanimity.¹⁸²

Morris Institute for Public Policy Research, Brussels, January 1999.

¹⁷⁹ Opinion poll *Suurten ratkaisujen jälkeen. Suomalaisten EU-kannanotot, syksy 1998*. EVA, Helsinki 1998, p. 43.

¹⁸⁰ Cf. <http://www.sdp.fi/index2.htm>.

¹⁸¹ One has to note that this was the way in which the Finnish government formerly characterised its European policies; see, e.g., *Finland's points of departure and objectives at the 1996 Intergovernmental Conference; Report to the Parliament by the Council of State 27 February 1996*, which opens with the statement "In accordance with its programme, the Government wishes the European Union to develop as an association of independent states."

¹⁸² See <http://www.keskusta.fi>.

¹⁷⁶ Cf. <http://www.vn.fi/vn/english/index.htm>.

¹⁷⁷ Cf. speech of President Ahtisaari in Turku, 8 May 1999.

¹⁷⁸ President Martti Ahtisaari, 'Why integration needs a "Northern Dimension"', in Ahtisaari et al., *Should the EU be redesigned?* The Philip

The Green Party (*Vihreä liitto*, in government) supports increasing qualified majority voting for instance when deciding on the level of the environment tax. Otherwise the party stresses openness and democratisation of decision-making.¹⁸³

For the Left Alliance (*Vasemmistoliitto*, in government), subsidiarity has to be lifted to a functioning principle of the union. In the next IGC, one should clearly define the division of competencies between the EU decision-making bodies and the central and regional governments of its member states. At the same time, one has to aim at decreasing bureaucracy. When necessary, the party argues, it has to be possible to restore the member countries' competencies. Development has to take place on the basis of intergovernmental cooperation. In some community affairs, qualified majority voting can be increased. There are no reasons for changing the system of weighting the votes in the Council to increase that of the larger states. In the Commission, every member country has to have its commissioner even in the future; the Commission may not develop towards a government, as this would increase the supranational features of decision-making. The party also sees that democratising the European Central Bank is one of the principal tasks of the Left. In their view, a political governing body (council) has to be established to assess the impact of the ECB's monetary policy on e.g., unemployment.¹⁸⁴

France

As we have already said, France considers that it is indispensable to implement institutional reforms prior to the arrival of new members, and its main concern in this field is that the errors of the last intergovernmental conference should not be made

again. Reading official statements and making interviews in the foreign affairs ministry has enabled us to get a clearer outline of the position of France on this institutional issue¹⁸⁵.

It is consequently favourable to the German initiative aimed at launching a new intergovernmental conference (IGC) as early as the next European Council in Cologne in June 1999. So as to try and avoid that discussions between personal representatives of the member states should get bogged down as was the case in the previous IGC, France shares the wish of the German presidency that a group of experts be given the task of preparing it, provided their terms of reference are clearly spelt out.

Settle leftovers of Amsterdam

With respect to items on the agenda of the IGC, the priority, for France, would be to settle the leftovers from Amsterdam. On each of the three items this refers to, its position has nevertheless still not be actually finalized. As regards the weighting of votes in Council, it still advocates a new weighting which would be more favourable to the more densely populated member states. To that effect, contrary to what happened during the last IGC, it no longer outright excludes the double majority system. It does not call for it either, as some leaders are still obviously concerned that this system might disrupt the existing weight balance between Germany and France in Council.

As for the size of the Commission, there again, to avoid the uproar created by the French proposal during the first IGC, that is to have fewer Commissioners than member states, the government now seems to accept the suggestion contained in the protocol on institutions of the Amsterdam Treaty of one

¹⁸³ Cf. Programme for the European elections; <http://www.vihrealiitto.fi>.

¹⁸⁴ See the Left Alliance's EP elections programme, see <http://www.vasemmistoliitto.fi>.

¹⁸⁵ Cf. for example: Pierre Moscovici. *Demain l'Europe à trente?*, in *Politique internationale*, n° 83, printemps 1999; Conférence débat in the Sénat: La vocation européenne de la Pologne et l'élargissement de l'Union Européenne, Statement made by the deputy minister for European affairs, M. Pierre Moscovici, Paris, 06-05-1999.

commissioner per member state. But at the same time, the deputy minister for European affairs claims that the number of 20 commissioners should not be exceeded. Considering the number of applicant countries queuing, this ceiling will soon be reached, and the issue of a restricted Commission could then re-emerge in the negotiating process.

With regard to the extension of qualified majority voting, France is also in favour of it, especially in the framework of the first pillar. But, according to a foreign affairs official, the French might be more "reserved" on its extension to other pillars. For the third pillar, in particular, the French may consider opting for the mere implementation of the provisions of the Amsterdam Treaty. As to the sometimes mentioned possible extension of qualified majority voting to the adoption of treaties, possibly raising the threshold above which a decision is carried, it does not in any way fall within what France intends to advocate¹⁸⁶.

Other institutional questions

As France's priority is to secure a positive outcome on these three issues, it seems rather favourable to the convening of an IGC which would not deal with any other major issue. It therefore does not wish that the question of a possible constitution should be raised. It would nevertheless accept the German project of a charter of fundamental rights, on condition it is exclusively worked out in a different forum. French leaders do not want the flexibility issue to be debated during the IGC either. For the time being, France would be content with the provisions of the treaty of Amsterdam on strengthened co-operation.

But France is prepared to discuss issues "related to" the leftovers of Amsterdam, as for instance the internal organization of the Commission. Considering the difficulty of

any drastic cut down in the number of commissioners, the idea would be to compensate the inevitably high number of commissioners by hierarchy arrangements between them, along the lines of what exists within some national governments, some of them being "deputy" commissioners. This would for instance entail having only one commissioner in charge of all foreign relations, while geographical zones or transversal issues would be dealt with by a corresponding number of deputy commissioners. As to the idea that the general affairs Council should recover a genuine co-ordination role, France has a positive view of this, but considers it is a proposal which can be catered for outside the treaties. In so far as it is usually paralleled by the suggestion to split the general affairs Council into a foreign affairs Council and a European affairs Council, the latter being exclusively composed of ministers in charge of European affairs, it is argued in France that the implementation of such a proposal would, in any event, require preliminary changes in the internal organization of some of the member states.

As a matter of fact, the priority for France is that European institutions should be able to function properly after the arrival of a first wave of new members. To be sure to meet this target, it calls for the IGC to focus on the most urgent reforms, a second IGC possibly having to consider other issues. As France is mostly intent on institutional reform, it would consequently like the next IGC to reach an agreement as early as 2000, during the French presidency. It indeed validly argues that in such a way, institutional reform would not cause delay to the first enlargement moves. All the same, it should not be construed as France having little interest in the institutional challenges raised by the accession of a much larger number of countries. So, at the end of 1998, M. Pierre Moscovici installed, at the Commissariat général du Plan, a commission in charge of making proposals for institutional reform. In his installation speech, he invited

¹⁸⁶ Symposium, *Une constitution pour l'Europe?*, at the Institut français des relations internationales (IFRI), 18 February 1999.

the members of the commission to work in the perspective of an enlarged Europe¹⁸⁷.

Germany

The German government opts for a swift settling of the leftovers of Amsterdam. An IGC, probably prepared by a small group of wise persons, shall focus on these issues and come to a conclusion under the French presidency. The general feeling is, that the menu of reform proposals is well known and that it is now time to take decisions. The Schröder government is still in the process of discussing the different options and, like its predecessor, does not present concrete proposals at an early stage to preserve a high degree of flexibility. However, the general direction of reforms is towards more efficiency and legitimacy. The government will look for a better representation of big countries in the Council but does not go for strict proportionality. Germany will take account of the concerns of the integration-friendly small countries and might still prefer a double majority to a real re-weighting of votes. The reform of the Commission will go beyond the question of its composition. Germany is still prepared to give up the second commissioner. Moreover, the government is in favour of a general extension of majority voting as the basic voting principle linked to the co-decision procedure. However, this will lead to difficult inter-ministerial talks on the concrete terms and list of policy areas. The government wants to strengthen the EP within the power triangle Commission-Council-Parliament. Foreign Minister Fischer also talks for a better inclusion of national parliaments in the EU decision-making cycle.¹⁸⁸

The German presidency had to learn that the agenda for the next IGC will probably be broader. It supports the idea of drafting a Charta of fundamental rights. The CDU/CSU opposition claims to codify a catalogue of competencies and a further spelling out of the principle of subsidiarity. The government would, however, prefer the EP to take up these issues. All major institutional questions shall be settled before the first enlargement of the Union.

Greece

The Greek position over the reform of the institutions is generally speaking positive, consisting mainly of asking that not only the Amsterdam overhang is dealt with (QMV, weighting of votes, profile of the Commission), but also that the tasks left unfinished under the last IGC have to be achieved (mainly CFSP matters with an emphasis on extension to security and defense). Greece has submitted a paper on CFSP to the Cologne Summit where its earlier positions taken during the IGC were taken over, with the main objective to ensure an EU foreign policy that would serve as a real security net for its members.

But the Kosovo crisis and the deep rift it has created between Greek public opinion on one hand and EU positions (or perceived positions) means that the overall debate over CFSP and the role of Europe in international affairs has been "de-legitimized" in Greece. By extrapolation, this will probably mean that any EU institutional reform will be very low in visibility in Greece; the Simits government, although doggedly pro-European, considers it counter-productive to engage in any public European debate.

Ireland

The government supported the appointment of Romano Prodi as President of the Commission and expressed the hope that this would lead to the reform and modernisation

¹⁸⁷ Speech by M. Pierre Moscovici on the occasion of the installation of the Commission sur les institutions européennes at the Commissariat général du Plan, 1 December 1998.

¹⁸⁸ Cf. Speech by Foreign Minister Fischer on the objectives of the German Presidency, European Parliament, Strasbourg, 12 January 1999.

of the Commission with a view to keeping it at the heart of EU affairs.¹⁸⁹ This echoed Ireland's traditional interest in a strong and effective Commission.¹⁹⁰ The issues of how and when future institutional reform are tackled is complex, particularly given the constitutional requirement to hold a referendum on Treaty changes. The governments' position on further institutional reform is shifting just as the debate and pressures for such are changing at the broader European level. 'Shifting sands' best describes the situation in both arenas. The government is committed to the Protocol on institutions contained in the Amsterdam Treaty which provides that the Commission shall comprise of one member of each member state provided that votes in the Council will be re-weighted (Article 1). However, the resignation of the Commission accelerated the process of nomination of the next Commission (2000-2005) and, coupled with signals that the large member states will nominate two Commissioners for the next term without any reference to the Protocol, casts a shadow of doubt over whether the compromise contained in the Protocol can be realised. Secondly, the delayed entry into force of the Amsterdam Treaty has prompted a re-evaluation of the government's earlier position that a short sharp conference to wrap up the Amsterdam leftovers would be sufficient.¹⁹¹ A third element of

shift is that of the enlargement process where the Commission review of applicants (November 1998) showed that accession negotiations could be opened in the near future with Latvia and Slovakia. Although the number of states involved and date for conclusion of accession negotiations is unknown, the likelihood that Article 2 of the Amsterdam Treaty Protocol (above), which states that at least one year before the membership of the Union exceeds twenty, an IGC will be convened (to carry out a comprehensive review of Treaty provisions on the composition and functioning of the institutions), may be triggered has increased. For these reasons, the government's position on the timing of formal consideration of further institutional reform is evolving. So too, because of inter-linkage, is its position on the scope of any future institutional reform. Here, although no decision has yet been taken, the government supports discussions on issues of democratic control, co-decision for the Parliament and relations between the Commission and Parliament. It does not accept the view, held by some member states, that the deal on re-weighting votes in the Council and the principle of one Commissioner per member state also includes an agreement to extend QMV. This does not form part of the bargain contained in Article 1 of the Protocol (above) but is deemed necessary by a number of member states to accommodate enlargement (Declaration attached to the Amsterdam Treaty). The government has traditionally supported the extension of QMV under the

¹⁸⁹ Dail Debates, 24.03.99 (<http://www.irlgov.ie:80/debates99/24mar99/sect11.html>) and 01.04.99 op cit.

¹⁹⁰ The leader of the opposition party, Fine Gael (a member of the European People's Party) called for the European Parliament to elect the Commission President who would then have a right to select Commissioners (from amongst MEPs) subject to representation for all member states, Irish Times, 12.02.99.

¹⁹¹ This position was supported by one of the main opposition parties, Fine Gael, in a policy document (April 1998), European Integration and the Amsterdam treaty, in which it called for such a conference to deal with the size and role of the Commission, weighting of votes in the Council and extension of QMV and co-decision for the Parliament. It supported the extension of QMV in

the areas of environmental protection, research, industry and culture

(<http://www.finegael.com/policydocs/eurointegration.html>). The Joint Committee on European Affairs, in October 1998 reinforced the government's (then) position that it was premature to look beyond the provisions of the Amsterdam Treaty before it had been ratified. It underlined Ireland's interest in nominating a Commissioner in view of sensitivity to national concerns in member states and public opinion (Report of the Joint Committee of European Affairs, *EU institutional reform in the context of enlargement*, October 1998).

first pillar but its gradual extension over time means that areas now subject to unanimity, such as harmonisation of taxation (not to mention any extension in pillars two and three) are 'neuralgic'. At the same time, it accepts the probability that preparations for institutional reform could open the door for discussions on extending QMV. This is consistent with its standpoint that the Union must be made fit for enlargement. In practice, what constitutes fit' is unknown and is to some degree determined by the pace and nature of enlargement.

In addition, the modalities of preparations of further institutional reform are uncertain - the government is anxious to ensure that all member states are equally represented in formal reflections/preparations for such. The government is keen to develop a constructive approach to the handling of institutional reform. This extends to on-going discussions of non-Treaty reform (of the Council and the Commission) which could lead to openings for far-reaching changes with respect to both the balance between institutions and between the member states and/or act as a trigger for further institutional changes. Therefore, it is concerned about the mechanisms by which further institutional reforms are handled. It supports a constructive approach to the issue of institutional reform and faces a difficult challenge to maintain its existing 'voice' in the EU and the balance between the institutions and the member states which, to some degree, has been upset in recent months. At the domestic level, the government faces very real constitutional constraints, unlike its EU partners. Also, changes in traditionally high levels of support for integration within the elite and public opinion may be expected as a result of a combination of factors - increased economic prosperity, changing relationships with the UK and Northern Ireland and, possibly, developments with regard to defence. However, the guiding principles of government policy on institutional reform remain ones of a) making the institutions fit for enlargement, and b)

maintaining a balance between the institutions and between the member states.

Italy

Despite the initial thrust to dedicate the Cologne European Council to institutional reforms, the summit was dominated by the Kosovo problems and by the Euro's new lows against the dollar. With regard to the latter, some half-hearted accusations against Italy were advanced to the effect that part of the responsibility for the weakness of the single European currency was due also to the higher-than-expected Italian budget deficit for the year.¹⁹² Italian Treasury Minister, Giuliano Amato, however, discarded such speculations pointing to recent (4 June) analysis of the Italian budget deficit conducted by the IMF, which states that the current Italian deficit is completely compatible with the country's obligations under the Stability Pact, and is not in itself responsible for the current weakness of the Euro.¹⁹³ Amato, furthermore, declared that no additional fiscal measures would be introduced to reinforce the slimming process of the Italian deficit, stating that the measures already in place are sufficient, and underlining that there is no reason why Italy should not reach the objective of 1% budget deficit in 2001.¹⁹⁴ He also added that Italy suffered a considerable economic backlash due to the war in the ex-Yugoslavia, and that recent prospects for peace would help Italian economic recovery.

With regard to topics for the next ICG, Italy is willing to address the Amsterdam

¹⁹² Estimated at the present at 2,4% of GDP, in contrast to the aspired 2% for the end of the year. Enrico Brivio, "Amato: no a manovre aggintive", *Il Sole 24 Ore*, 5 June, 1999, p. 2; "Amato Vows Serious to Cut Deficit" *IHT: Italy Daily*, 5-6 June, 1999, p. 1.

¹⁹³ As quoted by Enrico Brivio, "Amato: no a manovre aggintive", *Il Sole 24 Ore*, 5 June, 1999, p. 2.

¹⁹⁴ As quoted by Enrico Brivio, "Amato: no a manovre aggintive", *Il Sole 24 Ore*, 5 June, 1999, p. 2.

"leftovers", as well as institutional reform in a larger context, similar to the Dutch proposal for a "package deal". At the signing of the Amsterdam Treaty in October 1997, Italy (together with France and Belgium) deposited a declaration to the effect that the three major institutional controversies left unresolved in Amsterdam need to be efficiently addressed before enlargement can take place, namely: (i) size and composition of the Commission, (ii) weighting votes in the Council and (iii) the extension of majority voting. With regard to (i), Italy essentially supports the reform demarche of the new Commission's President, Romano Prodi,¹⁹⁵ who stated at the high summit of 14 April that he would like to make full use of the power vested to the Commission's President by the clauses of the Amsterdam Treaty. In that he states that he would work with Member states to identify an Executive of a "High Profile", implying that he would prefer to personally choose commissioners while taking into consideration proposals of individual governments. Prodi also pointed out that he would prefer to substantially renew the current composition of the Commission with a particular regard for qualified women candidates. He, furthermore, suggested that he would like to take into consideration the personal qualifications of the commissioners with regard to the distribution of the Commission's portfolios, stressing on the need for the commissioners' independence of the respective states of origin. As already stated, Italy will support Prodi's initiatives in opposition to some states, who have voiced out their dissatisfaction with the swift changes to be expected in the Commission, which seem to put the Commission in competition with individual member states.¹⁹⁶ Turning to (ii) and (iii) Italy is more interested in an expedient and comprehensive review and reform of the "institutions of the EU". It proposed to ask the European Parliament for an opinion on how the new ICG should address such

comprehensive reforms, but would not specify exactly which particular areas it would like to see addressed at the forthcoming ICG. Italy was, therefore, content with the non-specific formulation of an "Amsterdam +..." agenda anticipated in the final proceeding of the Cologne Council.

In Cologne Italy insisted on mandating the preparation of the next ICG to the Finnish Presidency, instead to on a group of "wise men", as proposed by France. In that the Cologne decision made it content. Italy would also like to see the Parliament more involved in ICG preparation, as already stated.

As became evident in Cologne this June, with regard to the Employment Pact, Italy (which presented a joint memorandum with France), is not in favor of a too much stress on labor flexibility alone and would like to see a "concerted" European effort in addressing the questions of social dialog. Italy would have liked to see more "quantitative" parameters used in a common EU approach towards employment.¹⁹⁷ Italy supports both a technical economic and a political approach to employment. In that Italy criticized the proposal of the German presidency of 10 May as too technical and declaratory, and not political enough. In this sense Italy welcomed the forthcoming European Council that will be dedicated to employment issues in March 2000 under Portuguese Presidency.

It is worth to briefly mention the Italian position on the proposal for a Chart of Fundamental European Rights. Italy would like to see a concrete institutional space for this chart, even if separate from the overall institutional reforms.

Another point has to be made with regard to Italy's wholehearted support for Javier Solana as the High Representative of the Union's Common Foreign and Security Policy.

¹⁹⁵ Interview with Italian officials.

¹⁹⁶ Interview with Italian officials.

¹⁹⁷ Speech delivered by Rocco Cangelosi, Minister of Eurointegration, Italian Ministry of Foreign Affairs, 9 June, 1999.

With regard to the latter, Italy advocates the incorporation of the WEU into the EU hoping that the political difficulties associated with art. V of the WEU Treaty can be overcome. Furthermore, Italy would also like to see the WEU assets fully used for the prospective new responsibilities of the Union in the security and defense field. However, Italy would also like to avoid excessive institutional remodeling of the Amsterdam Treaty to see its art. 17 satisfactorily adapted to a WEU within the EU. Italy supports the German proposal to mandate the reform tasks in the security and defense field to an ad hoc group of high officials.

Netherlands

The Dutch government has not yet presented a clear vision on its intentions, demands and goals for the next IGC. Policy papers of the Dutch Ministry of Foreign Affairs point out that the next summit in Cologne should set a timeframe for the coming IGC. Above that, there is a notion that the enlargement of the EU can only take place after a successful conclusion of this IGC. Democratic control, transparency, efficiency and effectiveness are keywords concerning the next treaty. The Amsterdam Treaty should be the basis of the next IGC, especially the Belgian-Franco-Italian declaration. This means that voting weight in the Council, size of the Commission and the delicate balance between majority and unanimity voting should all be addressed. There is one remark concerning the Belgian-Franco-Italian declaration, that is that the Dutch government only supports the verbatim text of the declaration and not the more far reaching political implications of it.

The Dutch government has the intention to come up with a policy paper concerning all institutional matters. No doubt that questions, as the role of the General Affairs Council and a European Constitution, will be

addressed in that paper. It will be sent to Parliament before the Cologne summit.

Notwithstanding the fact that the candidate countries have no right to influence the negotiations, it is the view of the Dutch government that the candidate countries should be kept informed during the Cologne negotiations.

It was during the negotiation process for the Treaty of the European Union (TEU), that the Dutch government changed its vision on the *finalité* of integration. Until 1991, The Netherlands saw integration as a process leading towards a federal Europe. The turning point was the reaction on the Dutch draft for the TEU, which contained various federal elements (on September 30, 1991, the so-called "Black Monday"). After this draft had been rejected by all other member states (except for Belgium¹⁹⁸), the Dutch government not only accepted the earlier Luxembourg proposal, it also gradually abandoned its federalist vision and changed it into a pragmatic and functionalist view.

Portugal

Institutional reform is still one of the most difficult dossiers for Portugal. The issue will be discussed during the Portuguese presidency of the European Union. According to the Portuguese Secretary of State for European Affairs¹⁹⁹, institutional reform may not be necessary, since it is yet to be proved that inefficacy is linked with the number of commissioners or the vote weighting system. The Portuguese government considers that institutional adaptation should follow the rhythm of enlargement and not be based on theoretical models. Portugal is opposed to a *Committee des Sages*. Instead, it supports the personal representatives' model used for the revision of the Maastricht Treaty. Given its reluctance to address this issue, Portugal

¹⁹⁸ The European Commission supported the Dutch proposal very heavily.

¹⁹⁹ *Diário de Notícias*, 19 May 1999.

probably prefers a minimalist IGC that can settle issues left pending in Amsterdam.

Spain

Settle leftovers of Amsterdam

The position of the Spanish government concerning the future IGC was expressed to the Parliament by the Minister of Foreign Affairs, Mr. Matutes, on 25 November 1998. In his reply to a question posed by the Socialist Party, the Minister stated that the institutional reforms agreed on at Amsterdam were completely satisfactory and positive for the Spanish government. Thus, he said, the government would not hurry to engage in any institutional reform other than those agreed at Amsterdam, i.e. the composition of the Commission and the weighting of votes of each member state in the Council. At the ensuing debate, the main opposition party, the Socialist Party, said it fully shared this position. According to Mr. Oliveró, Amsterdam had been underestimated and the task was to consolidate it first and then see. This position has been restated by President Aznar on the occasion of the presentation at the Spanish Parliament of the results reached at the Berlin European Council.

Behind this consensus on a minimalist IGC, there is no sign yet of an official government position as to the particular arrangements these reforms should produce. At the Amsterdam Treaty negotiations and in other occasions, it has looked as if the government was willing to accept losing one Commissioner only as far as Commissioners of large countries kept two votes. As for the Council, the government has not hidden its preference for the introduction of stricter proportionality-to-population criteria in the weighting of the votes, but there is not yet an official position as to which formula

would be satisfactory for the Spanish government.²⁰⁰

Other institutional questions

Justice and Home Affairs, the government is very interested in the preparation and outcome of the extraordinary European Council meeting in Tampere.

Euro-X Council, the government is not in favour of any further institutionalisation of this ad hoc council.

Common defence policy and the WEU, the government prefers to continue working with a gradualist and collective approach rather than on the basis of bilateral initiatives such as the French-British declaration at St. Malo.

Finalité of integration

Spain is experiencing the end of a long period of party consensus on European Union affairs. Behind the almost unanimous ratification of the Maastricht and Amsterdam Treaties by the Parliament, the question of the adequate or inadequate defence of national interests in Europe has become much more salient and thus the object of electoral competition. The negotiations of the 1996 IGC and the ensuing Amsterdam Treaty as well as those dealing with Agenda 2000 have concentrated a great deal of controversy and have been presided by bitter exchanges between the government and the Socialist Party.

The end of this consensus is however a sign of normalisation. Thirteen years of membership have allowed all parties to tune their European policies more to their particular ideologies and preferences, thus progressively abandoning the "national interest"

²⁰⁰ Foreign Minister, Mr. Matutes. Commission for Foreign Affairs, Spanish Parliament, 25 November 1998 (DSCP, Comisión 577, Asuntos Exteriores, VI Legislatura, 1998, 16902-4); Socialist MP, Mr. Puig i Olivero. Commission for Foreign Affairs, Spanish Parliament, 25 November 1998 (DSCP, Comisión 577, Asuntos Exteriores, VI Legislatura, 1998, 16904).

approach prevailing before and immediately after accession.

The government, sustained by the Popular Party, holds a liberal approach to European integration and would want to prevent European institutions and areas of activity from growing too much, especially into social and economic policy. In all these new fields, the government is always more in favour of co-ordination than harmonisation and of inter-governmental or nation-level rather than supranational or EU-level solutions.²⁰¹

The main opposition party, the Socialist Party, holds a more supranational or federal approach to institutional reforms. It has defended a thorough strengthening of pillars two and three, including the framing of a common defence as well as the inclusion of new and strengthened competences in the field of social policy, fiscal harmonisation and economic policy co-ordination.²⁰²

Sweden

The position of the Swedish government can be summarized as this: Sweden advocates an early start of the negotiations. On the basis of the planned discussion in Cologne, Sweden expects that a formal decision concerning the beginning of negotiations can be made during this year. Sweden thinks it is important to establish the scope (or "the rules of the game") for the larger Europe as soon as possible, and wants to avoid that the enlargement process is made more complicated by too close a connection of procedures with the institutional questions. (What the government has in mind with this is a fear that some procedural issues, irrelevant for the time being, might be brought into the two parallel processes and complicate the

talks.) Sweden wants the conference - in a first stage - to be limited to the questions which are mentioned in Article 1 in the institutional protocol of the Amsterdam Treaty: the weighting of votes in the Council and the size and composition of the Commission - but with an openness to discuss also the issue of a wider use of decision-making with qualified majority.²⁰³

United Kingdom

On 3 March 1999 the Minister of State for European Affairs, Joyce Quin MP, said that²⁰⁴: *'The issues relating to the size of the Commission and what has always been linked with that, certainly was linked with it at the time of the discussions concerning the Amsterdam Treaty, a re-weighting of votes in the Council of Ministers to reflect the large populations of large Member States, has always seemed to us to be a suitable basis for moving forward.'*

'I think also a lot might depend on how much progress we have made towards enlargement and whether or not the IGC is seen simply as Amsterdam leftovers, to use the jargon, or also preparing for a significant enlargement beyond the 20 total number that was originally thought of perhaps because some of the candidate countries had made more progress. So it is again rather difficult to be precise at this stage. I think you are right in your assumption that there can be no guarantee of simply the restrictive leftovers agenda...'

The Foreign Affairs Select Committee of the House of Commons in its Third Report 1998-99 concluded that *'We are concerned that reforms to voting weights and the composition of the Commission proposed*

²⁰¹ Partido Popular. Electoral Program 1996. President Aznar, "Spain and the IGC".

²⁰² Socialist Party Leader, Mr. Almunia. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6663); Socialist Party Manifesto "Manifiesto para una nueva Epoca", 3 October 1998 (PSOE 1998).

²⁰³ Cf. statement from a representative of the Ministry of Foreign Affairs, May 5, 1999.

²⁰⁴ Minutes of Evidence, Hearing of the House of Commons Foreign Affairs Select Committee, 3 March 1999.

in the institutional protocol to the Amsterdam Treaty are insufficient to provide for the EU's requirements in the context of the current enlargement. We urge the Government to give greater consideration to the institutional structures which will be appropriate for a European Union of 25 or more Member States.'

This Report also reached the following conclusions:

'We believe that the Government should oppose any extension of Qualified Majority Voting into areas which affect the United Kingdom's national interest.'

'We recognise the need for further reform of the EU's institutions in the context of enlargement. However, we believe that the

Government should ensure that any such reform does not adversely affect the United Kingdom's interests.'

There are still influential groups within the British political class which regard the EU as more of an obstacle or threat than as an opportunity, hence these somewhat contradictory conclusions.

B. THE ENLARGEMENT PROCESS

1. *Has the general attitude towards enlargement or accession (inside the government, public opinion) changed over the last six months ?*

Austria

No. The question of enlargement was overshadowed by several events during the last months. These events were the crisis of the Commission which led to a public debate about corruption, fraud and mismanagement, advanced mainly by Austria's tabloids and the opposition Freedom Party but joined also by the coalition government with chancellor Klima promising a "clean Europe" in numerous advertisements. After elections in three Austrian "Länder" at the beginning of March the public debate was dominated by the landslide victory of Jörg Haider, leader of the Freedom Party and candidate for governor in Carinthia.

The next topic to dominate public debate was the war of NATO against Yugoslavia, reviving as collateral effect the always emotional debate about Austria's neutrality. Finally, the death of an African asylum-seeker during his compulsory return on a flight from Vienna to Sofia under the surveillance of three Austrian policemen provided another cause for heated debates.

Belgium

The eventual eastward enlargement is almost unequivocally considered by all Belgian authorities, political parties, social partners, etc. as a historic opportunity and duty for the European Union. At the same time, a further deepening of European integration, and an enhancement of the Union's institutional set up in particular, is considered in unison as a prior necessity.

This finding, however, conflicts with the general indifference within the public opinion on the matter. According to the latest Eurobarometer-report, of all member states the Belgian public opinion tends to be least supportive for accession of the Central and Eastern European and Mediterranean applicant countries. Whilst the average public support for eastward enlargement in the European Union is of 42%, only 28% of the Belgian citizens share this view²⁰⁵. Unlike in some member states, though, the Belgian public opinion is more or less equally reluctant as regards each applicant state, which implies that the Belgians do not really appear to have any particular interest in one or more of the applicant countries to accede to the European Union.

Denmark

The Government's general attitude to enlargement has not changed over the last six months. The Government still perceives enlargement as a necessity (due to security reasons) and as a moral obligation.²⁰⁶

It should also be stressed that the overall press coverage does not focus on problems in the enlargement process, but the speed of

²⁰⁵ 50th Eurobarometer-report, released in March 1999 (see also Agence Europe, 1 April 1999). For instance, in comparison with the other EU member states the Belgian public support for membership is the lowest in regard of Slovenia (23%), Lithuania (23%), Latvia (26%), Estonia (26%), Slovakia (27%), the Czech Republic (30%), Hungary (30%), Cyprus (34%) and Malta (39%). Also a national opinion poll (the results of which were published in the Belgian newspaper *La Libre Belgique*, 24 March 1999) showed that 65% of the interrogated Belgian nationals were opposed against eastward enlargement. It is not clear, however, whether this public opposition is directed against the principle of eastward enlargement in itself or, rather, inspired by the fear of the eastward enlargement to hamper the process of further European integration.

²⁰⁶ See *Enlargement/Agenda 2000 Watch*, October 1998, pp. 14-15.

the process (*'Why are we still waiting for enlargement in 1999?'*). Scholars and enlargement experts take a similar view, urging the EU to press ahead. A good example is here the Economic Council, which in a report issued in May 1999 argued that the EU should re-consider its enlargement approach. If applicants are asked to take on the entire *acquis* (also the environmental *acquis* which is in no way linked to cross-border pollution) and are not offered a greater amount of money than the amount set aside in Agenda 2000 enlargement could be postponed.²⁰⁷

Public opinion is still highly supportive of the enlargement process, although opinion polls indicate that enlargement is not high on the agenda, when voters are asked the crucial question of what the EU should focus on here and now (see section on EP-elections).

Finland

The official position of the Finnish government has remained the same. Yet, one could possibly see that the government now shows more readiness to adapt a more active attitude in furthering enlargement. As the new government programme reads, "The Government supports firmly the enlargement of the European Union and will act proactively to promote preparations for membership in the applicant countries and in the Union." In his communication to the Parliament about the Government Programme (20 April 1999), the Prime Minister noted that the government strongly supports enlargement for the Union to be able to realise its important mission and to promote integration to guarantee peace and well-being. In his view, enlargement has to be accelerated through continuing the institutional reform.

As before, enlargement is seen as a necessity. President Ahtisaari described it as a

²⁰⁷ The semi-annual report of the Economic Council, May 1999.

political necessity and a historical opportunity to increase stability and well-being in Europe, while reminding that the Union will have to reform itself to guarantee a successful enlargement.²⁰⁸

The public opinion does still not rate EU enlargement high among the Union's priorities, rather to the contrary. In an opinion poll published in late 1998, when asked what goals should be set for the Finnish EU presidency, the goal of acting for enlargement was the least popular among all the alternatives, even less popular than it had been the year before in a similar opinion poll. The second-least popular goal was support to Estonian EU membership. As the primary goal, the respondents rated a more effective fight against organised crime, as they had done the year before.²⁰⁹

France

Apparently, the overall attitude towards enlargement of, or accession to, the European Union has not really changed over the past six months. Quite obviously, the issue is not of much concern to French public opinion and the government has mainly focused on the Agenda 2000 question.

It is difficult to assess the state of public opinion in so far as, to the best of our knowledge, there still are no French opinion polls on the subject²¹⁰. Some information made available in the latest issue of Eurobarometer surveys could imply that the support of the French for the joining of applicant countries has rather weakened between spring and autumn 1998, as is actually the

²⁰⁸ Cf. speech President Ahtisaari in Turku, 8 May 1999.

²⁰⁹ *Suurten ratkaisujen jälkeen. Suomalaisten EU-kannanotot, syksy 1998*. EVA, Helsinki 1998, p. 19.

²¹⁰ Interrogation on the Internet of the poll bank of Canal Ipsos regrouping all the opinion surveys carried out by the major French polling institutes for the French media.

case in the European Union as a whole²¹¹. But the fact that an opposite trend had been noted between autumn 1997 and spring 1998, and that the level of average support for the whole of the 11 countries should remain the same between spring and autumn 1998, would rather comfort the assumption that we had already made - i.e. that there is not yet any fully "developed" opinion on the issue²¹².

Over the past few months, the enlargement question has not seemed to be a core concern for the government either. It may be considered, all the same, that with the relatively satisfactory conclusions of discussions on Agenda 2000 and the scheduled opening of a new IGC, the government is gradually getting both the financial and institutional reassurance that it was asking for. If there has been any evolution, it would therefore be a more favourable attitude towards enlargement of the European Union.

Germany

Over last six months there were no profound changes in the attitudes of the political, economic and academic elite as well as public opinion in view of the enlargement project. Initially, the notion of "new realism"

in Germany's enlargement policy aroused suspicion about the new government's commitment to enlargement. In numerous statements government officials have ever since emphasised that enlargement remains a top priority of European policy. Reinforced by the Kosovo war, the government sees enlargement as a strategic decision to project stability and peace into East Central and South Eastern Europe. In his programme speech before the EP Foreign Minister Fischer, a fervent supporter of enlargement, declared: "Germany remains a strong advocate of enlargement of the EU. We want to push ahead with the accession negotiations. The momentum must be maintained and the pace stepped up."²¹³ Under the German presidency eight chapters shall be opened for negotiations with the six first wave applicants. If the succeeding presidencies continue at that pace, the EU could set a target date for the conclusion of negotiations with the best performing applicants under the Portuguese presidency. The government planned that the Cologne summit makes a political statement on this schedule. The opposition of CDU/CSU and FDP urge the government to announce a target date (probably 2002) immediately and unilaterally.²¹⁴

Unlike the previous government, representatives of the Schröder government frequently point at the enormous tasks of adaptation that still lie ahead of the applicant countries. Focus is on the capacity to implement EU legislation at different levels of administration and to mobilise capital for investment in infrastructure, environment etc. Thus, the government constantly points at both sides of the medal, the strategic vision for enlargement but also pragmatism

²¹¹ European Commission. *Eurobarometer*, Report n° 49, September 1998, table 4.3; Report n° 50, March 1999, table 5.3. (answer to the question: "several countries have applied to become members of the European Union. For each of the following countries, would you be in favour or against it becoming part of the European Union?").

²¹² Institut für Europäische Politik in Cooperation with the Trans European Policy Studies Association, op. cit., p. 17; European Commission, *Eurobarometer*, Report n° 48, March 1998, table 4.4; Report n° 49, September 1998, p. 66; Report n° 50, March 1999, p. 89. Moreover the writers of the latest issue of the Eurobarometer review continue to underline that "the proportion of 'don't know' responses for all the statements about enlargement continues to be substantially higher than what we usually find in this survey, which indicates that public opinion has not yet fully developed and could still change as the enlargement process progresses" (p. 83).

²¹³ Cf. Speech by Foreign Minister Fischer on the objectives of the German Presidency, European Parliament, Strasbourg, 12 January 1999.

²¹⁴ Cf. article of Volker Rühle "The EU-enlargement is possible by 2002" in the Polish newspaper "*Polityka*", 17 February 1999.

and realism which are needed to complete the accession negotiations.²¹⁵

Public opinion did not rate the accession of CEE among the priorities of the German presidency.²¹⁶ According to the latest Eurobarometer (No. 50), public opinion in Germany still seems rather sceptic towards enlargement. Public opinion towards individual applicants is quite stable but shows a high spread. Hungary ranks highest with 51% in favour and Romania is back marker with only 20%.²¹⁷

Greece

Enlargement has receded from public visibility - and also in the priority list of the government - due to the fact that the Kosovo crisis has been monopolizing interest over foreign affairs. Cyprus accession remains the main issue for Greece in the discussion over enlargement; the inclusion of the Balkan countries in the enlargement negotiations in a serious manner is increasingly seen in the context of restabilization of the region after the Kosovo crisis.

Ireland

The governments position on enlargement remains unchanged and is supported by all main political parties.²¹⁸ It welcomes enlargement and considers that it should take place within the context of deepening integration and maintaining key EU policies,

principally the cohesion policies and the CAP.²¹⁹ Although there is no public debate on the implications of the Kosovo crisis for the enlargement process, the government is considering the long-term implications of the crisis and EU support for Kosovo and the countries most affected.

Italy

The general attitude in Italy towards enlargement topics has undergone some change with the Kosovo crisis, which has contributed to a general sense of urgency to proceed with enlargement more rapidly. In the words of Enrico Letta, Minister for EU policies, "The Balkan crisis demonstrates that the stability of the European continent requires a policy in terms of enlargement"²²⁰ In fact Italy has now re-launched a proposal for the "re-anchoring" of the Balkans to Europe, which comprises an accelerated pace of enlargement and a special regard for Bulgaria and Romania, which resulted on the flanks of the current war.²²¹

Italian attitude towards enlargement could be defined as both conservative and broad-minded at the same time. It is conservative in the sense that Italy regards as damaging any enlargement before the conclusion of all institutional reforms and the unresolved questions of Agenda 2000. With reference to the joint Italian-Belgian-French declaration at the signature of the Amsterdam Treaty, and particularly the extension of the majority vote, Italy claims that effective accession of new members to the Union before addressing in a satisfactory way the pending EU institutional reforms would be counter-productive and should therefore be avoided by all means. Italy also claims that completion of the needed institutional reforms not only is not incompatible with enlargement, but it would also not slow down negotiations with prospective members of

²¹⁵ Cf. Speech State Minister Verheugen on the perspectives of German Foreign Policy, Sofia, 26 May 1994.

²¹⁶ Cf. Infratest dimap: DeutschlandTrend Januar 1999, question 14, p. 42.

²¹⁷ Cf. European Commission: Eurobarometer. Report No. 50, Bruxelles 1999.

²¹⁸ Ibid; John Bruton, (leader of Fine Gael) 'EU enlargement is in Ireland's best interests' (Irish Times - <http://www.irish-times.com/scripts...sh-times/paper/1998/1231/opt3.html>); Ruari Quinn (leader of the Labour party), 'Agenda 2000, choices and challenges for Ireland in the new millennium', address to European Movement national conference, 13 November 1998.

²¹⁹ Enlargement/Agenda 2000 Watch, p.14.

²²⁰ Own translation, Enrico Letta, "Europa: le nuove sfide", *Politica Internazionale*, N° 6, November-December 1998, p. 18.

²²¹ Cangelosi, 9 June, 1999.

fering an efficient institutional construction to the new members. Although quite controversial, this position illustrates well the Italian conservative-broadminded position on enlargement.

Netherlands

The general attitude inside government, interest groups, advisory councils and political parties has not changed during the first six months of 1999. The main reason for this is that a six-month period is too short to determine whether actors have changed their opinion on enlargement. It is not common to issue new policy papers in such a short term; moreover, it is especially rare for actors to change their view on such an important issue within six months. In addition it has to be said that there are no signs at all from inside government or political parties that they will change their opinion.

Public opinion on enlargement has, by contrast, changed somewhat during the last six months. If one takes a look at Eurobarometer 50, one can see that the average support for enlargement has dropped from 57% to 51%. As important is the fact that this decline is not caused by any candidate country in particular; all 11-candidate countries have received lower support rates among the Dutch public.²²² It may be possible that the attention in the media for the high net-payers position of The Netherlands, in combination with the described consequences of the Commissions Agenda 2000 proposals, have caused this 6% drop in support for enlargement. After all, the notion had been fostered that any enlargement would be even more costly to the Dutch taxpayer, than the EU-15 already is. How-

ever, there is no conclusive proof for this thesis.

Portugal

The attitude towards enlargement remains basically unchanged. The government as well as the major opposition party openly support enlargement. As far as public opinion is concerned, the majority of people still think that Portugal should pay attention to the potential costs of enlargement. According to one opinion poll²²³, 28,5% of the Portuguese are completely in favour of widening the Union, while 42% are in favour only if it is not prejudicial to Portugal. Less than 10% are completely opposed to enlargement.

Spain

Government position

Enlargement has always enjoyed a great deal of support in Spain. The Spanish Presidency of the second semester of 1995 left no doubt as regards the support of the government to this process. The Parliament has endorsed this position in numerous occasions since the Joint Committee for European Union Affairs 1995 Report on the Intergovernmental Conference, in which both chambers declared eastern enlargement to be a "moral and political obligation".²²⁴

After the change of government in 1996, President Aznar has expressed in many occasions the general position of the Spanish government towards the issue of enlargement. In explaining to the Spanish Parliament the agreements reached at the European Council meeting in Luxembourg in December 1997, President Aznar stated the "special solidarity of Spain with those coun-

²²² Data from Eurobarometer 49 (fieldwork April & May 1998, release September 1998) and Eurobarometer 50 (fieldwork October/November 1998, release March 1999) to be found at: <http://europa.eu.int/comm/dg10/epo/eb.html>.

²²³ *Público*, 24 March 1999.

²²⁴ Report of the Joint Committee for European Union Affairs on the 1996 IGC. BOCG, 29 December 1995, Serie A, num 82, p.18

tries now approaching Europe". Thus his "satisfaction and honour for having had the opportunity of participating in a meeting which put a definitive ending to the unjust division of Europe agreed on at Yalta" and his rejoice in announcing that "a century of war and divisions will end with the peoples of Europe rejoining in unity, democracy and economic prosperity ".²²⁵

This position has recently been restated at the maximum level by King Juan Carlos in a Speech to the European Parliament on 7 October 1998: "it would an unforgivable historical error that the European Union, having reached within its frontiers such a high level of economic welfare and security, would decide to ignore the existence of other European states and turn itself into a club only for the privileged".²²⁶

As regards the accession process itself, President Aznar defended an inclusive, open and evolutionary process which should evolve according to objective and non-discriminatory political and economic criteria. Hence, negotiations would start with all the candidates and accession will be solely determined by the merits of each candidate.²²⁷

With respect to the transformation of the European Union, Aznar stated that preparing the Union to meet the challenge of enlargement required a previous reform of its institutions and financial structure, with a view to improving decision-making mechanisms and strengthening its legitimacy. The idea of setting a financial ceiling to the cost of enlargement was rejected.²²⁸

²²⁵ President Aznar. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6660).

²²⁶ King Juan Carlos I, Speech to the European Parliament on 7 October 1998 (in Bastarreche 1999, p.29)

²²⁷ President Aznar. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6660).

²²⁸ President Aznar. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6660).

As regards the cost of enlargement, the position of the government has been to reject any linkage between enlargement and the setting of ceilings to its costs. The present (1996 to-date) and the previous government (1993-1996) have always defended the principle of additionality of resources.²²⁹

In December 1997, President Aznar made clear to the Parliament that Spain was willing to pay its share of the cost of enlargement. However, he said, enlargement had to be compatible with the maintenance of the policies of social and economic and cohesion and the end of the discrimination of Mediterranean agriculture. Enlargement, he said, could not be financed only by some member states.²³⁰

Secretary General for European Affairs, Mr. Bastarreche has defended the idea against those who want to confront Spain with the eastern candidates, that the truth is that both the defence of the principle of solidarity and the fight against re-nationalisation tendencies carried by Spain should be contemplated with sympathy by the candidates: they will ultimately benefit as well from them".²³¹

This position has also been shared by Convergencia i Unio,(CIU) the Catalan nationalist party which supports the government in Parliament. The Spokesman of this party, Mr. Molins, has stated in various occasions that solidarity should lead Spain to wholeheartedly support enlargement. At the same time, he rejected as "illogical" to fix a financial ceiling on its cost. As he told the Parliament, "neither us nor the eastern candi-

²²⁹ *Elementos para una posición española en la Conferencia Intergubernamental de 1996*. Ministerio de Asuntos Exteriores, Madrid, March 1996, items 17-20.

²³⁰ President Aznar. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6661).

²³¹ Secretary General for EU Affairs, Mr Bastarreche (1999, p.30)

dates would benefit from an enlargement process which jeopardised the Union".²³²

As for the Socialist Party (the main opposition party), it must be noted that there has been a large consensus on these matters among parties and a remarkable degree of continuity in these matters between this (centre-right) and previous governments (centre-left). After the resignation of former Prime Minister González from the head of the Socialist Party, the successive opposition leaders, Mr. Almunia and Mr. Borrell, have fully shared the approach of the government towards enlargement, simultaneously giving their support for the process and, at the same time, demanding a parallel strengthening of the European Union. This consensus notwithstanding, the Socialist party has in many occasions harshly criticised the government for not having been able to lift EU spending above the 1.27% in order to finance eastern enlargement (see report on Agenda 2000 negotiations).²³³

The largest remaining party, Izquierda Unida (IU), holds a very critical position of the imbalances between the stages of economic and political integration reached by the European Union. Its main leader, Mr. Anguita, has repeatedly stated that monetary union plans, as agreed at the 1992 Treaty of Maastricht, mean the end of any prospect of a democratic, social and political Europe. Eastern enlargement is merely seen as the "widening of a free trade area" and questions whether such as politically non-ambitious enlargement will suffice to turn the page of Yalta.²³⁴ This position has been restated in the party's evaluation of the agreements reached at Berlin: Mr. Anguita demanded the government to explain how

so many countries could become EU members with the same budget.²³⁵

Public opinion

Public opinion supports enlargement, and this support has grown steadily over the last years. The latest Eurobarometer shows that positive answers to enlargement have raised 9 points (to 54%) since November 1997, when they reached 45%. The Spanish rate of support is 10 points above the EU average and 22 points above the Belgian support rate, 21 above Austria, 19 above France, 18 above Germany, 16 above Luxembourg, 11 above the United Kingdom, 10 above Ireland, 8 above Portugal and 7 above Italy. In contrast, the Spanish rate is 2 points below Greece and Finland, 3 below The Netherlands, 7 below Denmark and 9 below Sweden.²³⁶

Public opinion perception of the government position with respect to enlargement is the following: 49% says the government supports enlargement, 31% does not know, and 19% says the government is not very much or not at all in favour.²³⁷

Support for membership varies depending on the candidate country but is well above the EU average and has also grown between 1997 (EB 48) and 1998 (EB 49). Net support for accession is higher for Hungary (47% in 1998, 32% in 1997, a 15 point growth); Poland (46% in 1998, 30% in 1997); the Czech Republic and Bulgaria (44% in 1998, 32% in 1997); Romania (42% in 1998, 29% in 1997); Cyprus (42% in 1998, 28% in 1997); Slovakia (40% in 1998, 27% in 1997); Lithuania (37% in 1998, 23% in 1999); Latvia (37% in 1998, 23% in 1997); Slovenia (38% in 1998, versus 22%

²³² CIU Spokesman, Mr. Molins. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6674).

²³³ Socialist Party Leader, Mr. Almunia. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6663).

²³⁴ *Izquierda Unida* Leader, Mr. Anguita, Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6669).

²³⁵ *Izquierda Unida* leader, Mr. Anguita. Spanish Parliament, 30 March 1999 (DSCP, Pleno 226, VI Legislatura, 1997, p.12030).

²³⁶ Standard Eurobarometer 48.0 October-November 1997 (field work April-May 1997) and 49.0 October-November 1998 (field work April-May 1998).

²³⁷ *Continuos Tracking Survey*. Euroinion n°10. January 1997, CTS 96.10, table 10, p.33.

in 1997); Estonia (38% in 1998, versus 21% in 1997).²³⁸

This said, it must be noted that enlargement is not considered to be a priority by Spanish public opinion. In a poll conducted in November 1997, only 23% said it was a priority (EU average is 24%) whereas 52% say it is not (EU average is 62%)²³⁹. In another poll, 61% said they were interested in the topic of enlargement but much more interested in issues related to EU financial transfers (76%).²⁴⁰ This showed consistency with a poll conducted in December 1995, coinciding with the European Council meeting in Madrid in which 34% of those asked preferred to consolidate first the Union and then enlarge, 32% were hesitant as to when to enlarge, 18% wanted to carry enlargement ahead as soon as possible and 16% openly opposed to any further enlargement.²⁴¹

Enlargement is more of a priority for Spanish politicians. In a comparative poll conducted in the EU 15 countries in May 1996 among 3,500 top decision makers, Spanish politicians ranked enlargement third in the priorities for the country, right after employment and accession to the third stage of EMU and well above other politicians in EU member countries.²⁴²

²³⁸ "Net support" is the difference between positive and negative answers. EU averages in 1998 were 2% for Romania; 4% for Slovenia; 8% for Lithuania; 9% for Bulgaria, Estonia and Latvia; 11% for Slovakia; 17% for Cyprus and Slovenia; 20% for Poland and the Czech Republic; and 29% for Hungary. Averages in 1998 were -8% in Romania; -7% for Cyprus and Slovenia; -2% for Estonia, Latvia, Lithuania, and Bulgaria; -1% for Slovakia; 8% for the Czech Republic; 9% for Poland; and 18% for Hungary (EB 48; EB 49.0, p. 65, B.45)

²³⁹ Eurobarometer 48.0 October-November 1997.

²⁴⁰ *Continuos Tracking Survey*. Euroinion n°13. January 1998, CTS 97.9, table 16-17, p.37-38.

²⁴¹ Centro de Investigaciones Sociologicas, CIS 2204, January 1996.

²⁴² The group polled was a representative sample of 60 politicians selected out of a 594 politicians universe. See *The European Union, A View from the Top. Top Decision Makers in the European Union*. EOS Gallup Europe, 1997, p.23.

Sweden

The EU enlargement is, according to the Swedish government, a top priority, and this has not changed. In public opinion, the general attitude continues to be favourable towards accession. This is confirmed by the Eurobarometer for the autumn of 1998; Sweden is one of the three countries where most people give positive answers about the enlargement. But there has been no significant debate on the issue for the last months, since the focus has been on the EMU, the budget reform within Agenda 2000 and the role of the EU in light of the Balkan crisis.

United Kingdom

According to Eurobarometer No.50 (Autumn 1998)²⁴³, the response to the question, 'Several countries have applied to become members of the European Union. For each of the following countries, would you be in favour of or against it becoming part of the European Union?', showed support for accession of the applicants in the UK above that of the EU average.

Cyprus and Malta, perhaps for historical reasons, are particularly well supported with balances in their favour of +36 and +50. Poland and Hungary also showed strong positive balances, +27 and +24. Slovenia and Slovakia showed the smallest positive balances.

Despite support for enlargement there is now a greater realism that the path to EU membership is longer than had initially been foreseen. The support is tempered by a frustration with the EU's inability to reform itself.

²⁴³ Eurobarometer No.50, Autumn 1998, page B. 62, Office for Official Publications of the European Communities, Luxembourg, March 1999

2. *As to the continuation of the accession and negotiation process: Which positions can be identified on:*
- *Inclusion of successful candidates like Slovakia, Latvia, Malta etc. in first wave (when and which countries)?*
 - *Stronger differentiation among the first wave countries, weaken parallelism of bilateral negotiations and go ahead with better performing countries?*
 - *Will/shall all "5+1" countries join at the same time or only a smaller round?*
 - *Setting a target date for conclusion of first round of enlargement once agenda 2000 issues are settled (e.g. in Cologne or Helsinki)?*
 - *Scope and time frame for derogations/transition periods. Which areas are particularly sensitive?*

Austria

Inclusion of successful candidates in the first wave

The question of the possible inclusion of further accession candidates into the first group is not completely resolved so far. As it looks now, the progress reports on Lithuania, Latvia and Slovakia could conclude that these countries fulfil the Copenhagen criteria and the Helsinki European Council will have to decide whether negotiations with them should start. Austria is principally in favour of opening negotiations with any country which fulfils the Copenhagen criteria. The main problem is to find a strategy, which does not leave Rumania and Bulgaria as left-overs. Several possibilities are discussed, such as the "regatta-model" which would resolve the idea of two groups and fully concentrate on the progress each individual country makes. Those who pass the finish line will be qualified to accession. But

still, a political solution for Bulgaria and Rumania has to be found so that negotiations can start without dismissing the Copenhagen criteria.

Austria is especially interested in the fate of its neighbour Slovakia and always favoured its inclusion into the first group of accession candidates as soon as the political criteria are met. After the defeat of former head of government, Miroslav Meciar, in the elections last autumn by the new coalition government, Austria hopes that the European Council in Helsinki will decide to start accession negotiations with Slovakia. It should be added that the question of nuclear power plants in Slovakia remains to be a strain on the relations between Austria and Slovakia and that some ministers or the whole government from time to time threaten to withdraw Austrian support for Slovakia's accession unless Austria's demands concerning nuclear power plants are met.

On the occasion of a visit of the Bulgarian foreign minister in Vienna, the Austrian foreign minister, Wolfgang Schüssel, praised Bulgaria as stable and engaged country that deserves the commencement of accession negotiations.²⁴⁴

Target date - way of joining

Concerning the date of accessions, the Austrian position is not "the earlier - the better" but "the better prepared - the earlier".²⁴⁵

It is much too early to say whether some countries will join as a group or not and which countries will qualify at what time. For the time being it is important that the process of accession continues dynamically and that both sides prepare themselves as well as possible.

Sensitive areas

²⁴⁴ Bundesministerium für Auswärtige Angelegenheiten: press release, 19.5.1999.

²⁴⁵ Bundesministerium für Auswärtige Angelegenheiten: press release, 15.2.1999.

Of great importance for Austria is the question of nuclear safety. Austria, therefore, welcomes the Cologne European Council decision to emphasise "the importance of high standards of nuclear safety in Central and Eastern Europe. It stresses the importance of this issue in the context of the Union's enlargement and calls on the Commission to examine this issue thoroughly in its next regular progress reports on the applicant countries, due in autumn 1999".²⁴⁶

Belgium

Inclusion of successful candidates

No formal Governmental position paper on the enlargement strategy is available²⁴⁷. Nonetheless, in the Belgian view the decision to extend the enlargement negotiations to applicant countries of the 'second wave' will most likely be taken at the December 1999 Helsinki summit²⁴⁸. As set out in the previous issue of this survey²⁴⁹, the Belgian Federal Government defends the position that each applicant country should be treated on an equal footing and invited to open enlargement negotiations as soon as it has reached the desirable level of preparation to that effect. In order to judge whether an applicant country meets these conditions, the Belgian Government's evaluation generally leans on the Commission's assessment thereof. This was the case for the invitation for opening negotiations with the first six applicant states in the wake of the Agenda 2000²⁵⁰, and appears also to hold true for

future positions of this kind²⁵¹. Therefore, given the likeliness that the Commission will soon propose to open enlargement negotiations with Malta, Slovakia, Latvia and probably even Lithuania by the beginning of 2000, it can be expected that this stance will be supported by the Belgian Government.

Negotiation strategy

Whilst emphasis is thus being laid on the need for the enlargement process to be based on an objective assessment of the merits of each applicant country individually, the Belgian Federal Government at the same time hammers on the inclusive character of the enlargement operation. In the Belgian view, the construction of the 'new' Europe should not raise new dividing lines on the European continent²⁵². The Union should therefore prevent any applicant country of feeling excluded. Accordingly, whilst the Belgian Government will probably support the opening of enlargement negotiations with Malta, Slovakia, Latvia and probably even Lithuania²⁵³, it is equally likely that it will at the same time exert itself for the adoption of measures meant to reassure the eventual membership prospect for the two remaining applicants (Romania and Bulgaria).

Way of joining

As evidenced in the previous issue of this survey²⁵⁴, the 'first wave' countries are not involved in the enlargement negotiations as a group. Rather, each one of them participates in purely individual, albeit parallel,

²⁴⁶ Schlußfolgerungen der Präsidentschaft, Europäischer Rat von Köln; paragraph 60.

²⁴⁷ In consequence, some of the information used to answer questions under section III was received only after informal contacts with a number of well informed officials.

²⁴⁸ See declaration by Minister of Foreign Affairs Derycke before the Belgian Parliament's Advisory Committee on European Affairs, 9 December 1998.

²⁴⁹ See Enlargement /Agenda 2000 Watch, Pilot Issue, p. 32.

²⁵⁰ See Agence Europe, 6 & 7 October 1997 and 24 October 1997.

²⁵¹ Thus, in view of the Commission's first regular progress reports on the applicants countries' preparation for accession of November 1998, it was stressed that there was no reason to extend the enlargement negotiations to other applicants for the time being (see declaration by Prime Minister Dehaene before the Belgian Parliament's Advisory Committee on European Affairs, 15 December 1998).

²⁵² See article by Prime Minister Dehaene, published in *Internationale Spectator*, IX-1997.

²⁵³ Cf. supra.

²⁵⁴ See Enlargement /Agenda 2000 Watch, Pilot Issue, p. 32.

negotiations. Accordingly, countries with whom negotiations started first will not necessarily accede to the Union first. Nor will countries with whom negotiations started simultaneously necessarily become members of the EU at the same time²⁵⁵.

Target date

Although the option of first accessions in the year 2002 is still used by the Belgian authorities as a working hypothesis, this option is generally believed to be unrealistic. According to Belgian official policy, albeit the applicant countries of Central and Eastern Europe and the Mediterranean should be offered an unambiguous prospect of eventual EU membership²⁵⁶, no target dates for accession should be set as long as there is no evidence that these dates can also actually be met²⁵⁷. As a consequence, it is unlikely that Belgium would favour the setting of such a target date at the forthcoming European Councils of Cologne (June 1999) and Helsinki (December 1999).

Derogations /transition periods

From a Belgian point of view, the enlargement of the European Union cannot be allowed to result in a diluting or slowdown of the European integration process. Accordingly, as a rule all new applicants will have to accept and implement the entire existing

acquis communautaire upon accession. Where necessary, however, derogations - limited both in scope and in time - may be negotiated. No information is available on which sectors would a priori qualify for such a transitional measure, though.

Denmark

*Inclusion of successful candidates*²⁵⁸

The Danish Government is of the opinion that the question of inclusion is already answered by the European Council of Luxembourg: as soon as countries fulfil the criteria they shall be included in the 'first wave'. According to Danish analyses Slovakia, Latvia, Lithuania and Malta are indeed ready to graduate.

Unlike what some might expect (given its strong support for the so-called regatta-option in 1997) Denmark is presently not re-launching this option. Presently it is of the opinion that one should not change the Luxembourg process, unless one has a clear overview of the consequences. If one invites Bulgaria and Romania into the negotiation room although they do not fulfil the criteria this would indeed amount to a change of the Luxembourg process. The consequence could be that the first wavers could lose some of their reform initiative, since countries, which do not fulfil the criteria can still be rewarded. Secondly, one cannot exclude either that the very fact that the EU would be taking a political decision can set a precedent. The EU could for instance take the political decision that although countries actually fulfil the criteria for membership they should still remain outside. Finally, the move towards political decision could also affect Turkey. If Bulgaria could be invited into the negotiation room although it does not fulfil the criteria, why should this then not also be the case with regard to Turkey? In other words: one

²⁵⁵ As illustrated by Prime Minister Dehaene's declaration of 15 December 1998 before the Belgian Parliament's Advisory Committee on European Affairs that some countries of the 'first wave', such as Slovenia and the Czech Republic, have shown some slow down in their preparations for membership whereas other ('second wave') countries, such as Latvia and Lithuania, have made significant progress, implicitly referring to the Commission's November 1998 progress reports's assessment.

²⁵⁶ See speech 'De Unie uitbreiden: een delicate operatie!' by Foreign Affairs Minister Derycke, Europafeesten Tielt, 5 July 1998.

²⁵⁷ See declaration by Prime Minister Dehaene before the Belgian Parliament's Advisory Committee on European Affairs, 15 December 1998, in which he - seeming incidentally - reminded that the Spanish accession negotiations dragged along for seven years.

²⁵⁸ This section is based on interviews in the Ministry of Foreign Affairs, May 1999.

could end up with a highly politicised enlargement process, which could be perceived as a pick-and-choose-policy.

To be sure, Denmark is aware of the fact that Bulgaria and Romania need a signal from the EU after Kosovo, although the Danish perception is that the Luxembourg process already includes them in the process. This signal could however be given in other ways than opening enlargement negotiations. For instance one could increase the pre-accession aid and confirm the negotiation/membership perspective in concrete terms.

It should be noted that the policy stand in May 1999 is still in flux and could possibly change in the run up to the Helsinki Summit.

Target date

In the Danish perception the Berlin conclusion already contains a target date - the year 2002, which lies behind the budget calculations. Based on two conditions Denmark would support repeating this target date. First of all, the EU should not link the target date to specific countries. Secondly, it should not link it to a specific amount of countries. The target date could be agreed upon in Cologne, although Helsinki is probably more realistic.²⁵⁹

Derogations /transition periods

According to the Danish Government this question is the core issue in the accession negotiations. With regard to the length of the transition phase, Denmark is in favour of approaching the matter in a similar way as with Spain, Portugal and Greece (between 10-15 years). The only area, which will be particularly sensitive for Denmark is the environmental acquis. Reports on agriculture and fishery have shown that these areas are not expected to fall within the category 'particularly sensitive'.²⁶⁰

Finland

As stated in the Prime Minister's communication to the Parliament about the Government Programme (20 April 1999), the Helsinki Summit will take up the issue of adding new countries to negotiations. On a rather general level, the Finnish "Northern Dimension" initiative seems to support the EU membership of the three Baltic states. The Government Programme, too, emphasises the importance of the relations to the Baltic states: "One of the Government's main guidelines is the consolidation of relations particularly with Russia, the Nordic countries and the Baltic States by pursuing active cooperation within the Nordic region and by improving the cooperation with the neighbouring areas".

Yet, on the whole, Finland stresses the importance of actual progress in the enlargement process and of assessing all applicant countries according to the adapted criteria. Finland will work actively to ensure that all the necessary internal reforms of the EU will be made as soon as possible and that the enlargement process proceeds at a good pace and continues to be a comprehensive, inclusive and ongoing process. Finland supports a fast schedule for starting negotiations with additional candidate countries. Any such decision should be based on the Luxembourg decisions. Each of the applicant states will proceed at its own rate, depending on its degree of preparedness.

For the moment, before having analysed the Commission's reports and possible recommendations, it is said to be too early to estimate what the results in the Helsinki European Council will be regarding the decision on the opening of negotiations with additional applicant countries. The same goes for the question of timetable. While there are pressures on setting a timetable for the enlargement process, it is too early to say when this would be possible and useful. When preparing decisions, elements of both

²⁵⁹ Interview, Ministry of Foreign Affairs, May 1999.

²⁶⁰ Interview, Ministry of Foreign Affairs, May 1999.

encouragement and discouragement should be analysed thoroughly transitional measures are to be seen in principle exceptional, limited in time and scope, and accompanied by a plan with clearly defined stages for application of the *acquis*.

France

Inclusion of successful candidates

As we have already explained, French leaders has always stuck to the idea that applicant countries should be assessed objectively in the light of the Copenhagen criteria²⁶¹, without a priori selection or rejection of any of them. The open nature of the negotiating process therefore corresponds to the French wish that a state which might be in a position to start the first accession negotiations should be allowed to join the first wave of applicant countries. It should be recalled that France is all the more keen to defend this position of principle as the countries it traditionally supports, in particular Romania, Bulgaria and, to a lesser extent, Slovakia are in the second wave of applicant countries. There may be two reasons for such support. In standing as defender of east European countries, it mainly attempts to offset the overriding influence of Germany in central Europe. The impact of French speaking in these countries should not be overlooked either : not only is it flattering for French leaders, but first and foremost, in the case of Romania, it is revealing of long-standing ties.

This solicitous attitude to east European countries may nevertheless clash with the wish to safeguard the continuation of European integration and to carefully prepare the entry of new countries. So, last November, in-keeping with the open nature of the negotiating process, the Commission assessed the situation of all applicant countries. On

this occasion, it underlined the progress made by some countries of the second wave and even invited the member states to open negotiations with Latvia before the end of 1999. France then voiced some reluctance and the foreign affairs minister explained that the agenda of the Union was already very long²⁶².

However, today, French leaders are prepared to approve, during the European Council of Helsinki, in December 1999, the extension of the group of states already involved in the accession negotiations²⁶³. They would in particular be willing to accept a Commission's proposal to that effect for Slovakia, Latvia, Lithuania and Malta, provided, of course, that these countries continue to develop satisfactorily. Such a decision would however raise a problem : it may "marginalize" Bulgaria and Romania. They would then be the only two countries left in the second group of applicant countries. They could even be pushed back into a "third wave" which is forming, since the European Union has recently offered Albania and Macedonia, particularly affected by the influx of refugees from Kosovo, to negotiate an association agreement. The French may well then suggest, as they have done before, that negotiations should be started with all the second wave countries so as not to discourage the efforts made by Bulgaria and Romania, even if subsequently,

²⁶² Paris 'refuse la politique de fuite en avant' dans l'élargissement de l'Union européenne. *Bulletin quotidien de la Société Générale de Presse*, 10-11-1998; Les Quinze limitent à six candidats le négociations d'élargissement de l'Union. *Le Monde*, 11-11-1998.

²⁶³ Seminar with French ambassadors to central and eastern European applicant countries. Opening speech by the deputy minister for European affairs, M. Pierre Moscovici, Paris, 14-01-1999; Joint press conference of the deputy minister for European affairs, M. Pierre Moscovici, and of the German deputy minister in charge of European affairs, M. Günther Verheugen, Bonn, 21-01-1999; Joint press conference of the deputy minister for European affairs, M. Pierre Moscovici, and of the Slovakian vice-prime minister in charge of European integration, M. Pavol Hamzik, Bratislava, 31-03-1999.

²⁶¹ Institut für Europäische Politik in Cooperation with the Trans European Policy Studies Association, op. cit., p. 35-36.

the pace of negotiations is to be fine-tuned for each country.

Differentiation among countries

More generally, France is favourable to some differentiation between the applicant countries as a whole, including those of the first wave. It is indeed concerned that the candidates should be assessed on the basis of their own merits and their progress in the uptake of the *acquis communautaire*. Apart from the fact that, as we said previously, such an approach precludes any privileged treatment, in particular of Germany's "protégés", it has another merit for France : it means making sure that the new member states will be able to take up the *acquis communautaire* and that their joining will not threaten continued integration.

Target date and way of joining

Therefore France will not set any target date for completion of the first round of enlargement²⁶⁴. Neither it has taken any stand on the question of knowing whether the "5+1" countries should join together or separately. For France, the way the negotiations are run will also depend on the evolution of the applicant countries. A member of the political staff of the deputy minister for European affairs nevertheless pointed out to us that, for practical reasons, France would prefer accessions to be relatively grouped. More specifically, it would like negotiations to possibly be slightly modulated so as to avoid having to refer to parliament "every six months" for ratification of the accession treaties.

Derogations/transition periods

In regard to the subjects to be considered in the negotiations, France has not, so far, required any derogation or transitional period. Generally speaking, the "custodian" attitude it regularly displays entails the rejection of the principle of derogations. It could however want to request transitional periods for the farming sector. But this par-

²⁶⁴ Ibid.

ticularly sensitive issue for France has not yet been dealt with in the negotiation process.

Germany

The German government expects a decision taken by the Helsinki European Council on the basis of the progress reports, delivered by the Commission in October 1999. While the inclusion of the two Baltic states and Malta seems very likely and prospects for Slovakia further improved after the election of Mr. Schuster as Slovakian President, the government feels that it will be hardly possible to leave Romania and Bulgaria in a third group. It is not enthusiastic about this development and refrains from official declarations on starting negotiations with these two countries. At least a political signal must be given. The government expects that the progress reports will demonstrate further differentiation also among the first wave countries.

Although the concrete impact of the Kosovo war on the accession and negotiation process remains to be seen, the political elites highlight the geo-political and security motives of the enlargement process of the EU.²⁶⁵ The government proposed a stability pact for south-eastern Europe, including the establishment of a special type of bilateral agreement with a perspective for accession. There are many voices, including the one of former Chancellor Kohl, who believe that one day Croatia and even Serbia will and shall become EU-members and that the Union has to prepare for their inclusion.²⁶⁶

²⁶⁵ "Ohne freudige Gefühle", Interview with Chancellor Schröder, *Der Spiegel*, No. 23/1999, 7 June 1999, pp. 32-34.

²⁶⁶ Cf. Speech Fischer to preparation conference on the stability pact for southeast Europe, Petersberg, 27 May 1999, and "Kohl: EU-Mitgliedschaft Serbiens wird kommen", in *Süd-*

The German government only wants to set a date for the conclusion of the first accession negotiations after the screening and opening of all negotiation chapters – "when there is light at the end of the tunnel"²⁶⁷. The target date shall add dynamic to preparations on both sides and help defining transition periods. At present, the government does not discuss derogations and transition periods. There is a broad agreement between SPD and CDU/CSU that a transition period of ten years or so for free movement of labour is needed. The Greens and the Liberals are more relaxed about probable negative effects of an influx of working migrants on the labour market.

Greece

There is a positive position concerning the inclusion of a wider number of candidate countries in the group of front-runners. The reintegration of Malta in the first wave is seen with particular favor since it gives one more anchoring point in the Mediterranean for enlargement, thus better balancing Cyprus and diminishing the "Drang nach Osten" character of the current enlargement.

An explicit date for conclusion of the first-wave negotiations, now that the Berlin Summit has closed the Agenda 2000 front, is not one of the Greek priorities, but the interest over the Cyprus accession leads to a positive position to proceed in a credible way with the negotiations underway. Both the Prime Minister and the Foreign Affairs Minister have been on record on this point.

The inclusion of Bulgaria and Romania in the group of countries with effective accession prospects remains a main point for Greece, as part of a post-crisis new architecture for the Balkans.

deutsche Zeitung, 7 May 1999, based on interview of Kohl with NRC Handelsblad.

²⁶⁷ Cf. speech Fischer on the objectives of the German Presidency, EP Strasbourg, 12 January 1999.

Ireland

The government maintains its view that accession negotiations should be only be opened with states which meet the Copenhagen criteria - that will determine when states such as Latvia and Malta will be included in a first wave of accession. The accession process cannot be accelerated if states do not meet the criteria. Progress in the negotiations on each chapter will reveal the extent to which states differ - many of the sensitive chapters have yet to be opened - and therefore whether some greater differentiation between applicants will occur. This issue may become more salient as more countries meet the Copenhagen criteria. The detailed chapter-by-chapter analysis will reveal areas of particular sensitivity to Ireland. Given that the negotiations are considered as a package i.e. nothing is agreed until everything is agreed, the government is attentive to all chapters. Agriculture will be particularly sensitive²⁶⁸ but so too free movement of goods, services, labour, capital and competition.

The government is opposed to setting a target date for accession particularly in view of the fact that negotiations on each chapter have not been opened and the issues to be addressed are not fully known.²⁶⁹

Italy

Inclusion of successful candidates – way of joining

Italian broad-mindedness can be found in the consistent support for non-discrimination of candidates in groups of *ins* and *pre-ins*,

²⁶⁸ Note that the Irish Farmers Association (IFA) argues that the Berlin summit agreement did not provide adequate funds for extending the CAP to Central and Eastern Europe. Unless additional resources are provided, it argues that Irish and other farmers will ultimately bear the costs. (IFA, *The Future Direction of Irish Agriculture*, 29 April 1999, p. 3).

²⁶⁹ Note that the IEA report did not indicate or suggest that a target date be set.

and in the treatment of Turkey on an equal basis with the other associate members. Italian position has been quite consistent in this respect, and not only as applied to Bulgaria and Romania, which it sees as natural allies in containing Balkan instability, based on their performance during the Yugoslav crises, but also with regard to Slovakia, Latvia, and Lithuania. While the latter is a candidate whose commercial ties with Italy have been much stronger than with the other Baltic candidates, and whose Catholic identity has generally reinforced relations with Italy on a cultural level, it should be noted that Italy does not draw any particular strategic advantage from the advocacy of the beginning of negotiations with the other two *pre-ins*.²⁷⁰ Italy would thus like to see a decision for the opening of negotiations with the current *pre-ins* at the next European Council.

Sensitive areas

With regard to the first wave of candidates, whose negotiations are under way, Italy considers that negotiations are proceeding in a satisfactory manner, and that the Commission has by far safeguarded direct Italian interests.²⁷¹ It would like to see the Swedish-Polish dispute over the telecommunications chapter resolved quickly and preferably before 22 June. Unlike what is widely suspected, Italy does not expect negotiations on agriculture to constitute a particular problem as enlargement proceeds. However, Italians perceive two other areas as particularly sensitive: (i) the distribution of structural funds, which Italy would like to preserve intact for its less developed regions, and (ii) the question of the free circulation of labor, which Italy considers a problem with serious repercussions on several social levels.²⁷² These are the reasons for the Italian insistence on the finality of institutional reforms before any further steps

are undertaken towards enlarging the Union.

Target date – differentiation among countries - transition periods

Italian attitude towards setting a target date for the conclusions of the negotiations is quite cautious for the reasons just mentioned above. While it would like to see accession negotiations open to all aspirant members, it is much less eager to follow the associate members' desire to set a target date for the conclusion of the negotiations. To begin with, Italy sustains that while no differentiation should be made in opening negotiations, candidates should be differentiated with regard to setting a closure date on the basis of the Commission's opinion on the negotiation results. In any case, Italy will consider carefully the Commission's report on the progress of negotiations expected this October to eventually re-examine its premise on the issue of a target date. It should be noted, however, that even if Italy is reluctant to set a target date for the accession of the current candidates, it considers a medium of 5-7, maximum ten years of transition periods (as opposed to longer terms proposed by other members) once negotiations are definitively concluded.

Netherlands

Inclusion of successful candidates – differentiation among countries – way of joining

On the first three points of this question, the answer is very clear. It is the Dutch government's view that every country should be allowed to enter the European Union on its own whenever the IGC between the EU-15 and the candidate has been successfully concluded. Therefore, a candidate does not have to wait for other countries to become a member state. The division between first- and second-wave countries is not seen as a formal, but as a practical, division. Second-wave countries can catch up with and pass

²⁷⁰ Interviews with Italian officials.

²⁷¹ Interviews with Italian officials.

²⁷² Interviews with Italian officials.

first-wave countries; even the opposite could be possible.

Target date

The Dutch government opposes the idea of setting target dates for accession from within the EU-15. Nonetheless, it supports the target dates the candidate countries have set themselves and uses them in its policy plans. The advantage of target dates set by the candidate countries is that these dates guarantee some pressure on the actual process of reforms and *acquis*-implementation in the candidate countries.

Derogations/transition periods

The government distinguishes between two different forms of derogation and transition periods. The first are transitional arrangements requested by the candidate countries. As the implementation of the whole *acquis communautaire* is the basis for accession to the European Union, these kinds of transition periods can only be granted in exceptional cases and under strict conditions. So much different is the case for transition periods enforced by the EU-15. Although the Dutch government neither supports nor rejects any specific transition and derogation periods at this moment, it mentions some problem areas where transition periods may be demanded by some EU-15 member states. These could be internal market, CAP, environmental policy, and the right of free movement of citizens and labour. Again, the Dutch government is not openly in favour or against transition and derogation periods in particular.

Portugal

The Portuguese government is not enthusiastic about the inclusion of other candidates in the first wave. The issue is not readiness or lack of it, but concern that Romania and Bulgaria maybe left alone in the second wave. At a time when the European Union must pay special attention to South-eastern Europe, leaving these two countries alone in

the second wave could send the wrong kind of signal regarding EU involvement with the region. As far as stronger differentiation between the countries is concerned, it is felt that it is too soon to weaken parity. Only after negotiations on other issues have concluded, should better performing countries be selected and the rhythm of the enlargement process possibly speeded up. It is possible that this may happen before the end of 1999. The Portuguese government has always stressed that each candidate should be evaluated according to its merits and therefore it is possible that the better performing of the six go ahead and join first. At the present stage of negotiations, the Portuguese government considers that it is not advisable to set target dates for the first round of enlargement. Several dossiers will be negotiated only during the Portuguese presidency, during the first semester of 2000, and it may take more than a year or two to close them.

Spain

Inclusion of candidates

Spain is in favour of initiating negotiations with all the applicant countries (Slovakia, Latvia, Lithuania, Malta, Romania and Bulgaria) after the European Council of Helsinki, in order to avoid discriminations against some of them, specially given the situation in the Balkans.

Differentiation

The beginning of negotiations with all the applicant countries means stronger differentiation between the candidates attending their individual performance.

Target date

Spain is against setting any target date because it could be both unrealistic and problematic. Accession should depend on the performance of every individual country.

Derogations/transition periods

Spain believes that transitional period would be necessary probably for agriculture, regional policy, environment and free circulation of workers.

Sweden²⁷³

Inclusion of successful candidates

The candidate countries should be invited to start negotiations for membership when they fulfil the objective criteria. The Swedish government is of the opinion that both Latvia and Lithuania are already ready to start negotiations for EU membership. In the Swedish view there is much to indicate that it could be possible to reach a decision in Helsinki on the start of negotiations with Latvia, Lithuania, Slovakia, and Malta.

Differentiation among countries

Some candidates have come far in their reform efforts in some areas, others have taken great steps forward in others. It would be natural to see a differentiation gradually emerge among the candidate countries. Each candidate should be judged on its own merits. The pace of negotiations and the date of entry depends on the progress made by each individual country. Setting a target date for conclusion of first round of enlargement once Agenda 2000 issues are settled (e.g. in Cologne or Helsinki)?.

Target date

The setting of a target date could be useful, inevitably so when the final phase of negotiations is approached. However, it seems to be wise to wait until we have come further in the process (and started negotiations on all the chapters). A setting of target dates should not preclude the assessment of which countries should accede first, nor

should it in any way weaken the requirements for membership.

Derogations/transition periods

Membership implies full acceptance and effective implementation of the whole *acquis* by the applicant countries. Therefore, any transitional arrangements to be considered must be limited in time and scope, and accompanied by a plan with clearly defined stages for application of the *acquis*. We are still in the initial phase of negotiation and it is too early give any indication as to the scope and time frame of possible transition arrangements in specific areas.

Sensitive issues in the negotiations can be expected to be found in several chapters. Examples are in the chapters of free movement of labour and capital, agriculture, environment, structural funds, justice and home affairs and external relations.

United Kingdom

Inclusion of successful candidates – differentiation among countries – way of joining

In a response to a question raised in the House of Commons on 16 February 1999 concerning the separation of Estonia from Latvia and Lithuania in the accession process, Joyce Quin stated ‘*With regard to EU accession, we believe strongly that membership should be dealt with on its merits. Therefore, we support the approach that the Commission has taken.*’²⁷⁴

On 3 March 1999 whilst giving evidence to the Foreign Affairs Select Committee of the House of Commons, Joyce Quin further stated that ‘*There is no absolute guarantee of membership to any country in any particular wave, it depends on what happens in that country.*’²⁷⁵

²⁷³ The following points are based on personal communication (at the end of April) with the authorities concerned. However, the statements do not represent final official positions.

²⁷⁴ House of Commons Hansard, 16 February 1999

²⁷⁵ Minutes of Evidence, Hearing of the House of Commons Foreign Affairs Select Committee, 3 March 1999.

Target date

Also in her evidence to the Foreign Affairs Select Committee on 3 March 1999 Joyce Quin stated that 2003 was the working assumption. That Committee, concerned about the likely length of the accession process, recommended in its Third Report *'that the Government should give serious consideration to the adoption of a non-binding target date for initial accessions to the EU, and to promote this within the EU as a desirable policy approach.'*

Derogations/transition periods

In responding to questioning from the Foreign Affairs Select Committee, Joyce Quin stated *'I think there is a general unwillingness in the European Union to seek enlargement on the basis of lengthy transition periods in different policy areas'*.

'I also believe that it is quite incorrect to say that the only way of tackling such issues [freedom of movement] is by enormously long transition periods. There are different ways of looking at this. It partly depends on the economic aspects of the enlargement process. It also partly depends on how secure the new external borders are of the enlarged European Union and that is achieved by a variety of methods...'

3. Shall the EU strengthen its pre-accession instruments ?

- **Increase pre-accession aid for agriculture and structural policies (SAPARD, ISPA), PHARE, etc.)?**

Austria

The Austrian government supports the decisions taken at the Berlin summit concerning the financial framework which includes the pre-accession instruments. According to a government official no new positions exist

with regard to the pre-accession instruments mentioned above.

Belgium

As far as pre-accession funding is concerned, the Belgian Federal Government agreed with both the nature and the amounts of pre-accession aid as proposed by the Commission in its Agenda 2000²⁷⁶.

Concerning the pre-accession instruments, it may be recalled that the Belgian Government considers the Accession Partnerships as a means to assist and encourage the candidate member states in their preparations for EU accession²⁷⁷.

Denmark

As mentioned above and in the last Enlargement Watch Denmark is supportive of the idea to set aside more funds for the enlargement process than proposed by the Commission. So far this idea has however not gained much support.

Finland

It is still too early to say what kind of effects the decisions taken in conjunction with the Agenda 2000 agreement will have. However, funds reserved for enlargement were for the first time included under a separate heading in the financial framework for the years 2000-2006.

France

On the basis of the declarations made at the end of the Berlin summit and of interviews of French officials, it may be said that France does not call for a strengthening of pre-accession instruments beyond what has

²⁷⁶ Cf. supra (see also Enlargement /Agenda 2000 Watch, Pilot Issue, p. 32).

²⁷⁷ See Enlargement /Agenda 2000 Watch, Pilot Issue, p. 32.

been decided within the framework of Agenda 2000. It considers that the increase in the appropriated envelope is adequate : with the setting up in 2000 of the agricultural instrument (SAPARD) and of the structural instrument (ISPA), in parallel with continuation of the PHARE programme, appropriations made for pre-accession instruments will rise from around 1,5 billion to over 3 billion Euro²⁷⁸.

Germany

There are no proposals for a strengthening of the pre-accession instruments. The government believes that the "ringfenced" resources in the EU-budget for pre-accession and new members are sufficient for the time being.

Greece

The Greek attitude over the strengthening of the pre-accession instruments is generally favorable, nevertheless the issue of Cyprus being excluded from pre-accession financial assistance has been raised.

Ireland

The funds set aside for pre-accession are deemed adequate particularly in view of the fact that some countries already have difficulties in absorbing existing levels of PHARE aid. The government supported the ring-fencing of funds for enlargement and for existing member states under Agenda 2000.

Italy

Italy strongly supports a strengthened pre-accession strategy, also through the already available Union mechanisms, such as the Phare program, ISPA, etc.

Netherlands

There seems to be no specific need for any strengthening of EU pre-accession instruments. The Dutch government fully supports the suggested yearly amount of three billion Euro. It emphasises the need for pre-accession aid for structural agricultural reforms and the construction of a civil society (institution building). Consequently, it has set up various bilateral programmes. Within these programmes, specialised Dutch civil servants have been sent on secondment in candidate countries. However, the real effort has to be done by the candidate countries. Only their reforms will enable them to implement the *acquis*. In this process, the EU-15 can only be of help.

Portugal

For the government, the question is whether allocated funds for pre-accession are sufficient. Given the number of countries involved and their level of development, additional funds will probably be necessary, especially if enlargement is postponed (2002 is the expected date).

Spain

Spain was in favour of strengthening the pre-accession instruments as has been done in Agenda 2000 and thinks that the agreement reached in Berlin is a good one.

Sweden

The decision in Berlin to double the contributions to the candidate countries from next year is regarded as satisfying.

United Kingdom

²⁷⁸ Conclusions of the presidency. Berlin summit, 24-25 March 1999, op. cit., p. 2, item 8.

The Third Report of the Foreign Affairs Select Committee concluded that *'now is not the time to reduce Know How Fund expenditure to the 'first wave' applicant states.'* They were also *'concerned that some elements of the PHARE programme, which is a major plank of the EU's assistance to the applicant states, are apparently not as effective and useful as they could be'*, and hoped *'that the Government will investigate the effectiveness of the EU's assessment and evaluation of applicant countries' responses to this new focus of the PHARE programme'*.

4. How shall the EU go on with Turkey, Cyprus and Malta? Are new initiatives necessary ?

Austria

It seems not necessary to start new initiatives with respect to Turkey or Cyprus. The former was invited on several occasions to take part in the European Conference and to intensify the relations with the EU. The accession process with Cyprus progresses satisfactorily on the technical level though the underlying political problems are not resolved. As soon as these problems get more serious new strategies will be necessary.

Malta should join the political dialogue as soon as possible and is welcome in the Union. It will be up to the Helsinki European Council to decide about the start of negotiations.

Belgium

Belgium strongly supports Malta's, Cyprus' and Turkey's eligibility for EU membership, albeit as regards the latter only in a longer term perspective. As far as Turkey is concerned, it may also be reminded that the

Belgian Government remains in favour of the country's participation in the European Conference²⁷⁹, which is considered as an adequate vehicle for better mutual comprehension alongside the enlargement process²⁸⁰. As to Cyprus, although it would certainly be preferable if the two communities living on the island would be able to settle their differences prior to Cypriot accession to the EU, Belgium is not reported among the member states that have declared, on the occasion of the start of the actual accession negotiations with the six 'first wave' applicants, that EU membership should benefit both of the islands' communities and, accordingly, consider a prior settlement of the Cyprus question to be a prerequisite for Cypriot EU membership²⁸¹.

Denmark

Cyprus

Cyprus is perceived as one of the core problems in the enlargement process. New initiatives are definitely necessary, but the difficult question is obviously which one's would have an effect. To a large extent the key lies in Ankara. Therefore it is necessary to avoid a further deepening of the conflict over Cyprus between Athens and Ankara and at the same time make clear that Turkey does not get a de facto veto-right over the enlargement of the EU. This is however easier said than done. Denmark therefore supports the EU's action plan for strengthening the co-operation with Turkey.

Finland

Turkey, Cyprus and Malta have individual frameworks for enhancing co-operation with the EU. There are no new initiatives on the table right now. The Presidency contin-

²⁷⁹ See Enlargement /Agenda 2000 Watch, Pilot Issue, p. 32.

²⁸⁰ See EP-briefing (n° 18) on the European Conference and EU enlargement, p. 6.

²⁸¹ See Agence Europe, 9 & 10 November 1998.

ues to attach great importance to the further development of relations between the EU and Turkey. The Finnish Presidency aims to take forward and further implement the European Strategy drawn up to prepare Turkey for accession. The Presidency will continue to support the efforts of the United Nations to try to find a lasting and just settlement in Cyprus. Concerning Cyprus' accession negotiations, the work for the inclusion of representatives of the Turkish Cypriot community will continue. The general affairs council in March asked the Commission to start the *acquis* screening as soon as possible and to prepare a pre-accession strategy for Malta. The Commission will prepare a report on Malta to be used as a basis for decisions to be taken in Helsinki European Council.

France

Turkey

Regarding Turkey, France wishes that the Union should not give the impression of rejecting it, and that, on the contrary, its policy should anchor European values in the country. During a recent Paris visit of the Turkish president, Suleyman Demirel, President Jacques Chirac stated indeed that France was "closely following" the anchorage of Turkey to the European Union and that it was "favourable to pursuing such rapprochement"²⁸². The fact that last November, the Commission wrote an "progress report" on Turkey is a move in the direction Paris calls for. Turkey did appreciate to be given the same treatment as the central and eastern European applicant countries. Conversely, in December 1997, the conclusions of the Luxembourg European summit had issued comments on its application for join-

²⁸² The President added that "more understanding on both sides" was needed, expressing the wish that "a way should be found of stimulating relations" between the European Union and Turkey. La France pour un rapprochement Turquie-Union Européenne. Dispatch from Reuters, 04-05-1999 (As reported by the Elysée spokesman).

ing in a special paragraph. France is also favourable to the choice of the Commission to call on article 130w to override the veto of Greece on the implementation of financial assistance to Turkey²⁸³. But there is also an awareness in France that the own evolution of Turkey, whether it be the latest legislative elections or the misgivings raised by the Ocalan's trial, make it difficult to promote new initiatives at European level.

Cyprus

France also continues to defend the same position on Cyprus. It is desirous that "the negotiations should contribute to the political settlement of the Cyprus question", that "the accession process should be followed by a unified island", and that, from now on, "the Turkish Cypriots should participate in the accession negotiations within a single Cypriot delegation"²⁸⁴. Even though this is not always the case, this position seems to be gathering some strength. Last November, a declaration approved not only by France but also by Germany, Italy and the Netherlands, underlined the obstacles to the accession of a divided island. After having recalled that the accession of Cyprus should "benefit all the communities of the island", they declared that they "were aware of the special difficulties that the specific situation of Cyprus involved for the negotiations"²⁸⁵. The

²⁸³ This is an instrument for the promotion of economic and social development of Turkey, with a 135 million Euro appropriation. Former article 130w which deals with co-operation for development, actually provides for qualified majority decision-making. Council has not yet decided on this proposal as it is waiting for an opinion of Parliament which will be given by the forthcoming MEPs. *Bulletin quotidien de Agence Europe*, n° 7340, 11-11-1998.

²⁸⁴ Answer of the defence minister, M. Alain Richard to a "current affairs" question in the Assemblée nationale, Paris, 26-01-1999; L'adhésion de Chypre à l'Union Européenne paraît toujours aussi problématique. *Le Monde*, 20-11-1998.

²⁸⁵ *Bulletin quotidien de l'Agence Europe*, 10-11-1998. L'Union européenne grince à l'élargissement. *Libération*, 11-11-1998. The declaration also "draws attention to the fact that the

negotiations on the customs union are reported to have already showed that the partition of the island raises problems. And yet, there is no certainty that, when the time comes, France will go as far as opposing accession of the divided island. Apart from the fact that, for some people, this would be tantamount to giving the Turks a right of veto, the risk that Greece might in turn refuse the accession of eastern and central European countries is not totally excluded by the French.

Malta

France is at last prepared that the opening of negotiations with Malta should be decided during the Helsinki European council. Several interviews of officials from the foreign affairs ministry may lead to believe that France is opposed to the idea of bringing the schedule forward, for two reasons. First, the changes of mind of Malta are suspicious to the French "custodian" mind²⁸⁶. The second reason belongs to another principle of the European policy of France : that all applicant countries should be treated equitably. In putting Malta before the second wave countries, one may discourage them in their efforts.

Finally, France seems essentially concerned that the enlargement process should be fully controlled, that any unconsidered haste should be avoided. It is prepared to accept the option of opening negotiations of accession with other applicant countries or even to admit, in the years to come, the countries of the first wave. But it insists that a number of conditions be met : the decisions should be based on objective elements and

these countries should really be in a position of adopting the *acquis communautaire*.

Germany

Turkey

The Schröder government takes the principle view that Turkey shall be treated like any other candidate country. This means that its geo-strategic importance does not constitute a bonus but neither that its cultural and religious background shall be a handicap for joining the EU.²⁸⁷ Among the Copenhagen criteria the government stresses in particular the scrutiny of human rights and treatment of minorities. The government tried to reactivate dialogue and consultations with Turkey and hopes that the newly built government under Ecevit will pursue a more constructive course (also in view of Cyprus).

Cyprus

On Cyprus the official position remains unchanged. The accession of Cyprus seems only possible after or within the process of a settlement of the conflict between the Greek and Turkish communities. Although necessary, there are no new initiatives in sight. Thus the government is concerned that Cyprus remains a stumbling block for the whole enlargement process.

Greece

Greece uses any available circumstance to stress that the accession perspectives of Cyprus should in no way be blocked by any explicit or tacit linkage with EU - Turkey relations, nor to be made subject to the precedent condition of an overall solution to the Cyprus issue. The withdrawal of Th. Pangalos from the Ministry of Foreign Affairs has made for less vocal Greek assertions. Still the Greek position remains un-

partition of the island raises fundamental problems for the running and consistency of the CFSP".

²⁸⁶ Malta formally applied for accession in 1990 but the new government originating in the 1996 elections decided to "freeze" the application for accession. The change of government which took place after the 1998 elections resulted in a resumption of the Maltese application efforts.

²⁸⁷ Interview of State Minister Verheugen with Deutschlandfunk, 30 May 1999.

wavering on this issue. Even a blanket veto on enlargement has to be expected from Greece if the Cyprus accession process is not left to proceed unhindered. Therefore Greece views with foreboding the increasing list of countries that, in fact, make Cyprus accession a hostage to EU - Turkey relations.

The matter of EU-Turkey relations is viewed by reminding of the conditions set in successive Councils and summits for such relations to be upgraded: human rights standards, democratic process, amelioration of relations with Greece and of the position over Cyprus. The Ocalan affair gave rise to very negative feelings among Greek public opinion as to Turkey's place "in Europe". Greece tried to get explicit EU positions in the Council and in the EP condemning Turkey for its behavior in the Kurdish issue and its treatment of the (kidnapped) Kurdish leader. These efforts were only partly successful. Greece has also been unsuccessful in obtaining a real involvement of the EU in the earlier efforts to grant some sort of asylum or safe-conduct to Ocalan.

Ireland

New initiatives are not deemed necessary for Cyprus. The government hopes that the process of accession will generate momentum in favour of a political settlement on the island. It is also hoped that relations with Turkey can be improved - the EU is considered to have done as much as is possible to strengthen relations.

Italy

Turkey

Italy has consistently sustained the Turkish application for EU membership, and has insisted that Turkey should be treated on an equal level as the other associate members. Italian commercial ties with Turkey are particularly strong, and political relations

have been excellent, with the exception of a down-plunge at the end of 1998 over the capture in Italy of the Kurdish rebel leader, Abdulah Ocalan. At the refusal of the Italian government to extradite Ocalan (which would have been in abrogation of Italian law banning extradition in cases of likelihood for capital punishment for the convict after extradition), Italian investors suffered considerably from a general boycott imposed on Italian products by both Turkish importers and consumers. The Kurdish question, as well as the more general problem of respect for basic human rights in Turkey has made it difficult for the Italian government to lobby for the Turkish application at a European level. At the Cologne Council Italy supported the German proposal to reconsider Turkey's application by putting it at the same level as that of the other associate members. According to the Italian Premier, however, an eventual decision in Turkey to condemn to death the Kurdish leader would render very unlikely Turkey's bid for EU membership.²⁸⁸

Cyprus

Cyprus is a very delicate question for Italy, which finds itself quite divided between its support for the Turkish EU application on the one hand, and the continuing negotiations with the Greek-Cypriot part only, on the other hand. The political division of the island is also reinforced by an increasingly larger economic gap, which makes the proceedings of the negotiations particularly difficult. On 9 November 1998 Italy submitted a joint declaration with France, Germany, and Belgium, in which the signatories pointed out to the fact that EU membership negotiations proceed without a political decision as to the fate of the divided island. Italy also claims that EU membership should be beneficial to both communities living on the island, and should not accentuate al-

²⁸⁸ As quoted by *Il Sole 24 Ore*, "Bonn apre alla Turchia ma l'Unione europea non approva l'iniziativa", 5 June, 1999, p. 5.

ready existing problems.²⁸⁹ The joint declaration also points to the fundamental problems for the EU's CFSP implied by the Cypriot security situation. Furthermore, Italy shares the EU's opinion that more problems are contained in Cyprus's application of the *acquis communautaire* in the framework of a customs union, external relations, and free movement of labor, thus voicing support for the temporary suspension of negotiations with Cyprus on these chapters.

Malta

Italy, similarly to Great Britain, and unlike France, favors a rapid decision to open accession negotiations with Malta by the end of this year, based on the Commission's favorable opinion presented this February. Italy would support, therefore, a decision in this direction at the next European Council in Helsinki.

Netherlands

Malta

Needless to say, Malta will be an institutional problem considering its size. Nevertheless, according to the Dutch government, after positive Commission advice, Malta's accession process should pose no real problems.

Cyprus

It is certainly unimaginable that a divided Cyprus could become a member of the European Union. In the General Affairs Council of November 9th, 1998, the Dutch government, together with France, Germany and Italy, has underlined its vision that the Cypriot accession, although being the most advanced candidate country, causes major problems originating from its division in a Greek and a Turkish part. These problems can only be dealt with through a political solution. Consequently, there is no other strategy than to couple any accession nego-

tiations with the search for a political solution, solving the problem of the island's division. Sadly enough, it is unclear what kind of political solution can be reached, thus leaving the government enough scope for accepting any political solution.

Turkey

Turkey has to meet the Copenhagen criteria, like any country applying for EU membership. Although this is the official government policy, it would be a simplification and a denial of the debate that is taking place. While it is clear that Turkey will not be able to meet these criteria within the foreseeable future (and further), one can wonder whether a Turkish EU membership will be decided upon only on the basis of the Copenhagen criteria. It is a fact that some actors have serious doubts whether Turkey should be admitted to enter the European Union at all, even if it were to meet the Copenhagen criteria. The main argument postulated is that Turkey is simply not a part of Europe. Why should it then have the right to enter the *European Union*? The second argument is that Turkey has no European tradition, based on Christianity and Humanism. The former leader of the Conservative-Liberals VVD, Frits Bolkestein, has raised this last question. It is not surprising that the Christian-Democratic CDA inclines itself towards this opinion, though with no internal consensus. Others like some Social-Democrats, oppose this opinion. They see the tendency against Turkish EU membership, based not on the Copenhagen criteria, but on xenophobia and ethnocentrism.

Apart from this debate on the possibility of Turkish EU membership, the Dutch government has suggested an EU strategy towards Turkey. This strategy is focused on an improvement of the relationship between the EU and Turkey. The positive effect of such an improvement would be more influence on Turkey, so that the internal political situation could be stabilised. Above that, the human rights situation, the relations between Greece and Turkey and the situation of the

²⁸⁹ Interviews with Italian officials.

Kurdish minority within Turkey, could possibly all be influenced and improved.

Portugal

The Portuguese government considers that enlargement negotiations with Cyprus should continue, but always stresses that difficulties should not jeopardise the entire enlargement process. As for Turkey, the government is not proposing any additional steps and considers that the important thing is for the country to maintain current links with the EU.

Spain

The Spanish government supports that Turkey's application should be treated in accordance to the same objective criteria applied to the other candidates. Prime Minister Aznar said he personally trusted that Turkey would start the necessary reforms and that "his will had always and will also be that Turkey maintained its aspirations to become one day member of the Union".²⁹⁰ Regarding Cyprus, Spain supports the current approach to negotiations.

Sweden²⁹¹

Sweden regards Turkey as a candidate country on a special track. This means that Turkey's relations with EU should develop according to the European Strategy for Turkey which is being implemented by the Commission. It is our view that Turkey has a long way to go before she is up to level with the other candidate countries concerning the political Copenhagen criteria. - The accession negotiating process with Cyprus was opened as planned in March 1998. It was opened even though there still was no

political solution on the Cyprus question and no participation of the Turkish Cypriots in the negotiation team. The objective of the EU remains the accession of a bi-communal, bi-zonal federated Cyprus, which means, a membership for the benefit of the whole island and all its inhabitants and the EU therefore put its strongest hope to a political solution being found in time before accession.

Sweden supports the recent Council decision to start *acquis* screening with Malta this spring, as a preparation for coming negotiations.

United Kingdom

Cyprus

Cypriot membership of the European Union is seen as a catalyst in bringing about the reunification of the island and significant importance is therefore attached to it. Turkey is not regarded as having a veto on Cypriot EU membership.

Turkey

On Turkey, Baroness Symons of Vernham Dean, Parliamentary Under-Secretary of State at the Foreign Office, told the House of Lords on 26 April 1999 that '*we share the analysis in the Commission's November 1998 report on Turkey's progress towards European Union membership. The report noted that Turkey had most of the hallmarks of a market economy but still needed to address short comings in the area of human rights, treatment of minorities and the lack of civilian control over the army. The report stressed also the need for a peaceful solution to the problems in south-east Turkey*'.²⁹² Further emphasis was laid on the MEDA funding for projects in the areas of human rights, democracy and the development of civil society.

Malta

²⁹² House of Lords Hansard, 26 April 1999

²⁹⁰ President Aznar. Spanish Parliament, 17 December 1997 (DSCP, Pleno 127, VI Legislatura, 1997, p.6661).

²⁹¹ The following is based on personal communication with the authorities concerned.

Malta's reapplication for EU membership has been greeted with polite approval.

5. *Are enlargement/Agenda 2000 campaign topics for the EP elections (cf. election platforms) ?*

Austria

Agenda 2000 does not play any significant role in the election campaigns, partly because it was over before the election campaigns began and partly because the campaigns are dominated by national topics and superficial sound-bites such as "Together for Austria", "Preserving neutrality", "Stenzel - The voice of Austria" and the like.

Enlargement is not a main topic, mostly because the only party clearly opposed to enlargement, the Freedom party, concentrates primarily on the topic of fraud and mismanagement. But the rejection of enlargement is mentioned from time to time. The other parties, especially the coalition government parties, are not very interested in the topic because it is controversial within its own ranks and seems not fit to win any votes, rather to lose many. The Green Party is known to support enlargement but does not stress it in its election campaign. The Liberal Forum has no clear message but also favours enlargement and mentions it sometimes.

In general, the election campaign is completely dominated by the topic of Austria's security policy and neutrality, a discussion revived by the Kosovo-war. The second most important topic is corruption and mismanagement of funds in Brussels.

Belgium

All political parties participating in the EP elections have, to a varying extent, adopted

positions on various aspects of the Agenda 2000. On the whole, however, exception made of some shift in emphasis there appears to be no real controversy what so ever between the different political parties' programmes²⁹³. Moreover, given that elections for the Belgian federal and regional parliaments are organised simultaneously with the European elections, the election campaign is very much focused on the former, clearly to the detriment of the already meager public interest for European integration.

Denmark

In Denmark the EP election campaign did not begin before mid-May. So far the general picture of the campaign has been that questions of enlargement and Agenda 2000 are not the main focus of the candidates' campaign. However, enlargement and Agenda 2000 is part of almost all election platforms of the Danish parties. So in this way all the major political parties remain committed to these topics.

The Danish electorate is not so focused on enlargement. When asked about what are the most important questions for EU to take care of, the question of enlargement and Agenda 2000 are anything but top-priority. In a poll made by Gallup in the period 9.05.99-13.5.99 enlargement was almost at the lowest position. At a scale from 0-10 where 10 is the highest score enlargement only obtained a score of 6. CAP-reform obtained an average of 6,5. The tasks, which were most important for the Danish voters, were: combating corruption and fraud (9,1); securing of the human rights (8,9); fight against organised crime (8,6) and securing a better environment (8,6).²⁹⁴

²⁹³ Cf. supra.

²⁹⁴ Gallup May, 1999, Copenhagen.

Finland

The campaign has not really started (May 17), and it seems unlikely that enlargement or Agenda 2000 would become central issues once it is properly launched. Some parties have, however, expressed their views on enlargement in their programme for the EP elections.

The Social Democratic Party supports enlargement to new countries, including Malta, Cyprus and the countries of Eastern and Central Europe, and stresses that the Baltic countries have to be able from the beginning to participate in the negotiations about realising the membership of the Central and Eastern European countries.²⁹⁵

For the Greens, the main criteria for enlargement are the principles of democracy and respect for human rights. Enlargement has to take place gradually through a deepening cooperation so that the applicant countries can adapt their economy and environmental norms to the EU.²⁹⁶

The Left Alliance sees that enlargement is important but that it also requires a new solidarity and economic sacrifices from all members, in particular from the net contributors. Moreover, enlargement may not take place at the expense of human rights, social security, health and security at work or environmental protection. The Union should not close its doors from the outside world after the (next) enlargement.²⁹⁷

The Centre Party supports a controlled enlargement which depends on the fulfilment by the applicant countries of the criteria that have been laid down. At the same time, the Union should develop cooperation with all European countries, in particular with Russia.²⁹⁸

²⁹⁵ Cf. <http://www.sdp.fi/index2.htm>.

²⁹⁶ Cf. Programme for the European elections; see <http://www.vihrealiitto.fi>.

²⁹⁷ Cf. EP elections programme; see <http://www.vasemmistoliitto.fi>.

²⁹⁸ Cf. European programme; see <http://www.keskusta.fi>.

France

The enlargement issue, no more than Agenda 2000, is not a much debated issue in the forthcoming EP elections. Admittedly, the election platforms of the main government parties mention the enlargement issue and declare being in favour of it on a number of conditions²⁹⁹. But all the same, it would be bold to say that this question is really being debated during the campaign. As for the "Agenda 2000" phrase, it can only be found in the platform of the green party, and even then, on the sidelines of the CAP. This confirms the response we had given to the question of knowing whether this "Agenda 2000" had generated major debate in the general public.

Germany

Enlargement or agenda 2000 topics do not gain special attention in the generally unenthusiastic campaign. These questions are of course addressed in a positive way in the election platforms of the parties. Up to the Cologne summit it seemed that the German presidency has not triggered a specific interest for the elections to the European Parliament. According to Allensbach the elections come out of the blue for most

²⁹⁹ Parti socialiste, parti radical de gauche, mouvement des citoyens : Construisons notre Europe, 1999; RPR, Démocratie libérale : Charte européenne pour l'Union, 1999; UDF : Une Europe à la dimension du nouveau siècle, 1999; Les verts : Réinventer l'Europe ... et si le vert était la couleur du XXIème siècle? 1999. The fact that the communist party has opted for a Manifeste of the 87 candidates rather than for a platform as such, may explain that enlargement is not referred to. As in the previous issue of Enlargement/Agenda 2000-Watch, are only considered here the parties which may be in government in the near future. This rules out the extreme-right party, the Front national, especially as it has split into two parties, which could weaken its audience. As for the list headed by MM. Charles Pasqua and Philippe de Villiers, considered to be on the right of the RPR, its platform was not finalized when this was written.

citizens and coincide with growing scepticism towards further European integration.³⁰⁰

Ireland

Election campaigns did not begin in earnest until mid-May and a wide range of issues, national and European, with national and party issues expected to dominate. Fianna Fail, the main party in government called for a debate on Ireland's participation in Partnership for Peace in the context of these elections - the Green Party and a number of independents are strongly opposed to participation. Environmental issues could feature in the elections, in particular, Genetically Modified Foods. Regionalisation can be expected to be an issue insofar as one candidate for the Connacht-Ulster region, Marian Harkin, an independent, was a key campaigner for this in the run-up to Agenda 2000 and advocates a stronger voice for decision-makers at that level. Other candidates are also expected to press for continued EU transfers to their regions.

All major political parties remain committed to enlargement.³⁰¹ This is backed by statements from the IFA (Irish Farmers Association), an Bord Trachtala (Irish Trade Board) and in a study by the IEA (1999). Eurobarometer No. 50 (1999) shows that public support for enlargement has fallen by 3 percentage points to 41% (since 1998) and that 36% of respondents 'don't know' - this seems to indicate that public opinion remains somewhat uninformed and that it could change.

Italy

Enlargement is practically absent from campaign topics of the up-coming EP elections in Italy.

Netherlands

At this moment (April '99) it is hard to say whether enlargement or Agenda 2000 will be campaign topics for the EP elections. However, it should not be too difficult to make a prediction.

As to Agenda 2000, it will most probably not be an election topic. The reason for this is that the Agenda 2000 negotiations have already been settled. The outcome of the summit can not be changed anymore; moreover, there is no reason at all for the Dutch parties to discuss its positive outcome.

Enlargement might in theory become an election topic. However, the main political parties support enlargement, as does the public. Advisory councils, most pressure groups and media are supporting enlargement as well. Therefore it is in fact a non-issue and it is unlikely that it will become a major election topic.

There is a third reason for the prediction that Agenda 2000 and enlargement will not become (major) election topics. As elsewhere, EP elections do have the tendency to be so-called "second order" elections (that is to say they will be held in the shadow of national politics). The 1999 EP election will most probably become subject to national campaign topics, as in 1979, 1984, 1989 and 1994.

One issue that will become a campaign topic though, will be the question whether the election turnout will be as low as it was in 1994 (35%). In relation with this issue, it is possible that topics like the legitimacy of the European Parliament and the behaviour of the European Commission will be discussed during the campaign. The issue of "European fraud" might also get some attention. A final "European" election topic

³⁰⁰ Cf. Elisabeth Noelle-Neumann: Europa-Wahl aus heiterem Himmel. Nur wenn sich der Bundeskanzler einsetzt, interessieren sich die Bürger für die EU, *Frankfurter Allgemeine Zeitung*, 19 May 1999.

³⁰¹ Dail Debates, 01.04.99. A report from the Joint Committee of the Oireachtas on EU affairs is pending.

may be the choice for the new Dutch European Commissioner. It is likely that the choice will be between a Social-Democrat (PvdA) and a Conservative-Liberal (VVD), both coalition partners in government. One unofficial candidate is the former leader of the Conservative-Liberal party, now a backbencher, Frits Bolkestein. He has been accused of Euroscepticism during his leadership. Although he denies this accusation, his candidacy is not unquestioned.

Portugal

Both topics are part of electoral platforms but they almost absent from political party debates. The Socialist Party is using the success of the government on the Agenda 2000 as a way to gain electoral support. All parties are stressing the role they can play in the European Parliament in the future of the European Union, especially after enlargement, emphasising the need to safeguard the Portuguese interests. None of the most important parties are opposed to enlargement, but all agree that Portugal, as one of the poorer member states, should not pay for it. However, these issues are not important topics in the campaign for European elections.

Spain

Both parties subscribe to a "open" and "diverse" and more prosperous Europe, but candidates are still mostly competing on national issues and with a domestic politics mentality. When discussing Europe, the centre/right mostly runs its campaign on the need to defend better national interests in Europe, and the centre-left predominantly focuses on issues of employment and welfare.

Sweden

There is a marked difference in the number of times that the political parties mention the

enlargement compared to the Agenda 2000 issues. The enlargement is something that "has to" be one of the main topics for a party - except for the anti-EU parties (The leftist Vänsterpartiet and the green Miljöpartiet). A few examples:

"Our historical task as Europeans is to tie the countries in the east and west together ...for increased prosperity and a general cooperation for peace and security. Therefore, we want to accelerate the enlargement eastwards". (The Social democrats) "An enlargement eastwards will contribute to economic development and democratic stability." It is a "central issue for improving Sweden's position in security politics". (The liberal Folkpartiet) The enlargement is "a central issue. It is unacceptable to use the poor regions in the EU as an argument against the enlargement eastwards." (Centerpartiet) "Important for international security, democracy and stability. Negotiations should as soon as possible begin also with Latvia and Lithuania." (Kristdemokraterna).

"Any country which has carried out a democratic decision process (i.e. a referendum) should have the right to get a membership...But we do not think that the EU is the solution to Europe's problems...new walls will be erected." (Vänsterpartiet) The political parties obviously do not regard the Agenda 2000 issues very important as a way of getting votes. However, there are some critical statements about CAP and the structural funds. Some examples: "We suggest a de-regulation of the agriculture and we want to liquidate the greater part of the CAP". That would, it is said, lead to the disappearance of much of the criticised detailed rules and regulations. Besides, the CAP of today is an obstacle to the enlargement and contributes to an economic world order without solidarity. (Folkpartiet) "The common regional and structural politics must be given so much power and strength that growth and increased employment can be obtained in all regions. There is a need for a

policy which regards the special problems facing the northern regions of the EU" (Centerpartiet). "CAP and the regional politic should to a large extent be brought back to the national level. This would establish a regional justice and balance" (Vänsterpartiet).

United Kingdom

The battle lines were drawn for the European elections in the third week in May when the main parties launched their European campaigns. The main themes to emerge at the start of the campaign were those of membership of the Euro and EU reform. Agenda 2000 and enlargement issues do feature in the latter area but are unlikely to gain enormous prominence given the fundamental nature of the EMU question in Britain. The election campaign is likely to focus on convincing the British people of its European destiny and to mark the beginning of the end of the perennial question of whether we should or should not be part of the European Union.

The Labour Party has not published a manifesto specifically for the European elections. Instead it has fully endorsed the Manifesto of the Party of European Socialists and is also using an all purpose manifesto launched for the local, Scottish Parliament, Welsh Assembly and European Parliament elections. The significance of the full endorsement of the PES Manifesto should not be underestimated as it illustrates that Tony Blair is becoming less inhibited in his pro-Europeanism. The Conservatives by contrast have not signed up to the EPP manifesto and indeed are happy not to be encumbered by transnational obligations.

The section on Europe in its 1999 elections manifesto, '*Making Britain better for all the people*', contains only a review of achievements and policy developments in the two years since they came to office. Elec-

tion material sent to Labour Party members concentrates on the 21 commitments of the PES manifesto.

The Liberal Democrats remain the most enthusiastically European of the main parties. Their manifesto, '*Ambitious For Britain, An Agenda for Progress and Reform in Europe*' contains the following commitments:

'To strengthen our security, we would:

.... Widen the European Union to include the countries of Central and Eastern Europe. Of all the challenges facing the European Union, none is so far reaching as enlargement. The EU has a historic opportunity to assist countries emerging from the shadow of the Cold War, and to unite Europe on the basis of economic and political freedom, and peace and security. This will of course require radical reform as the Union (which began with six members and now comprises fifteen) moves towards a total of perhaps up to thirty members. Of particular importance in this regard are changes to the EU's decision making processes. In practise this will in time mean greater use of Qualified Majority Voting to avoid constant political paralysis and inaction. Areas where the effective national veto must be retained, however, include constitutional, budgetary and tax matters, and regulations on social security. The exclusion of pay issues from EU competence must be maintained. Other reforms that enlargement necessitates include the issues of the Structural Funds and the Common Agricultural Policy.'

The Liberal Democrats pledge to reform farm spending and state that '*..we propose a radical overhaul of the system, reforming the Common Agricultural Policy on the basis of decentralised management, environmental protection, rural development and diversification - rather*

than crude subsidies for often wasteful over-production.'

On Agenda 2000 they say that *'The recent agreement over Agenda 2000 (the Commission's proposals for reform of the EU Budget) fails to make the essential long-term reforms from which we and the rest of Europe would benefit. The enlargement of the Union, which is so much needed for the sake of Europe's security, has been jeopardised by the inability of the European Heads of Government to pursue the common long-term interests of the whole Union and the applicant states.'*

'In particular, the European Council botched CAP reform. The cuts in the cereal sector (15%) will not make EU cereals competitive at world prices; this means continuing surpluses. Reform in the dairy sector has been put off, and resources have not been switched significantly from food price support to rural development and environmental protection.'

The imperative of reform is stressed throughout and in particular when they state that *'we will:*

Insist on reforms of the EU budget before enlargement takes place.

Pay our fair share of the costs of enlargement once proper budget reform has taken place.

Resist pressure to increase the relative level of Britain's net contribution to the EU budget, which independent analysis shows to be fair. Therefore we do not believe that at present there is a case for ending the UK rebate. The UK rebate is necessary to compensate for those aspects of the EU Budget which are unfair to Britain - particularly the Common Agricultural Policy - and cannot therefore be removed until these structural budget issues are satisfactorily resolved.'

The Conservative manifesto for the 1999 European Elections *'In Europe, not run by Europe'* is a lengthy and detailed document which, from a pro-European viewpoint, is imbued with an all pervasive negativity about the European Union. The party remains extremely divided on Europe and as such the manifesto concentrates strongly on issues such as institutional reform, fraud busting and free trade; an attempt to find areas on which much of the party can agree on. Concerning the single currency membership is again ruled out for the next Westminster parliamentary term 2002 to 2007.

In his foreword to the manifesto, William Hague states that *'We want a Europe which is outward-looking, not a fortress. By enlarging to include the new democracies of central and eastern Europe - in addition to Cyprus and Malta - the EU has an historic opportunity to set the seal on the principles of free trade and free enterprise in former communist dictatorships. EU enlargement should be a top priority'*.

The Conservative vision for Europe is further outlined *'Europe has great potential, but it needs to get its priorities right. It needs to do less and do it better. Conservatives will resist Europe's lurch to the left. And we will oppose all moves towards a single European state. Beyond the single market, and core elements of an open, free trading and competitive Europe, we will press for governments to have greater freedom in deciding which other aspects of the EU they intend to adopt.'*

A significant point lies in its advocacy of flexibility, which if ever they were to find enough support for would threaten the integrity of the Union. The manifestos states *'Every member state - including new entrants - must accept the rights and responsibilities of the single market and core elements of an open, free-trading and competitive Europe. But we will*

press for governments to have greater freedom in deciding which other aspects of EU policy they intend to adopt.

Outside the core areas, a specific way of developing our flexibility model would be to agree a new treaty provision which would allow countries not to participate in new legislative actions at a European level which they felt they wished to handle at a national level'.

They are again combative on the budget and emphasise the need to get a better deal for Britain: *'Conservatives believe that Europe's financial problems, and the importance of being in Europe, while not run by Europe, mean it is necessary to reform Europe's policies and tackle fraud and mismanagement, rather than increasing the financial contribution expected from the British taxpayer.*

'The British rebate, won for Britain by Margaret Thatcher, has saved the British taxpayer almost £25 billion over the last 15 years. It remains fully justified. Yet Labour have now agreed to cut at least £150 million a year from the British rebate when EU enlargement takes place.

Even with the rebate, Britain made a net contribution of nearly £3.5 billion to the EU budget in 1998. Yet Europe wastes almost this much each year simply on fraud and mismanagement. If the EU tackled this waste, and started to do less but do it better, we could make significant reductions in the overall size of the European budget. Instead of our contributions increasing, we could see corresponding reductions.'

At the Berlin summit in March, Europe's leaders failed to reform the EU budget and the inequitable way it is financed. The EU budget and Britain's annual contribution to it will both continue to increase in the years to 2006.

As well as fighting fraud and mismanagement in the EU budget, Conservative

MEPs will look for ways of reducing the size of the overall budget and obtaining a more equitable system of funding it.'

It is important to note that these are the first European elections in Britain to be held under proportional representation. Labour will lose seats because it was over represented after the last first-past-the-post elections in 1994, whilst the Conservatives and the Liberal Democrats will gain as they were under represented. The most important factor in the results will be the extent of Tory gains and whether they will avoid being squeezed on the left by the breakaway Pro-Euro Conservative Party led by John Stevens MEP and on the right by the United Kingdom Independence Party which advocates withdrawal from the EU.

6. *What is the position of your country's government on the*

- *existing relationship between EU and Russia and EU and the Ukraine?*
- *the future relationship, e.g. in view of developing a common strategy?*

Austria

The present Co-operation and Partnership Agreements with Russia and the Ukraine are very comprehensive and are considered to be very useful and sufficient for the time being. Since the mentioned agreements came into force only last year it is not necessary to think about further measures at the moment. The full implementation of the agreements and the conclusions of the first co-operation-councils should proceed quickly.

Austria again emphasises the importance of nuclear safety. Especially the Ukraine should be able to switch off the nuclear

power plant in Tschernobyl as soon as possible.

Austria also stresses the promotion of democracy and the rule of law, human rights and economic stabilisation and development of a favourable climate for foreign investment. To achieve all that, Austria also considers the accession of both countries to the World Trade Organisation (WTO) as important.

Concerning Russia, Austria welcomes the decision of the Cologne European Council to agree on a Common strategy on Russia and considers it as very useful.

Belgium

Relationship EU-Russia and EU-Ukraine

Traditionally, Belgian foreign policy has considered the bilateral relations with the Ukraine and particularly with Russia of paramount importance³⁰². Accordingly, Belgium strongly supports the Commission's affirmation that the eastward enlargement process requires a careful management in the EU relations with other partners in Europe and beyond in order to ensure that it contributes to the overall objectives of strengthening international security and cooperation. Given the fact that adverse effects could result from enlargement, were it to be perceived as raising new barriers in Eastern Europe, a long-term stable and close relationship with the Ukraine and, even more, Russia based on the Partnership and Cooperation Agreements is considered essential.

A common strategy

To that effect and alongside the ongoing eastward enlargement process, Belgium has been zealous for the development and adoption (at the June 1999 Cologne summit) of an ambitious and significant common strat-

egy for enhanced EU-Russia relations. Subsequently, a similar common strategy will have to be designed as regards the Ukraine.

Finland

Relationship EU-Russia

The government underlines that the EU-Russia relationship is of strategic importance to Europe as a whole, or, as President Ahtisaari has put it, a central challenge for Europe's security. Finland has been active in trying to contribute to the development of these relations by means of the "Northern Dimension" initiative as well as by participating in the preparations for the EU's strategy for Russia. One of the aims of the Finnish initiatives is developing civil societies in Russia and developing their interaction with the EU.³⁰³

According to its programme, the Government "will actively seek to underpin Union policy in regard to the northern areas of Europe and also in relations with Russia. The Government is committed to the full implementation of the EU's policy on the Northern Dimension with particular emphasis on energy cooperation, nuclear safety and the environmental protection of the Baltic Sea."

A common strategy

Institutionally, the EU-Russia relationship is based, since December 1997, on the Partnership and Cooperation Agreement that covers over 60 fields of cooperation. The Cologne European Summit is about to adapt a Common European Union strategy for Russia. A common strategy is a new cross and inter pillar instrument of the Union adopted in order to enhance the coherence, consistency and complementarity of the EU policies. The first common strategy will be for Russia; a common strategy for Ukraine will follow.

³⁰² As was confirmed by Foreign Affairs Minister Derycke's trip to Moscow on 3 May 1999 (see Knack, 5-11 May 1999).

³⁰³ As expressed by President Ahtisaari, speech in Turku, 8 May 1999.

Relationship EU-Ukraine

The Finnish government supports the partnership and companionship agreement between EU and Ukraine, which it regards as a good instrument in developing the EU-Ukraine relations. The preparation of an EU-strategy for Ukraine has yet not started, but it will give added value to the existing instruments.

France

On Russia, the position of France is to steer clear from any acknowledgement of a potential vocation to accession and to insist on needed reforms. It is rather satisfied with the content of the common strategy towards that country. It indeed managed to influence the original drafts of the German presidency which seemed exceedingly descriptive. It hopes that, on the contrary, by trying to put in perspective the different community instruments and attributing them common objectives, the intelligibility of the whole of the policy of the European Union will improve, including for Russian leaders. The working out of a common strategy for Ukraine, as provided for by the Vienna European Council of December 1998, may turn out to be more troublesome for France: while recognizing that the Union cannot remain ambiguous for ever and that some prospects will have to be offered to the country, it remains wary of any gesture which might substantiate the idea of possible accession of Ukraine.

*Germany**Relations EU-Russia*

Relations with Russia are of overriding importance for Germany.³⁰⁴ It views Russia as part of Europe and key to European stability and security. The inclusion of Russia in the diplomatic efforts vis-à-vis Milosevic to

stop the expulsion of Kosovar Albanians and to come to a solution for the Kosovo was of constant concern. The decision on a common strategy towards Russia is among the priorities of the German presidency. Within a cooperative relationship, Germany favours a broad approach towards Russia, encompassing political, social (civil society etc.), economic and security aspects.

Relations EU-Ukraine

The government acknowledges the strategic position of the Ukraine and supports to draw up a common strategy for the Ukraine as well. The major concern is not to exclude the Ukraine from the processes of integration and cooperation. Generally, the government stresses the importance of furthering the establishment and consolidation of civil societies and a respective political culture in these parts of Europe.³⁰⁵

Greece

The Greek position is favourable to closer EU ties with Russia and ex-USSR countries; it is also extremely favorable to a concerted opening of Europe to the Black Sea region. The crucial role that Russia came to assume in the Kosovo crisis underscored, in the opinion of Greece, the importance of Russia being closely connected to the post-Cold War European architecture; still, the very same Kosovo crisis and the role of NATO has clearly shown in Greek eyes the gulf still in place between a deeply Atlantic Europe and its Eastern flank.

*Italy**Russia*

Generally, Italy is particularly interested in avoiding that relations between the West and Russia be addressed within restricted fora from which it is excluded. The Italian

³⁰⁴ Cf. Speech by State Minister Volmer "Russia in Europe?", Cologne, 21 April 1999.

³⁰⁵ Cf. Speech by Foreign Minister Fischer at the founding of the German-Ukrainian Forum, Bonn, 5 February 1999.

government, therefore, strongly supports the new Common Strategy for a reinforced partnership with Moscow, launched by the European Council at the Cologne summit. In particular, Italy values considerably the plan for the establishment of a new institutional body for a more regular and extensive political consultation between the EU and Russia. At the adoption of the final text of the Common Strategy, Italy urged to include the Union's proposed specific initiatives in the main text, and not in the appendix. In supporting strongly the new Common Strategy on Russia Italy also considers particularly important a reinforced internal coordination of the Union's policies as a significant aspect of the CFSP.

Ukraine

It does not seem that there is a distinct Italian interest in accelerating the pace of the integration of Ukraine in the Union, although that country's strategic importance for European security is appreciated in Italy. Moreover, Italy has consistently advocated the maintenance of a policy of parallelism in the relations of the EU with Russia on the one hand and the EU and Ukraine on the other hand, in order to avoid an impression in Moscow of being progressively marginalized. However, Italy's increasing relations with some Central European states, particularly Poland, that are trying to cultivate special relations with Kiev, is likely to induce the Italian government to attach greater importance also to the EU initiatives towards the Ukraine. In proposing some amendments to the first draft of the EU Common Strategy on Ukraine, Italy also reiterated its general policy for the all-inclusiveness of the start of accession negotiation.

Netherlands

The *existing* relationship between The Netherlands and Russia and between The Netherlands and Ukraine are somewhat

different. The main differences are size and the level of relations (multi- or bilateral).

Relationship EU-Russia

The relationship with Russia is part of the relationship of "The West" and Russia. As a member state of NATO and the EU, the relationship of The Netherlands with Russia is one which is highly influenced by daily NATO and EU affairs. The current Kosovo War is just one example of this phenomenon. The Ministry of Foreign Affairs concludes in a document concerning its policy towards Russia that the main part of the Dutch- Russian policy "is shaped and implemented through various multilateral organisations like NATO, the OSCE and the EU"³⁰⁶. On a bilateral basis, the stability of peace and democracy and the building up of a liberal market economy are supported. However, even this policy is carefully coordinated within EU programmes. In the latest publication on the bilateral relationship between The Netherlands and other European states, this is highly visible. Of the thirteen pages on Russia, three are devoted to history, six to the mainly cultural cooperation between Dutch and Russian cities and provinces and only four pages to the actual bilateral relationship³⁰⁷.

Relationship EU-Ukraine

The *existing* relationship between The Netherlands and Ukraine is based much more on a bilateral level. Immediately after Ukrainian independence in 1991, the Dutch government started to play an active role in supporting the new state on the political, economical and defence scale. The Netherlands represents Ukraine in its voting-

³⁰⁶ Ministry of Foreign Affairs, Regio- en Landenbeleidsdocument de Russische Federatie, latest edition, p. 22.

³⁰⁷ Heuvel, Van den, M., Rusland en Oekraïne, in: Pijpers, A.E., Nederland zoekt het tweegesprek, Neobilaterale accenten in de Europese Politiek, The Netherlands Institute of International Relations "Clingendael", The Hague, March 1999, pp. 155 – 167.

group at the IMF and the Worldbank. Specific financial support has been given to the Ukrainian central government. Various companies have also become active in Ukraine. There are some Dutch government economic-support programmes to help Dutch trade and industry penetrate the Ukrainian market³⁰⁸.

A common strategy

The *future* relationship between The Netherlands and Russia will be based on a common strategy of the European Union. It is likely that this common strategy will continue along the multilateral lines that had been established in the past.

The *future* relationship with the Ukraine will undoubtedly become less bilateral and more multilateral. This will not only be caused by the adoption of a common strategy of the European Union, but is also caused by the fact that the Dutch government has lessened its attention on Ukraine lately.

Portugal

The Portuguese government attaches a great deal of importance to the relationship between the EU and Ukraine and Russia, and to its reinforcement. It is felt that the new CFSP instruments can be reinforced and that a common strategy will allow the Union to reinforce the ties with Russia and Ukraine. There is, however, a view that there should be a division of labour of sorts between the EU and NATO. Given the importance of the security dimension in relations with these two countries, the involvement of NATO is always stressed by the Portuguese government. It is felt that the development of a common European policy on security and defence, which Portugal supports, will enable the Union to work on these crucial issues with Russia and Ukraine.

Sweden

The government says in a report that it is essential that the international community takes an active interest in Russia's continued development. The report contains proposals on economic cooperation, trade, energy and infrastructure, environmental issues, agriculture, cooperation on social issues, the fight against crime and security policy. The report ("Russia - a part of Europe", published by the Government on April 22, 1999) is a contribution to the common future EU strategy, but also forms a part of the preparations for Sweden's presidency in 2001, "when the Government intends to make relations with Russia a central issue". There are a large number of proposals, so only a few examples can be given here. - Economic cooperation: the possibility of payment relief on bilateral debts, plus short-term balance of payments support, to complement the support given by the international financial institutions. Loans from the EIB for individual projects may be an option when the economic situation has stabilised. Sweden is prepared to support such loans provided that the EIB receives the necessary guarantees from the EU. - Increased trade: the informal limitations imposed by the EU on imports of nuclear fuel from Russia should be discontinued. The Russian request for increased steel quotas should be examined in a positive spirit. The EU should provide technical assistance and advice to support Russian membership in the WTO. - Environmental cooperation: investing in the water supply and sewage system in St. Petersburg, and strengthening the administration of environmental affairs in Russia. Where the handling of spent nuclear fuel and radioactive waste is concerned, the EU should pay particular attention to conditions in the Barents Region.

EU aid to Russia: the assistance has to become more effective. The TACIS programme should give priority to social proj-

³⁰⁸ Ibid., pp. 168 - 174.

ects, including support for the social security system and health care. The increased importance of the Russian regions should be reflected in the assistance.

The fight against crime: the opportunities given by the Partnership and Cooperation Agreement should be made use of to deepen cooperation in the legal sphere, including issues of migration policy. The EU should consider opening up its internal cooperation in the areas of justice and home affairs to Russian participation. In addition, the EU should strive for greater practical cooperation with Russia in combating crime and make use of the experience and the contacts with Russian authorities that have developed, e.g. through the Task Force against Organised Crime in the Baltic Region.

Common security: it is natural for the EU and Russia to cooperate in preventing and dealing with crisis and conflicts. The EU can even take an active part in contributing to solution of conflicts in the OSS sphere, where Russian interests are involved. Regional cooperation, for example around the Baltic Sea, the Barents Sea and the Black Sea, is of central importance.

United Kingdom

The government's position is rather undefined. In evidence to the House of Commons Select Committee on European Scrutiny, the Minister of State Joyce Quin stated: *'There are also other countries which are not in the position of foreseeing European Union membership on the horizon and yet nonetheless want association and good relations with the EU - Moldova, Ukraine and other countries we could mention - and there's a discussion about how best to link those countries with the EU's work, but no definite*

conclusions have yet been reached about that'.³⁰⁹

The existing Partnership and Co-operation Agreements, as well as the Troika and bilateral initiatives were seen as suitable vehicles to work through.

With regard to the economic situation in Russia, Economic Secretary to the Treasury Patricia Hewitt, said in the House of Commons on 27 October 1998 that international financial assistance had to be linked to the existence of sustained efforts towards stabilisation and reform.

7. Looking at the debate on enlargement and EU-reform in your country what was the most striking observation or trend over the last 6 months ?

Austria

There was not much debate on enlargement during the last 6 month. Most striking is maybe that the Freedom party did not choose anti-enlargement as a main election campaign topic.

Debate about EU-reform concentrated on topics related to the crisis of the Commission. Surprisingly, every single party was mainly responsible for revealing the Commission-scandal and all parties are strongly in favour of tight controls and a clean Europe.

Belgium

Whilst the Belgian Federal Government has adopted a formal position paper on the internal Agenda 2000 in view of the Berlin European Council, to date such a clear document still has not been drawn up as

³⁰⁹ Minutes of Evidence, Hearing of the House of Commons Select Committee on European Scrutiny, 25 November 1998

regards either the enlargement strategy or the institutional reforms necessitated by the enlargement operation. This observation is all the more striking in view of the fact that, on the whole and notwithstanding the strong public opposition to eastward EU enlargement, all political parties and officials share a generally common stance on these matters.

Denmark

The most striking observation is the same as was put forward in the Enlargement/Agenda 2000 Watch of October 1998: enlargement and Agenda 2000 are still topics which are characterised by almost complete consensus among Danish politicians and the general public. The question is obviously whether this situation can be maintained once the 'going gets tough' with the actual accession talks.

Finland

On the one hand, one could note the promises of activism by the new government in the question of enlargement. On the other hand, there might be more openness than before to deeper institutional reforms - whereas the opposition party now seems to carry forward the more intergovernmental points of view.

France

When considering the debate on enlargement and European Union reform in France, the most striking feature over the past six months is the feeling of a "quietened" approach. By and large, things are developing according to French wishes: the funding of common policies, at least for a few years ahead, has been secured, the road to institutional reform is open and the enlargement process is more or less under control. Consequently France does not have any reason to oppose an enlargement which will contribute to the stability of the whole European

continent. It now has to convince its partners of the justification of the caution it calls for, and it should prepare for the prospect of an enlarged Europe. But this approach could also mask a degree of "resignation" in the face of enlargement on the move and consequences on European integration which are hard to appraise.

Germany

Over the last months, the most striking development has been inside the Schröder government with regard to the reform and enlargement of the Union. Alongside a crisp pragmatism and blunt language now stands a feeling for the strategic importance and the vital interest in an optimal handling of both processes. Gerhard Schröder who ran his election campaign on a national agenda may even have developed a taste for the European stage. Recently he acknowledged a specific German responsibility for the Union's course on enlargement, with a view to Central and Eastern Europe, but also to Southeast Europe.³¹⁰ By and large, there are no U-turns in sight of German European policy. After Cologne, the role of the Chancellery in defining the broad lines of Germany's European policy might even raise to a higher profile.

Greece

The Balkan upheaval due to the Kosovo crisis has marginalized interest over European affairs; Europe has appeared to Greeks ineffectual, remote, even irrelevant. Aspects of institutional EU-reform or enlargement will not get back easily any sort of interest in public opinion.

Ireland

³¹⁰ "Ohne freudige Gefühle", interview with Chancellor Schröder in *Der Spiegel*, No. 23/1999, 7 June 1999, pp.32-34, p.34.

The most obvious trend was the increased realisation at elite level that Ireland's relationship with the EU and with other member states was entering a new phase with respect to funding, policies and institutional questions.³¹¹ First, Ireland's status as net recipient of EU funds was expected to shift to that of net contributor by 2007. Second, the case of corporate taxation, where calls from states such as Germany and France for fair competition may have negative repercussions for Ireland, indicates that entry into EMU may have far-reaching policy implications and unearth significant differences in market regulation and interest between Ireland and its Euro partners. Third, the crisis in the Commission, delayed entry into force of the Amsterdam Treaty and progress in the enlargement process has altered the parameters of debates on institutional reform. Ireland's ability to retain its existing presence, voice and influence in the EU will be tested by further reforms - both Treaty and non-Treaty. Finally, against the background of a government decision to open a debate on membership of Partnership for Peace, its attitude to the Union's role in defence could also be expected to be called into question by the Kosovo crisis and the Blair-Chirac initiative.

Italy

Undoubtedly, the most important event for Italy over the last six months has been the nomination of the Italian ex-Premier, Romano Prodi, as President of the European Commission. Besides hoisting the country's profile at an unprecedented level in the general EU policy and decision-making, Italy perceives an important psychological thrust in the nomination of the prominent and quite popular figure of the Italian politician at the head of the EU Commission. It should be remembered that Prodi's government be-

came particularly associated with Italy's tortured, but successful entry into the EMU, as well as with successful and badly needed national structural reforms. In Italy Prodi's nomination is also seen as a sign of seriousness and commitment at a domestic level, which is widely demonstrated by the overwhelmingly broad consensus for Prodi's nomination on the part of all major political parties. Prodi's nomination will undoubtedly make the European debate much more present in Italy in the future.

Netherlands

The debate on reforming and enlarging the EU was not that striking during the last six months. The debate mainly focused on the outcome of the special Berlin summit. Nonetheless, there is a long-term trend in the debate on the European Union.

Money, costs, the net-payer position, EU-fraud e.g., have become issues in the public debate. Although unlikely, this could point to a growing structural Euro-scepticism. But there may be other, more short-term, reasons for the focus on money. In combination with the government's much debated policy to reduce the Dutch contribution to the EU, these reasons can explain the existing hesitation towards the EU within the Netherlands.

First, there is the important fact that The Netherlands have done very well economically over the last years, even better than every other EU member state (except for the Republic of Ireland). The Netherlands used to be known for its economic gridlock, high unemployment figures and low growth. This "Dutch Disease" no longer exists in the public awareness, it has changed into the "Poldermodel", with high growth, rather low unemployment and a dynamic economic system. At least, that is how it has been seen by many people in The Netherlands. This has led to a situation where the public is convinced that all the net-receiving member states should implement the same eco-

³¹¹ For analysis of this, see Institute for European Affairs, *Agenda 2000 - Implications for Ireland* (IEA, Dublin: 1999).

conomic reforms as The Netherlands, instead of receiving the vast amounts of structural funds³¹².

The birth of the Euro may be the second reason for the focus on financial matters. It is now clear to the public that the monetary situation in The Netherlands is highly dependent on the budgetary and financial situation in other euro-states. The public is not aware that this has long been the case, most certainly since the decision to couple the Dutch Guilder to the Deutschmark in 1982.

The final reason may be related to Brussels. The European Parliament has finally had some Dutch media attention. Sadly enough, this attention had been focused on fraud. Although some cases have reported misbehaviour of Dutch MEPs, in the mind of many Dutch citizens there is a clear and natural link between fraud and the Southern European and French MEPs. This preconceived notion strengthened when the European Commissioners Cresson and Marin were being accused of fraud and mismanagement.

As said, it is improbable that these three reasons will have a lasting impact. Economic growth is already slowing down, people will get used to the Euro and its impacts on The Netherlands and if the new European Commission, as well as the new elected European Parliament, are not reluctant to fight against fraud and mismanagement, public opinion may again change towards pragmatic pro-Europeanism.

Portugal

The most striking trend is the absence of debate. This is probably due to the government's strategy of de-linking Agenda 2000 from enlargement, such that the latter is still

not the subject of public discussion. This situation will probably change soon because enlargement negotiations will evolve more rapidly and also as a result of the Kosovo crisis. In the face of a war in Europe of the dimension of the Yugoslav conflict, the Portuguese will be forced to consider the need to sustain democratic and economic reforms in Central and Eastern Europe. With the end of the Agenda 2000 negotiations, attention will also turn to other issues, namely institutional reform.

Spain

The more striking evolution during the last six months regarding enlargement from the Spanish view is that after Berlin it is now clear that neither Spain nor the cohesion countries are an obstacle for enlargement, that it is strongly supported by Spain.

Sweden

It is difficult to point out one single striking feature in the debate. There is a rather extensive debate about the EMU among those with a certain knowledge about the issue, not among "ordinary" Swedes. There is practically no debate about the enlargement, due to the relative consensus. There was, prior to the Berlin summit, only a limited debate about the Agenda 2000 issues, particularly "money" issues.

Maybe the most striking observation is the absence of a debate about the big changes that we might see in the future. When the incoming Commission president Romani Prodi talked in the European Parliament about his wish for a further, far-reaching integration in a federalist direction, there were reactions from the anti-EU side, while those who accept a further integration in the EU kept a low profile. The topic is obviously considered too sensitive. And when the Swedish Foreign Minister Anna Lind said, a few days before a meeting with the West European Union, that parts of the WEU

³¹² It has to be stressed that it is the perception of many Dutch actors that The Netherlands is doing economically so well. Yet, there *may* be a gap between perception and reality.

tasks could be brought into the EU, there was no noticeable reaction, despite the fact that this subject is very sensitive in Sweden, where "non-alignment" and "neutrality" have been almost sacred words for so many years.

United Kingdom

When the debate on the future of the European Union is compared to the rest of Europe it could be described in Britain as suffering from indecision on EMU. Debate in the wider public sphere has focused on (and not moved on from) possible membership of the Euro, with the government publishing a National Changeover Plan in February. This represented only an edging forward on membership of the single currency as no commitment was given to a date for entry, even if Liberal Democrat leader Paddy Ashdown did say rather optimistically that the government had now 'crossed the Rubicon'.

Debate on the Agenda 2000 package has centred primarily on the rebate to the exclusion of other areas under discussion. This has resulted in a weakness in the ability to pursue a fully reformist agenda to the detriment of both the EU and Britain. Whilst the link between enlargement and Agenda 2000 is made, support for enlargement is often voiced glibly without serious consideration of the institutional and economic implications; a factor contributing to a lack of interest in wider public circles.

In addition, the resignation of the European Commission has only served to compound the view in the press of a corrupt and undemocratic European Union. However the situation has given Prime Minister Blair ample opportunity to set out a reformist agenda. After the Commission's resignation, Blair, significantly, decided to address the House of Commons and from this a number of important points emerged³¹³. Blair broke

with the policy of his predecessor by criticising the way in which Jacques Santer was appointed - Santer was a British invention enabling the then Prime Minister John Major to appease his increasingly Eurosceptic Conservative Party. Blair stated: *'Above all, the appointment of a new President and Commission should be the opportunity to push through root-and-branch reform of the Commission, its mandate and its method of operation....The new President of the Commission must be a political heavyweight, capable of providing the Commission with leadership and authority.'* And directed in particular at the Conservative Party *'we cannot have the next President decided in the same way as the last, debating the narrow interests of one country or another.'*

In this appearance before the House of Commons Blair also set out his ideas for institutional reform: *'I would like Heads of Government, in the manner that we proposed last year at the conclusion of our presidency, to give the new Commission - with due involvement on the part of the European Parliament - a specific statement of what we believe the aims and mission of the new Commission should be: a new contract between the Commission and the Council. It should set a clear new course for a Europe of reform and change.'*

Blair, in answering questions from MPs, further sought to stress the role in accountability of the Council. *'In the longer term, we must be careful about saying that the answer to everything is more power to the European Parliament...One of the strongest connections that we can have is with the Council of Ministers, which represents the democratically elected Governments of the European Union.'*

He also stated his belief in the need for better co-ordination between the European Parliament and national Parliaments, and their role in scrutiny, debate and facilitating democracy, before stressing that *'we must*

³¹³ House of Commons Hansard, 16 March 1999

take account of the fact that the Council of Ministers is also a democratically accountable body, in the sense that each Prime Minister goes home and is accountable to his or her Parliament.'

The British government is pursuing a reformist agenda for the European Union but it still suffers from lack of influence whilst remaining outside the Euro zone. However it is attempting to break with the past and change the climate in Britain. In an exchange with the leader of the Opposition, William Hague, Blair said: *'There is one question and one question only: do we use this event (the resignation of the Commission) as an excuse to indulge the anti-Europeanism of the current Conservative Party, which wants to take us out of Europe entirely, or do we regard it as an opportunity to drive through a reform agenda from a position of strength and influence, in Britain's and in Europe's interests? The worst thing that we could do, when we have the chance of reform, is to return to the disastrous days of Tory diplomacy.'* This struggle between the old and the modern continues; having modernised the Labour Party Blair's aim is to modernise Britain and its relations with Europe. Ultimately this modernising zeal will be applied to the European Union too.

This struggle was vividly illustrated on 13 May 1999 in contrasting speeches by Tony Blair and William Hague. In his Charlemagne Prize speech at Aachen, Blair made perhaps his most pro-European speech ever, which included the following statement: *'I have a bold aim: that over the next few years Britain resolves once and for all its ambivalence towards Europe. I want to end the uncertainty, the lack of confidence, the Europhobia. I want Britain to be at home with Europe because Britain is once again a leading player in Europe. And I want Europe to make itself open to reform and change too. For if I*

*am pro European, I am also pro-reform in Europe.'*³¹⁴

William Hague in a speech to Conservative European Parliamentary candidates on 12 May 1999 made one of his most Eurosceptic speeches. Talking about the forthcoming European election campaign, he told his audience that *'We will expose, and oppose, the federalist ambitions of Labour and Euro fanaticism of the Liberals'*. He went on to say that *'We (Conservatives) are prepared to stand out; to fight back for the peoples of Europe, who want a Europe of nation states, one which works for them, not for the greater good of the European institutions.'*³¹⁵

One other area with significant developments is that of defence. The St.Malo Declaration of 4 December 1999 highlighted a common understanding on the parts of the French and British governments on security in Europe, expressed their desire for more effective decision-making and security in Europe as well as a stronger European ca-

³¹⁴ The New Challenge for Europe. Speech by Tony Blair at a ceremony to receive the Charlemagne Prize, Aachen, Germany, 13 May 1999.

³¹⁵ Britain in Europe, Not Run by Europe. William Hague, Address to Conservative European Parliamentary Candidates, 12 May 1999.

capacity to act. In Britain this has since been followed up by the publication by the Government and the Liberal Democrats of a Joint Consultative Committee Paper on the Future of European Defence³¹⁶, which emphasised a shared priority to improve the effectiveness of European defence, and that institutional changes should follow from this priority. The significance of these policy statements will become more apparent when the NATO campaign in the Balkans ends and the conclusions from the Kosovo crisis create impulsion for reform. The British, strengthened by an effective coalition in this policy area at home, together with the French will be in a position to lead moves towards an enhanced European identity within western security structures.

³¹⁶ Joint Consultative Committee Paper on the Future of European Defence, 13 May 1999

COUNTRY REPORT CZECH REPUBLIC

A. AGENDA 2000 /EU-REFORMS

1. *What was your government's position during the Berlin summit of March 24/25 on the following issues :*

- *Financial framework 2000-2006 (own resources ceiling of 1,27% GNP of member states; changes on contribution side; British rebate, freeze of expenditure in real terms etc.)*
- *Structural funds (reduction of number of regional objectives, definition of qualifying criteria; phasing out of cohesion fund for Euro-zone countries etc.)*
- *Reform of Agriculture (co-financing of CAP expenditure, reduction of guaranteed prices and increase in direct support to farmers etc.).*
- *Was the preparatory informal European Council at the Petersberg in February of any importance?*

In general, it can be said that the Czech government was watching closely the course and the results of the special March summit. However, it mostly avoided expressing clear views and making comments on issues which do not affect the Czech Republic directly at present and which will do so only after the CR becomes a full EU member.

2. *Were these topics controversial among parties, pressure groups, regions etc. or even in the wider public? Were they discussed in relation to enlargement or more or less independently?*

The March special summit including its results was quite well covered by the Czech mass media and was certainly given great importance in most of them. However, the discussions which followed both in the wider public,

inside the political parties and in Parliament, remained much on the surface. Many Czech politicians use the country's future EU membership (often called "return to Europe") as something with which to support their arguments on various issues. Unfortunately, their argumentation is too often based on a very superficial knowledge of European affairs. The same applies to representatives of various pressure groups.

3. *How are the results of the special summit evaluated, by the government, informed public opinion etc ...*

- *in light of a more efficient and effective EU?*
- *in light of enlarging the EU?*

The Czech government considers as success the special EU summit which recently took place in Berlin, especially when taking into account the enlargement process. If no agreement was reached on the Agenda 2000, the situation would be much more complicated. The agreement on the reform package is a positive step, because it enables to prepare the way for further activities and gives new dynamics to the Union. The political compromise on Agenda 2000 has contributed to calming down the situation inside the Union. The Czech government considers as especially important the establishment of a special financial chapter which for the first time counts directly with the resources for the enlargement process, both for aid to the candidate countries before accession, as well as for new members who should enter the Union in the next fiscal period (hypothetically already in 2002).

4. *The Cologne summit wants to issue a schedule for institutional reforms. When shall institutional questions be addressed and what shall be the scope of a next IGC?*

- ***Settle leftovers of Amsterdam (weighting votes in the Council, size and composition of Commission; extension of majority voting);***

After the EU members have not reached the necessary conclusions during the IGC about the revision of treaties which established the EC and the EU, which resulted in the proposal of the Amsterdam treaty, the institutional reform remains one of the central points of discussion on the future organization of the European Union. At the June session of the European Council in Cologne, there should come the decision about the start of the Intergovernmental Conference on the reform of institutions. In this respect discussed above all are the changes in the composition of the European Commission, the weighting of the votes of the member countries in the Council of Ministers and the extension of majority voting. It will be possible to concretize the Czech position only after the process of institutional reform is started and the first working documents with concrete proposals appear. The CR, similarly as other candidate countries, expects that no distinction between the "old" and "new" members of the Union will be made. The CR also considers as useful to look for ways how to engage the countries which are negotiating for EU accession as much as possible in the mechanisms and structures of EU and to enable them to get to know better the working methods and procedures and also to strengthen and develop mutual cooperation.

- ***Other questions like: role of the General Affairs Council; institutional effects of Euro-zone; distribution of 700 seats for the EP; flexibility beyond closer co-operation, European constitution and the finalité of integration?***

The Czech government has not formed any clear opinion on these issues because at present, they primarily concern the EU member countries. The analysts of The Czech National Bank and major commercial banks have paid a lot of attention to all available information concerning the Euro-zone, including its institutional effects. President Václav Havel made several remarks with respect to the finalité of integration and the need of a European constitution during his official visit in Paris. His vision of the future Europe can be considered to be federalist.

B. ENLARGEMENT PROCESS

1. *Has the general attitude towards enlargement or accession (inside the government, public opinion) changed over the last six months?*

The attitude of the Czech government remains unchanged - the accession of the Czech Republic into the EU remains a priority of the Czech foreign policy. As far as the support of the general public for EU accession is concerned, it has decreased somewhat in the recent period. The quantification of this support depends very much on the methodology a certain public opinion agency applies and the type of questions it poses. According to STEM, almost 64% of respondents were in favour of the CR's entry into the EU in March 1999 as compared to 72% in July 1998. Support has decreased among the members of all political parties. STEM explains this by the fact that a large part of the population was affected by economic disputes of the CR with the EU. According to IVVM, the share of EU accession supporters has decreased from 46% to 35% over the last two years. The image of the EU in the CR was also negatively influenced by the circumstances accompanying the resignation of the Commission. It is considered as an important fact that the number of those Czech citizens who oppose EU accession has

not increased. In the course of the country's integration into the Union, it is ever more important to inform the public about the European Union in such a way that the general population and the specific target groups differentiated according to age, profession, region etc. get an objective explanation of both the advantages of EU membership as well as problems and obstacles connected with it. The Czech government has elaborated a communications strategy whose goal is to provide for the citizens an easy accessibility of the information on EU and leave it up to their consideration what they do with this possibility and how they decide in a possible referendum on EU membership.

2. As to the continuation of the accession and negotiation process: Which positions can be identified on:

- ***Inclusion of successful candidates like Slovakia, Latvia, Malta etc. in first wave (when and which countries)?***

The Czech government considers the enlargement process as inclusive and open. It believes that at the EU summit meeting in Helsinki in December of this year, it will be possible to make further steps on the way towards enlargement and other candidate countries (namely Slovakia, Malta, Latvia and Lithuania) will be invited for accession negotiations and there will be found a strategy of EU relations towards those candidate countries which are not yet ready for the start of accession negotiations.

- ***Stronger differentiation among the first wave countries, weaken parallelism of bilateral negotiations and go ahead with better performing countries?;***

In the past, the Czech government used to emphasize the need for a more individual and differentiated approach from the side of the Union so that more developed countries would not have to wait for the less developed ones in order to enter the EU. At present, probably as a consequence of poor performance of the

Czech economy, this kind of approach is no longer expressed by most Czech politicians.

- ***Will/shall all "5+1" countries join at the same time or only a smaller round?***

Several high-ranking Czech politicians have expressed fears that the CR may not be in the first group of countries which will join the EU because of serious delays with respect to the process of the approximation of law. Its pace is too slow to meet the requirements of the European Commission. Thus the view that not all the "5+1" countries must necessarily join the Union at the same time, is becoming more and more frequent.

- ***Setting a target date for conclusion of first round of enlargement once agenda 2000 issues are settled (e.g. in Cologne or Helsinki)?***

So far, the CR has never asked the EU to set the binding date of accession. It understands that time has not yet matured for the Union to declare some exact date. However, at a certain stage of the negotiation process it will be justified to require the setting of at least an orientation date. Czech government officials think that the EU could mention a preliminary date of entry of the first candidates at the Helsinki EU summit in December of this year or in the course of 2000 when all the negotiation chapters should be on the table. In its preparations for the accession, the CR is working with a reference date of entry into the EU of 1st January 2003. By this date, it wants to have concluded all its preparations.

- ***Scope and time frame for derogations/transition periods. Which areas are particularly sensitive?***

The CR attempts to negotiate only a limited number of transitory periods, namely in the areas which would cause serious difficulties to the society in transformation. The matter is e.g. the area of free movement of goods (more

strict norms for the production of toys), culture and audiovision (implementation of the directive "Television without Frontiers"). The same can refer also to other areas, especially those where heavy investment will be needed, such as e.g. the environment protection, transport, compulsory oil supplies or the Schengen information system. The Czech government believes that the real development will require only few short transitory periods.

3. *Shall the EU strengthen its pre-accession instruments?*

- ***Increase pre-accession aid for agriculture and structural policies (SAPARD, ISPA), PHARE, etc.***

The Czech government welcomes the increase of funds for agriculture pre-accession aid and structural policies and also the PHARE programme. As far as SAPARD (Special Accession Programme for Agriculture and Rural Development) is concerned, the CR, given the relatively low share of agriculture on GDP, can count with approximately 40 million EUR per year. The steering committee for SAPARD consists of the representatives of the Ministry of Regional Development, Ministry of Agriculture and the Ministry of Environment. The CR expects to get around 100 million EUR per year from ISPA (Instrument for Structural Policies for Pre-Accession). In the future, the department of integrated financing of the Ministry of Environment will be responsible for the administration of ISPA. So far, the CR has been receiving around 60 million ECU per year from the PHARE programme. This could increase up to 90 million EUR per year in the coming years.

4. *How shall the EU go on with Turkey, Cyprus and Malta? Are new initiatives necessary?*

Turkey

CR supports the efforts of the EU to enable Turkey to participate in the integration process.

It regrets that Turkey refuses to take part in the European Conference which should play an important role in this process. CR welcomes the efforts of the EU to make Turkey come closer to the Union (e.g. by means of the European Strategy for Turkey).

Turkey's application for EU membership should be evaluated according to the same standards and criteria as in the case of other candidate countries. It is evident that Turkey will not be able to solve very soon all its problems in the area of human rights as one of the conditions of EU accession according to the Copenhagen criteria. Despite this, the EU could at least strengthen its economic ties with Turkey in the transitory period e.g. within the framework of the extended customs union or special preferential agreements.

Cyprus

The CR welcomes the participation of Cyprus in the EU enlargement process. It is aware of the problems connected with the division of the island. It, however, believes that they will not be a substantial obstacle for Cyprus on its way to the Union. CR believes in finding a political solution which would prevent some member states from using the present situation in Cyprus as a means of pressure for blocking the accession of other candidates. CR refuses the present status quo in Cyprus and expects that the EU, together with the United Nations and the USA, will push for the reunification of the island in accordance with the UN resolutions.

Malta

CR has welcomed the renewal of the application of Malta for EU membership as well as the positive reaction of the EU member states. CR hopes that on the Helsinki summit of this year there will come a decision about the start of negotiations with the Republic of Malta about the conditions of membership. Given the favourable economic results of Malta and the successful screening process, the CR supports the accession of this country in the first wave of candidates. Taking into account its geographic location, political stability and good relations with the southern Mediterranean,

Malta is an ideal centre of Euro-Mediterranean cooperation.

5. *Are enlargement/Agenda 2000 campaign topics for the EP elections (cf. election platforms)?*

The EU at present is trying to solve a number of important issues which will determine the future shape of the European integration process. The Czech politicians and government officials naturally expect that one of the themes of the June elections into the European Parliament will also be EU enlargement.

6. *What is the position of your country's government on the*

- *existing relationship between EU and Russia and EU and the Ukraine?*
- *the future relationship, e.g. in view of developing a common strategy?*

Russia

Taking into account the importance of Russia for the stability in Europe, the Czech government welcomes that the European Union is accelerating its efforts to build up relations with Moscow. A positive signal is an accord of the "15" on a far-reaching foreign policy strategy, which the EU should apply towards Russia. The strategy should help to build a democratic society and a competitive market well integrated into the international environment. An emphasis should be put on the construction of administrative structures and legal framework, above all in the areas of tax administration, reform of small and medium-sized enterprises, development of the banking sector and an effective land reform.

Ukraine

At the same time, the Czech government observes with interest the preparation of a strategy towards Ukraine, which has already been outlined under the German presidency and is

now being discussed in the Commission and the member states. Apparently, its approval at the June Cologne summit is unlikely. However, the Czech government would welcome if this strategy is accepted by the European Council in Helsinki in December of this year.

7. *Looking at the debate on enlargement and EU-reform in your country what was the most striking observation or trend over the last 6 months?*

In comparison with the previous period, the pessimistic and sceptical voices became more prominent in the debate as far as both the enlargement and the EU reform were concerned. The Regular Report from the Commission, published in November, was generally perceived as a "cold shower from Brussels" even though the particular domestic reactions differed significantly. While the ruling Social Democrats accepted the report as justified claiming that it reiterated their own criticism of the policies of previous governments, the main opposition party, the Civic Democratic Party led by Václav Klaus, accused them of self-flagellation, refused the report as not impartial and suggested that it may be used as a means of the Commission to strengthen its negotiating position in the enlargement talks. Negative feelings featured prominently in the discourse during the last months of 1998. Besides the report, they were bred especially on statements of the new German chancellor preferring the EU internal reform to the enlargement which led some commentators to the opinion that the European statesmen for whom the enlargement was a priority have already left the stage (having in mind Kohl and Mitterand), results of the European Council in Vienna which were interpreted as the slowdown of the enlargement momentum and as the victory of particular national interests, dispute between Prague and Brussels about the subsidized pork imports from the EU jeopardizing local farmers which was largely seen as EU's solving its problem at the Czech costs, reports about the financial irregularities within the Commission, perceived

domestic incapacity to fulfil the enlargement tasks.

It was peculiar to the ruling atmosphere that the political leaders started to put into doubts the previously set goal of the Czech joining the EU at 2003.

The discussion in the first months of the 1999 was dominated by four issue areas: resignation of the Commission, prospects of keeping up with other participants in the first wave, partial loss of sovereignty connected with the EU membership, obstacles to the enlargement.

The crisis of the Commission was pictured as a "battle of the institutions". The resignation aroused fears among most policy-makers which were afraid that a non-functioning Commission would harm the enlargement while some more independent observers appreciated the clean-up. As it is case with other internal problems of the EU, the crisis was seen mainly through the prism of the enlargement.

The rumours that the Czech Republic could be excluded from the first wave of the enlargement started with the Regular Report in November 1998. They gained strength in March when President Havel warned against this danger unless the preparations intensified but most leaders did not agree with him. The possibility of exclusion is still present in the discourse

from time to time and it is bolstered by statements attributed to senior government officials and EU representatives.

The unwillingness to give up a part of national sovereignty was expressed by Václav Klaus, chairman of the Chamber of Deputies, and his party who refused the proposal presented by a member of government to change the constitution so that European law could be incorporated into the Czech legal system. Klaus warned again that the Czech Republic could "dissolve in the EU like a piece of sugar in a hot coffee". The same group criticized Havel's speech in the French Senate calling for a federal Europe. Otherwise, the speech itself did not excite too much attention.

The discussion about the obstacles concerned the delays in the legislative work within the screened areas, administrative shortcomings as well as decreasing public support to the EU membership.

All in all, no serious voices put into doubt Czech interest in joining the EU. The more pessimistic mood may be due to the current economic crisis and to a higher awareness of the membership costs. Using the EU as a fig-leaf for unpopular decisions, which are often not at all EU-related, is getting more widespread in the political discourse which may also play its role.

COUNTRY REPORT HUNGARY

A. AGENDA 2000 /EU-REFORMS

Initial remarks

The first group of questions concerns Hungary - as an applicant country for EU membership - only indirectly.³¹⁷

1. What was your government's position during the special summit of March 24/25 on the following issues :

- **Financial framework 2000-2006 (own resources ceiling of 1,27% GNP of member state; changes on contribution side; British rebate, freeze of expenditure in real terms etc.)**
- **Structural funds (reduction of number of regional objectives, definition of qualifying criteria; phasing out of cohesion fund for Euro-zone countries etc.)**
- **Reform of Agriculture (co-financing of CAP expenditure, reduction of guaranteed prices and increase in direct support to farmers etc.)**
- **Was the preparatory informal European Council at the Petersberg in February of any importance?**

Regarding the special summit of March 24/25 held in Berlin the only position of the Hungarian government was that the EU preferably decides on the financial framework of 2000-2006, on the Structural Funds as well as on the re-

form of the Common Agricultural Policy (CAP) in a way facilitating enlargement.

2. Were these topics controversial among parties, pressure groups, regions etc. or even in the wider public? Were they discussed in relation to enlargement or more or less independently?

These issues have been discussed only in narrower expert circles where the skepticism over the viability of a thorough budget reform prevailed. The general view was that the lack of an agreement could set the enlargement process back. At the same time the official expectations prior to the Berlin summit have been optimistic, both the Prime Minister and the Foreign Minister expressed their hopes and convictions that the EU leaders would find a satisfactory agreement.

3. How are the results of the special summit evaluated, by the government, informed public opinion etc ...

- **in light of a more efficient and effective EU?**
- **in light of enlarging the EU ?**

The results of the Berlin summit have been evaluated by the government very positively. After the Agenda 2000 and the Presidency Conclusions were adopted, János Martonyi, Minister of Foreign Affairs stated: "We have come closer to the European Union. This is an extremely important event, perhaps the most important for Hungary in 1999, even if other events turn our attention away from it." In relation to the EU-summit two aspects must be highlighted according to the Minister. First: in Berlin the member states have agreed on the open questions like the CAP reform, the budget, or the Structural and Cohesion Funds, meaning that from now on more energy and time can be dedicated to issues of enlargement.

³¹⁷ The Hungarian text is based on the following sources:

- MTI, the Hungarian Press Agency, news through January-March 1999.
- Hungarian daily newspapers, January-May 1999 (press watch).
- HVG, Hungarian Economic Weekly, 8th of May 1999 (with special supplement on EU accession).
- Presidency Conclusions, Berlin European Council, 24-25 March 1999.
- Interviews with officials of the Hungarian State Secretariat for European Integration.

Concerning the adopted budgetary package a very important element was underlined by the Minister: the fact that within the financial framework for 2000-2006 a separate budget line for new entrants appears from 2002 onwards means the EU reckons with enlargement in 2002. Second: The closing declaration of the Berlin European Council conclusions on enlargement sends a very positive message in this respect: "Enlargement remains a historic priority for the European Union. The accession negotiations will continue each in accordance with its own rhythm and as rapidly as possible."

High officials at the State Secretariat for European Integration (SSEI, within the Foreign Ministry) added to this evaluation that while the future of the Structural and Cohesion Funds seems to be settled, the functioning of the CAP in new member states is less clear. This is why the SSEI is of the opinion that further steps of the CAP reform should preferably not be a precondition to enlargement (as it is the case with the institutions according to the Belgo-French-Italian declaration issued at the Amsterdam European Council).

4. *The Cologne summit wants to issue a schedule for institutional reforms. When shall institutional questions be addressed and what shall be the scope of a next IGC?*

- *Settle leftovers of Amsterdam (weighting votes in the Council, size and composition of Commission; extension of majority voting)*
- *Other questions like: role of the General Affairs Council; institutional effects of Euro-zone; distribution of 700 seats for the EP; flexibility beyond closer cooperation, European constitution and the finalité of integration.*

According to EU plans the Cologne summit shall establish a schedule for institutional reforms. After preparations under the Finnish Presidency a new intergovernmental conference (IGC) tackling institutions and decision

making could be launched in early 2000 under the Portuguese Presidency. Hungary will welcome this IGC and will expect it to eliminate remaining barriers to enlargement. Hungary would like to see a "minimalist" IGC dealing with the three most burning issues: weighting of votes in the Council, size and composition of the Commission and extension of majority voting (leftovers of Amsterdam). Such a focussed IGC could then be closed earlier: perhaps coinciding with the conclusions of the accession negotiations. At the same time if questions like the role of the General Affairs Council (which should be strengthened according to the opinion of the representatives of the SSEI), institutional effects of the Euro-zone, distribution of the EP-seats, flexibility, or even the paramount issue of a European Constitution would be taken up on the agenda, the overburdened IGC would threaten with postponing enlargement. On the other hand Hungary would like to have a say in these complex issues as an EU-member, so besides the time constraint this is the other reason why a "maximalist" IGC would not be favored by Hungary.

B. ENLARGEMENT PROCESS

1. *Has the general attitude towards enlargement or accession (inside the government, public opinion) changed over the last six months?*

Despite the change of the government following the 1998 elections the official attitude and the basic strategic ideas have not been altered in Hungary. The aim remains to accede as soon as possible and to make all efforts to be "ripe" for membership at 2002.

The general attitude towards accession to the EU has basically not changed in Hungary neither. Regarding public opinion, the latest survey conducted and published by the "Median Polling and Market Research Company" (April 1999) brought very positive results demonstrating that the overall approach to EU membership be-

came more optimistic as compared with data from 1996. 57% of those questioned thought EU-membership would be beneficial (or primarily beneficial) for Hungary, 25% thought advantages and disadvantages would offset each other (thus effects of accession would be neutral), and only 12% were of the opinion that membership would be disadvantageous for Hungary, while the rest did not know. As to the expected effects of accession nearly 70% would welcome the introduction of the Euro replacing the Forint after accession, and 80% deemed it beneficial that Hungarian companies would have to compete with EU companies in the domestic market. At the same time 52% would support EU citizens freely taking up jobs here while only 22% supports the freedom of buying real estate and land by EU citizens. EU accession will bring about changes in a range of fields in our everyday lives. When asked about the expected changes 62% answered that membership will help improve health care services, improvement of public security was indicated by 45%, while working conditions and payments would improve according to 63% and 69% respectively.

2. As to the continuation of the accession and negotiation process: Which positions can be identified on:

- ***Inclusion of successful candidates like Slovakia, Latvia, Malta etc. in first wave (when and which countries)?***

Hungary is interested in the overall stability and prosperity of the Central and Eastern European region, therefore Hungary supports the integration efforts of the associated states, with special regard to her neighbours. According to the official Hungarian opinion all countries applying for membership should be tackled upon their degree of preparedness. Hungary fully agrees with the Luxembourg principles, namely that enlargement is an open process where every candidate is judged by its individual performance. Inclusion of successful candidates like Slovakia, Latvia or Malta into the "first wave group" seems to be very likely, and Hungary

will welcome such a development. At the same time Hungary emphasizes that the widening of the negotiating circle should not slow down the process.

- ***Stronger differentiation among the first wave countries, weaken parallelism of bilateral negotiations and go ahead with better performing countries?***
- ***Will/shall all "5+1" countries join at the same time or only a smaller round?***

Regarding the present 5+1 negotiating group Hungary is of the similar opinion: since there are differences in preparedness within this group too (see the Commission's country reports of last November) differentiation by the EU among these countries is not unlikely. According to speculations within the SSEI the whole process of Eastern enlargement might occur in waves embracing two-three countries at one occasion.

- ***Setting a target date for conclusion of first round of enlargement once agenda 2000 issues are settled (e.g. in Cologne or Helsinki)?***

As far as target dates (for conclusion of negotiations and gaining full membership) are concerned Hungary has already set one. According to the official working assumption Hungary could be a member upon 1/1/2002. This date had to be set in order to organize the preparatory work at all levels from legal harmonization to implementation. What the Hungarian side would like to ask for in Brussels is not the "guarantee" of accession by this date, but a clear timetable of events leading to the date of our entry. The Hungarian Foreign Minister hopes that the European Council in Helsinki will indicate a date for Eastern enlargement.

- ***Scope and time frame for derogations/transition periods. Which areas are particularly sensitive?***

Hungary, just like the other first round countries has started accession negotiations with the EU in April 1998 and since negotiation rounds go according to schedule the phase of screening the 31 chapters of the *acquis communautaire* can be completed by July this year. Parallel, the EU launched negotiations on terms of accession in November 1998, under the Austrian Presidency. These rounds allow the applicants to explain their arguments for derogations as laid down in the individual position papers, and the EU member states to formulate their common position.

The first so-called substantial negotiations took place last November when seven chapters were discussed. At that time Hungary asked for derogations among others in the field of telecom liberalization, of license protection for pharmaceuticals, and of lowering the value threshold of product liability. The second round of substantial negotiations is going to take place in July when, according to plans of the German Presidency, another eight chapters could be discussed.

As far as the content of the Hungarian position papers are public the following sensitive areas can be identified. In the field of customs union Hungary would like to keep some safe-guard measures vis-a-vis Russia, the Ukraine and Kazakhstan, and in the case of nine product groups (basic material for manufacturing included) Hungary would like to preserve the lower rates of duty. In the field of agriculture several derogations might be asked for. For example: after accession Hungary would like to further increase the live stock of cattle (used for meat and milk), and accordingly would like to invest into such capacities - while this could not be authorized by the EU. Derogations could be asked for concerning the quota of beef, diary products, cereals and oil seeds, and in the case of milk we would like to keep the 2,8% skimmed milk which does not exist on EU markets. Derogations will also be needed regarding animal health (e.g. the inner structure of slaughter houses), or buying land by EU citizens. Another important and sensitive topic is environment. Hungary will ask for a range of

derogations in this field including waste management (about which a new law should be passed), water quality, air quality and its measurement. With respect to free movement of services technical questions of insurance companies, investment protection on the capital market, mortgage, or lending institutions have already been discussed and left a lot of "homework" in Hungary. In the field of transport Hungary will need some technical derogations concerning aviation, road transport, railways and shipment, while the most sensitive area will be the liberalization of transport services. In this sector Hungary can only undertake a gradual liberalization. In the field of taxation too, Hungary would like to get some derogations including withholding tax (on dividends leaving the country), keeping the 0 rate of VAT (for more products and services than in the EU in general), or not increasing the excise duty of tobacco.

3. Shall the EU strengthen its pre-accession instruments?

- ***Increase pre-accession aid for agriculture and structural policies (SAPARD, ISPA), PHARE, etc.***

Concerning pre-accession instruments Hungary as a beneficiary of the pre-accession funds welcomed the decision taken in Berlin, where the final amounts were set. Thus an annual 1,56 bn. Euro will be available for the applicant countries in the framework of the PHARE program, 1,04 bn. will be provided through ISPA and 0,52 bn. through SAPARD. According to calculations by experts, next year Hungary might apply for 10% of the funds available, that is some 300 million Euro. This would at least triple our existing PHARE support. Thus calculations say Hungary would be eligible for roughly an annual 150 million Euro from PHARE, supporting mainly institutional development, 50 million from SAPARD for agricultural modernization and 100 million from ISPA for transport infrastructure and environment protection.

In close connection with these positive results the administrative background of using EU money shall be strengthened since there are always delays even with spending the PHARE funds, although there we already accumulated a nearly nine years experience.

4. *How shall the EU go on with Turkey, Cyprus and Malta? Are new initiatives necessary?*
6. *What is the position of your country's government on the*
 - *existing relationship between EU and Russia and EU and the Ukraine?*
 - *the future relationship, e.g. in view of developing a common strategy?*

Hungary of course cannot influence the EU's policy towards Turkey, Cyprus, Malta, nor Russia or the Ukraine. Hungary is primarily interested in balanced and good relations with both Russia and the Ukraine, the latter enjoying special attention because of neighbour-relations as well as the Hungarian minority living in the Sub-Karpathia. Hungary would welcome if the EU developed a common strategy towards the mentioned states.

7. *Looking at the debate on enlargement and EU-reform in your country what was the most striking observation or trend over the last 6 months?*

Looking at the debate on EU-accession over the last six months no significant events or phenomena could be cited. There are two reasons for this: first, accession negotiations are progressing well, according to time schedule, and without major problems. Second, since the end of March attention of the politicians, the media and the public has understandably turned to the Balkan crisis.

One could however mention that the so-called Communication Strategy of the Hungarian government about EU-accession has recently entered its second phase. That is: after dispersing basic information to the wide public, now provision of more specific information is focussed on different target groups. The third phase will start prior to the national referendum on membership, and will mean a kind of campaign.

COUNTRY REPORT POLAND

A. AGENDA 2000 /EU-REFORMS

1. *How are the results of the Berlin summit evaluated, by the government, informed public opinion etc ...*

- *in light of a more efficient and effective EU?*
- *in light of enlarging the EU ?*

For Poland, the special summit which took place in Berlin on 25th and 26th of March , was a very important event before final stage of negotiations on Poland's accession to European Union. Political will to accept the reform of Agenda 2000 opens the gate for enlargement to the East. The agreement defines, for the first time, the budget of the EU including accession of six countries, amongst them Poland.

The result of special summit was a great success of Chancellor Gerhard Schröder. Despite a very difficult political situation on the continent (the Kosovo war) and the fall of the European Commission in the middle of the March, the chief of German government managed to work out the compromise on the very difficult reform of the EU finances. The agreement has been reached at the price of giving up the national interest. The agreement also softens the previous plan of reforms within the Common Agriculture Policy (CAP), which for Poland could make joining the EU more difficult. Maintaining the direct subsidies at the current level would place Polish farmers in uncomfortable position towards Western competitors.

If the budget of structural funds remains at level of 213 billions Euro for next seven years it would not only be a success for Spain, but for Poland as well (continuing the principle of solidarity between 'the poor ones' and the 'rich ones'). The rest of the funds will help in restructuring industry and fighting the unemployment, but only 50% of costs of the project (but not more than 75%) will be financed from structural funds, which imposes on Poland the

necessity to mobilise as much for regional aid from its own budget as is received from Brussels.

The approval for Agenda 2000 is positive for Poland for two reasons. First of them is that organising the Union's finances will make it possible to focus on the project of Europe's enlargement and the institutional reform. The second reason is separating aid funds for member countries from aid funds for the candidates.

B. ENLARGEMENT PROCESS

1. *Has the general attitude towards enlargement or accession (inside the government, public opinion) changed over the last six months?*

At the beginning of 1999 the two reports on Poles' attitude towards European integration were published: by Public Opinion Research Centre (CBOS) and Public Opinion Research Centre (OBOP). Both surveys were carried out at the first week of December 1998 country-wide with the difference of age of the interviewees between the two polls (OBOP examined people starting from 15- year – old, the survey by CBOS covers the group of people over 18). This difference is very important, especially while comparing the results – it underlines the structure of education, professional position, level of general knowledge, etc.

The surveys show that the support for the accession of Poland to the EU remains steadily on the level of 55% - 65%. We can observe the majority of supporters of Poland's accession to EU over opponents but during last two years (May 1996 – May 1998) the number of supporters decreased, and the percentage of

undecided went up. In a potential referendum only 19 % of interviewees would vote against the accession. The attitude towards integration depends on basic factors of social identity like: age, education and financial condition.

Acceptance for integration grows along the size of place of living; in potential referendum we can expect 81% inhabitants of cities over 500.000, who would vote for joining EU, while in villages only 52%.

With regard to age, the group of those who most often would vote for integration are people under 24, and against – people between 25 to 34.

The relation between readiness to vote for integration and the level of education is not so rectilinear as in previous years; it is not growing simply alongside the level of education. At

present the willingness of voting in favour of integration with the EU is declared in the first place by people with secondary education (76%), not by people with university level degrees (their support is about 70%).

As far as professional groups are concerned we can observe the highest amount of opponents among farmers, and supporters among those, whose job is partly white-, partly blue-collar, self-employed and managers.

The attitude towards integration has its political dimension as well although it is less drastic. More people with right-wing orientation declare support for integration than with left-wing one. The difference is not big except for supporters of Polish Peasants Party who are mostly farmers (see Table 1).

Table 1.

Potential electorates of political parties	If the referendum on Poland's accession to EU would be held at present, would you vote:		
	<i>for Poland's accession to EU</i>	<i>against Poland's accession to EU</i>	<i>Difficult to say</i>
Freedom Union (UW)	82	12	6
Solidarity Election Action (AWS)	74	14	12
Left Democratic Alliance (SLD)	73	19	8
Polish Peasants Party (PSL)	51	36	13

source: survey by CBOS, January 1999

We can perceive as very positive the growth of social interest in European integration as 70% of interviewees (OBOP source) declares their participation in potential referendum regarding the issue, and majority amongst them would vote for integration.

In both reports we can notice the tendency to defer the date of Poland's accession to the EU, which should be preceded – in the view of the interviewees - by longer term of modernisation of the economy (CBOS 1999). Support for option considering modernisation of the economy before joining EU dominates in almost all social groups (see Table 2).

Table 2.

In your opinion Poland:	RESULTS (by date)					
	CBOS			OBOP		
	<i>04.97</i>	<i>08.97</i>	<i>12.98</i>	<i>01.97</i>	<i>05.97</i>	<i>12.98</i>
Should we first restructure the economy and only then try to get to the EU?	48	43	50	-	-	-
Should we try to join the EU but without special rush?	-	-	-	54	51	55
Should we access the EU, because this will accelerate modernisation of the economy?	40	39	34	-	-	-
Should we get the access to the EU as soon as possible?	-	-	-	34	31	27

source: survey by E. Skotnicka – Illasiewicz on "Social attitude of Poland's membership into EU", January 1999

We can observe the growing criticism in evaluation of the relations between Poland and the European Union. At the beginning of last quarter of 1998, 39% of interviewees claimed that EU's benefit is higher than Polish; 30% see them as equal and only 7% is convinced that the relations are profitable mainly for Poland. Most of the interviewees think that there is no alternative solution but integration with the EU (source: CBOS).

2. *Looking at the debate on enlargement and EU-reform in your country what was the most striking observation or trend over the last 6 months?*

Non-compliance of newly – passed legislation with European Union Law (vide: Radio & Television Act).

COUNTRY REPORT SLOVENIA

A. THE ENLARGEMENT PROCESS

1. *Has the general attitude towards enlargement or accession (inside the government, public opinion) changed over last six months?*

The general attitude of the government of Slovenia towards the accession to the European Union (EU) has not changed significantly during the last six months.³¹⁸ According to the *Strategy of the Republic of Slovenia for Accession to the European Union*,³¹⁹ the aim to complete all the preparatory activities for the full EU membership (harmonization with the *acquis communautaire*) by the end of 2002 is still in place. The full EU membership has been formally set out in the *Foreign Policy Strategy of the Republic of Slovenia* as one of national priorities.³²⁰ At the time of writing this report, the *Foreign Policy Strategy of the Republic of Slovenia* is still under the second reading in the National Assembly.³²¹

Party level

At the party level, we do not see any major changes in terms of perception of the prospects of a full membership of the Republic of Slovenia in the EU either. The major governmental party – the Liberal Democracy of

Slovenia (LDS)³²² continues to be favourably disposed towards the membership. The similar attitude can be discerned from the views expressed by other major political parties (*i.e.* the Slovene Peoples' Party – SPP, the Social Democratic Party of Slovenia – SDSS, the Slovene Christian Democrats – SCD, and the United List of Social Democrats – ULSD).³²³ Thus, all the important political actors in Slovenia are in principle pro-European, as it were. They see the full EU membership of the Republic of Slovenia as beneficial and therefore an important foreign policy goal.

Nevertheless, it would be unfair to say that there are no critical observations in Slovenia (observations which may, of course, easily turn to Euro-scepticism) with respect to prospects of a full membership in the EU. By way of introducing this debate, it can be observed that this is not a surprising development at all. As people say, the devil is in details, and so the more actors in Slovenia are acquainted with the EU and its characteristics, the more questions are being raised.

Furthermore, we notice a kind of 'search-for-alternatives' attitude (*e.g.* would the EU really represent a better option for the development of Slovene economy?); furthermore, the so-called sectoral concerns are beginning to be more present in political discussions (*e.g.* would the EU really serve the Slovene agriculture and those employed in this sector?).³²⁴ Looking from a comparative perspective, these phenomena do not stand out as unique in the overall enlargement process. Similar trends

³¹⁸ The information acquired for the purposes of this report is based *inter alia* on interviews with government officials, officials of main political parties in Slovenia, and members of the parliament of Slovenia (hereafter referred to as the National Assembly). Such sources will be noted in footnotes where applicable.

³¹⁹ EPA 371-II, *Poročevalec drzavnega zbora Republike Slovenije* [The Reporter of the National Assembly of the Republic of Slovenia], Nos. 48 and 48/I, 1997, and No. 4, 1998. The National Assembly took note of the strategy at its 8th session (26 February 1998).

³²⁰ *Report of the Ministry of Foreign Affairs 1998* (Ljubljana: Ministry of Foreign Affairs, 1999), p. 92.

³²¹ EPA 1167, *Poročevalec ...* [Reporter ...], No. 23, 1998.

³²² Interviews with members of the National Assembly, Ljubljana, April 1999.

³²³ Written answers of the officials of the above-mentioned national parties; interviews with parties' members, Ljubljana, April 1998.

³²⁴ Interviews with members of the National Assembly, Ljubljana, April 1999.

could be or have been observed during the accession processes of other newer member-states of the EU.³²⁵ Hence, the government and specifically the LDS as the major political party³²⁶ do not appear to view the possibility of a kind of U-turn at the Slovene political scene towards Euro-scepticism as a realistic prospect or a trend at this point.

One other aspect worth noticing is that all five major political parties express some concern about the potential loss of identity of Slovenia when the latter becomes the member of the EU. This concern, however, tends to be more accentuated in the right-wing part of the Slovene political setting.³²⁷ Nevertheless, the question of identity may become an influential factor in the Slovene political setting if the political discussion turns to further (substantial) compromises Slovenia might need to agree upon during the negotiations.

Government position

One the government level, a sense of realism about the negotiations is present. Sometimes the relationship between the aspirant – Slovenia – and the EU is compared to the process of joining a golf club, which, too, has its rules ('*acquis*'), which the aspirant needs to adapt to.³²⁸ However, observations have been made³²⁹ that even the fact that Slovenia could be ready for the EU membership within the set time-limits might not be enough to actualize the accession, since the EU itself would need to prepare for the enlargement. The government sees the Berlin conclusions (25 March 1999)

³²⁵ Special issue on the first experience of the three new member-states. *Journal of International Relations and Development*, Vol. 2, No. 2, 1999, forthcoming.

³²⁶ Interviews with members of the National Assembly, Ljubljana, April 1999.

³²⁷ This part of the analysis is based on the analysis of political parties' programmes. See also Zlatko Sabic and Milan Brglez: "State's smallness and identity in the process of accession to the European Union: the case of Slovenia", paper prepared for the Fourth Convention of the Association for the Study of Nationalities, New York, 15-17 April 1999.

³²⁸ *Some key points to be considered regarding the process of accession to the European Union* (mimeo).

³²⁹ Interviews with government officials, Ljubljana, March and April 1999.

as an important step towards the realization of the *Agenda 2000*, implementation of internal reforms within the EU, and provision of necessary financial means for the enlargement. Still, these steps might not prove enough for any enlargement in the near future. The reforms relating to the Common Agricultural Policy (CAP) have been expressly mentioned in this regard.³³⁰ Furthermore, the costs of enlargement and institutional reforms have also been mentioned.³³¹ It is the feeling in the government circles that the current EU member-states will need to do more if the next enlargement is to become possible soon after the year 2002, and if all the candidate states from the first group are to be included.

On the whole, however, the government remains determined to see Slovenia among the group of countries accepted in the next round of the enlargement. The government would seem to hope that the EU would preserve the currently existing individual approach to the candidate states.³³²

Public opinion

The public opinion in Slovenia about the prospects of an EU membership has remained largely the same. The public continues to yield support to the government's efforts for a full EU membership. The very critical (though realistic from the analytical perspective) annual report of the European Commission in November 1998 had a temporarily negative effect to the said support, however. The reaction of public opinion, as reported by the Slovene media, was measured by a slight decline in the relative number of those supporting the Slovene membership in the EU.³³³ Interestingly

³³⁰ Interviews with government officials, Ljubljana, March and April 1999.

³³¹ Interviews with government officials, Ljubljana, March and April 1999.

³³² We were unable to find out whether the dilemma with such an approach has been much discussed in the governmental circles; namely that by taking the avenue of an individual approach, the (individual) negotiation positions of candidate country might be worse off compared to the negotiation position of the EU.

³³³ According to Jelko Kacin, the chairperson of the Parliamentary Committee of International Relations

enough, the (emotional) issue of the Lippizaner horses³³⁴ turned out to be less influential on the public opinion, although the mass media widely covered the developments concerning this issue.³³⁵ Such response is very much in line with the government's expectations. The government feels that emotional responses might turn counterproductive and could weaken the negotiating position of Slovenia; constructive criticism is the avenue that should be opted for, and may in fact even yield better results from Slovenia's point of view.³³⁶

The results about the developments in the Slovene public opinion, produced by the Centre for the Research of Public Opinion and Mass Communications at the Faculty of Social Sciences confirm the thesis about the generally positive attitude of the Slovenes towards the prospects of becoming part of the EU membership.³³⁷ The survey conducted in the end of November 1998 on the sample of 1,012 citizens of the Republic of Slovenia shows a 61.7 % support for the Slovene membership in the EU. The survey shows that 17.4 % oppose the membership, and 20.9 % remain undecided about the matter.

The research has gone into detail about what the Slovenes expect from the full membership in the EU. The positive expectations have been associated with - in this order - the road con-

struction, industrial progress, building of democracy, higher standard of living, lowering of commodity prices, labour rights, working opportunities, and job security.³³⁸ As for negative expectations, the public opinion poll anticipates that Slovenia would be worse off in the fields of agriculture, and health protection. As for issues of potentially significant political importance such as the independence of the state, and the potential influence of the EU membership on the Slovene language and culture, the Slovene public has remained divided³³⁹ on whether there would be positive or negative developments for Slovenia.³⁴⁰ The public shows a tangible division of opinions also when it evaluated the conditions for the EU entry. Indeed, the relative majority of the Slovenes (43.6 %) evaluate these conditions as equal to those other candidate countries would need to meet. However, 32.1 % of those interviewed in the research felt that the accession conditions for Slovenia are worse than for the other member-states.³⁴¹ That the terms of accession

(*Delo*, 16 December 1998, p. 2), the support declined from 59.2 % to 53.3 %.

³³⁴ The problem emerged because of the bilateral agreement between Austria and Italy concerning the keeping of breeding books for these horses, which because of their origin are considered an essential component of the Slovene national identity.

³³⁵ Thus the latest public opinion survey, conducted by *Delo-Stik* on the basis of telephone call of 719 respondents, discovered that 62.9 % of respondents support the Slovene accession to the EU, 17.1 % oppose it, while 20 % of respondents remain undecided or don't know (*Delo*, 30 April 1999, p. 1). For more on the contending issue of the Lippizaners see *infra*, the answer on the question number 7.

³³⁶ Interviews with government officials, Ljubljana, March and April 1999.

³³⁷ Main results are accessible in *Parlamentarec* [The Parliamentarian], Vol. 4, No. 1, 1999, pp. 7-10 (http://www.sigov.si/dz/en/publikacije/publikacije_main.html).

³³⁸ From the government's point of view the Republic of Slovenia will enjoy a variety of benefits from the full membership. For instance, in historic, cultural and geographic terms, Slovenia will become a part of family of 'European' nations; Slovenia will have its say in decision-making; it will enjoy greater security; the EU market will become open for Slovene products, *etc* (interviews with government officials, Ljubljana, March and April 1999).

³³⁹ *I.e.*, the percentages of those who have negative expectations and those who have positive expectations are roughly the same.

³⁴⁰ One has to bear in mind the specificity of the Slovene situation regarding the mentioned positive expectations. Namely, there exists quite a resemblance (and even the exceeding) of positive expectations of the Slovene public opinion *vis à vis* the possible membership in the EU to that accompanied the positive expectations about the possibilities of the independence of the Republic of Slovenia in 1990 and 1991. See Mitja Hafner Fink and Samo Uhan: *Staliska Slovencev do vkljucevanja v EU: končno poročilo* [Attitudes of the Slovenes toward the accession to the EU: final report] (Ljubljana: Centre for the Research of Public Opinion and Mass Communications, 1997), p. 45.

³⁴¹ This feeling may have its foundations in the developments of 1996, when Slovenia subscribed to the so-called Spanish Compromise with Italy. This agreement effectively removed the Italian blocking of the progress on ratification of the Europe Agreement

set for Slovenia are better compared to other candidate countries is the view of 7.6 % of respondents, whereas 16.7 % of them remained undecided.

2. As to the continuation of the accession and negotiation process: Which positions can be identified on:

- ***Inclusion of successful candidates like Slovakia, Latvia, Malta etc. in first wave (when, and which countries)?***

Slovakia

The government as well as all the main political parties³⁴² believe that Malta and Slovakia have the best chances to be included among the countries which could enter the negotiations with the EU, with a view to becoming part of the first wave of the enlargement. Slovakia, which recently got the new, more pro-European and democratic government of Mikulas Dzurinda, has demonstrated its will to become a candidate to be seriously considered for the EU membership. This determination and subsequent efforts were already praised by several European institutions, such as the Enlargement Task Force of the European Parliament. The European Commission also emphasized some good achievements of the Slovakia in its report on the progress of the applicant countries, issued in November 1998. Slovakia's four party coalition government seems determined to tackle a number of issues urgently, ranging from holding presidential elections and introducing new laws on minority rights to tackling irregularities in the privatization process under the previous government

between Slovenia and the EU (the agreement was initialised in 1995). Yet, the very course of negotiations themselves certainly did not contribute to the feelings of the Slovenes about being treated as equal partners in the negotiations with the EU and its member-states respectively.

³⁴² Interviews with government officials, Ljubljana, March and April 1999; interviews with members of the National Assembly, Ljubljana, April 1999.

and cleaning up rules on aid to struggling state-owned enterprises.

Malta

Malta may have even better chances to make its way into the first wave of applicants. Economic and political figures of the country have never been problematic – they are in fact better than those of the five first wave candidates (Poland, the Czech Republic, Hungary, Slovenia and Estonia). However, the open issue so far has been the Maltese political commitment to become the EU member. Three years ago the Labour government suspended Malta's formal application for the EU membership. Some respondents³⁴³ argue that Malta's EU membership would be extremely important to the ongoing Euro-Mediterranean dialogue. On the other hand, the government and the main political parties are more sceptical about possible inclusion of Latvia in the first wave group, though they acknowledge its recent rapid economic progress.

Whether the aforementioned countries will actually be among the first to be admitted to the EU is a question which cannot find a definite answer at this point. According to some estimates,³⁴⁴ they almost certainly will not be EU-members in the post-2002 enlargement (if it takes place), but they could enter after 2005.

- ***Stronger differentiation among the first wave countries, weaken parallelism of bilateral negotiations and go ahead with better performing countries?***

The government of Slovenia and main political parties believe that the differentiation among the first wave countries in terms of their ability to join the EU is not only feasible, but also highly desirable. They emphasize that the only criteria for the EU accession should be political

³⁴³ Interviews with government officials, Ljubljana, March and April 1999.

³⁴⁴ Interviews with members of the National Assembly, Ljubljana, April 1999.

and economic preparedness of each candidate state. The Slovene government stresses that the EU has decided to accept approach of differentiation. Namely, at the recent meeting of the European Council in Berlin, the decision was made to adjust negotiations to each first wave candidate on the basis of its actual capabilities to meet the conditions for membership set by the EU.

However, some fear that the final decision about the first wave of the enlargement might be a political one, based on historical, strategic and similar 'criteria'. It has been held that if political criteria prevailed in such a decision, this might have negative consequences for those candidates, which, while not being 'politically eligible', could in fact be better prepared to deal with challenges of the EU membership.³⁴⁵

- ***Will/shall all "5+1" countries join at the same time or only a smaller round?***

According to the estimates of the government of Slovenia,³⁴⁶ there will be more than six existing "first-rounders" after the European Council in Helsinki. But more important than the question of number of states to be classified in this manner, is the question when and how the EU itself will be ready for the next enlargement. The answer to these two questions will determine how many candidate countries will be in a position to join. Slovenia indeed supports the process of enlargement, which includes all state-candidates, and whose ultimate purpose is a 'Europe without borders'. At the same time (and, as already indicated, at least from the analytical perspective somewhat ambiguously) there is an endorsement of individual approach to determine the eligibility of candidate countries to join the EU. The latter view is based on the assumption that the effective and efficient working of the EU will be possible only if a comprehensive preparation

for the enlargement is undertaken on both sides – the membership candidates and the EU institutions and its current member-states respectively. There is a clear awareness in the government that the decision about the enlargement is likely to be predominantly political. Still, it is believed the actual number of states accepted (in the first round) should depend on the two necessary preconditions that each candidate country should fulfil. First, it should be able to implement the majority of the *acquis*, and second, it should be able to compete on internal EU market and economically speaking also survive the competition.³⁴⁷

- ***Setting a target date for conclusion of first round of enlargement once agenda 2000 issues are settled (e.g. in Cologne or Helsinki)?***

Both the government and the main political parties believe that setting a target date would be highly desirable, not only from Slovenia's point of view, but indeed from the point of view of all candidate countries.³⁴⁸ Setting a target date would positively influence the entire process of preparation of candidate states for the EU membership. It would furthermore accelerate the adjustments and send a positive message to the publics of the applicant states. In addition, it would create a sort of orientation point for the governments of the candidate states and finally, it would prevent any kind of subjective (arbitrary) delaying by the EU. Again, however, political actors in Slovenia remain realistic; they stress that there will probably be no enlargement until the EU and its member-states find solutions to its/their internal problems.

³⁴⁵ Interviews with members of the National Assembly, Ljubljana, April 1999.

³⁴⁶ Interviews with government officials, Ljubljana, March and April 1999.

³⁴⁷ *Some key points to be considered regarding the process of accession to the European Union* (mimeo).

³⁴⁸ Interviews with members of the National Assembly, Ljubljana, April 1999; interviews with government officials, Ljubljana, March and April 1999.

- ***Scope and time frame for derogations/transition periods. Which areas are particularly sensitive?***

Until end-March 1999, Slovenia has submitted negotiating positions for fifteen out of thirty-one negotiation chapters to the European Commission (see the table below). In its fifteen negotiating positions, Slovenia requested three transitional periods and one derogation.

Free movement of goods

In the chapter on free movement of goods, Slovenia requests a transitional period of five years starting on the date of foreseen accession to the EU (lasting until 31 December 2007) as regards the implementation of the *acquis* on pharmaceuticals for human use relating to the provisions of Directives 65/65/EEC and 75/319/EEC and Regulation 2309/93 and related regulations. The transitional period is necessary to ensure that Slovenia's pharmaceutical industry is granted a consistent transition permitting harmonization with the requirements of the *acquis* in the way interpreted by the European Commission. The argumentation goes as follows:

According to the interpretation of Slovenia, the requirement for the harmonization of marketing authorization procedure and harmonization of the contents of the documentation on the basis of which a medicinal product is evaluated will only apply to pharmaceuticals entering the Slovene market after the adoption of the *acquis*. A renewal of marketing authorization will not be possible without the documentation that is in line with the provisions of the *acquis* relating to the renewal of marketing authorization.

The Commission expects that by the time of EU accession a holder of a marketing authori-

zation submits not only the data required for renewal of a marketing authorization but a complete primary documentation, revised in line with the criteria of the *acquis*, which was submitted for initial assessment of a pharmaceutical and was in line with regulations applying at that time. Slovenia considers this as a requirement with retrograde effect, which goes beyond the obligations deriving from the adoption of the *acquis*. To meet this requirement, which is an enormous administrative, professional and financial project, Slovenia needs a transitional period of five years starting on the foreseen date of accession to the EU. To complete this revision by the date of EU accession is beyond the ability of Slovenia's pharmaceutical industry. The renewal of marketing authorization is a five-year cycle. The domestic pharmaceutical industry needs two cycles of renewals of authorizations to carry out the required revision in two parts, following its priority list.

According to the interpretation of the Republic of Slovenia, the requirements relating to a complete revision of an initially submitted documentation and explained as necessary to enable the principle of the free movement of goods do not apply to national registrations (pharmaceuticals which are not sold in more than one Member State) because in this event the free movement of goods principle does *a priori* not apply.

It is not before full accession to the EU that the Slovenia's pharmaceutical industry will be able to be directly involved in the procedures of mutual recognition of marketing authorizations with an aim to ease the access to the EU market and will therefore use the transitional period for gradual adaptation.

Table: Main features of Slovenia's negotiating positions submitted until end-March 1999

CHAPTER	TRANSITIONAL PERIODS AND DEROGATIONS ¹	APPROXIMATION OF LEGISLATION	INSTITUTIONS
1. Free Movement of Goods	Five-year transitional period requested in the field of pharmaceuticals for human use and a derogation in the field of dangerous substances	Partly in conformity	Reinforce existing institutions and establish new ones
5. Company Law	Not requested	Largely in conformity	Satisfactory
6. Competition Policy and State Aid	Not requested	Partly in conformity	Reinforce existing institutions and establish new ones
8. Fisheries	Not requested	Partly in conformity	Reinforce existing inst.
12. Statistics	Not requested	Largely in conformity	Reinforce existing inst.
15. Industrial Policy	Not requested	In conformity	Satisfactory
16. Small and medium-sized companies	Not requested	Largely in conformity	Satisfactory
17. Science and research	Not requested	In conformity	Satisfactory
18. Education, Training and Youth	Not requested	In conformity	Satisfactory
19. Telecommunications and Information Technologies	Not requested	Partly in conformity	Adjust the existing independent regulative institution
20. Culture and Audio-Visual Policy	Two-year transitional period requested to implement quotas for European products and works of independent producers in broadcasting programmes	Partly in conformity	Reinforce existing inst.
23. Consumers and Health Protection	Not requested	Partly in conformity	Reinforce existing inst.
25. Customs Union	Transitional period for harmonisation with the <i>acquis</i> related in its content to adopting a transitional period for chapter 26	Largely in conformity	Reinforce existing inst.
26. External Relations and Development Aid	Ten-year transitional period requested to maintain a trading regime with countries of former Yugoslavia	Largely in conformity	Reinforce existing inst.
27. Common Foreign and Security Policy	Not requested	Partly in conformity	Satisfactory

Source of data: *Slovenian Economic Mirror* 2/99, p. 4 (Negotiating Position Papers of the R of Slovenia). **Note:** ¹ transitional period from the date of accession to the EU.

In the chapter on free movement of goods, Slovenia requests derogation from the *acquis* in the field of dangerous substances (Directives 76/769/EEC and 79/117/EEC). Slovenia requests a derogation in the sense of a right to retain the existing stricter requirements on the territory of Slovenia concerning the prohibition of the use of the following chemicals or pesticides: atrazine, chlorpicrin, methylbromide, paraquat, 2,4,5-T and carbon tetrachloride. As regards atrazine, Slovenia wishes to retain the general ban on the trade and use of one-component preparations on the basis of pure active atrazine substance and ban on the use of preparations in which atrazine is one of the component parts, in the water-protected areas. As regards other dangerous substances, Slovenia wishes to retain the ban on the trade and use of these substances.

The argumentation for the derogation goes as follows: Slovenia cannot agree to accept health and environmental standards in this field that are lower than those achieved so far. Slovenia constantly endeavours to reduce the use of pesticides and other dangerous substances: (i) the *Law on Trade in Poisons* of 1991 prohibited or strictly limited the use of some pesticides and other dangerous substances; (ii) the Decree issued by the Health Minister in 1996 further prohibited or limited the use of pesticides; (iii) the *Law on the Health Protection of Plants* of 1994 contributed to greater concern about the rational use of pesticides; (iv) the assessment of the risks of pesticides to man and the environment is in accordance with the *Law on Trade in Poisons* and is under the responsibility of the Ministry of Health. The health and environmental policy of Slovenia adheres to the principle of replacing chemicals that are more dangerous by the less dangerous ones. As regards the above-mentioned chemicals, less threatening alternatives are available. The argument for the prohibition and limitation of the use of the above-mentioned pesticides or chemicals is founded on the toxic and eco-toxic

reaction of such pesticides in the Slovene environment. This environment is extremely vulnerable in the ecological sense, with around 46% of the Karst being very porous terrain; and with most Slovene water supplies coming from groundwater and Karst water sources. In other words, given the fact that 57% of the users of public water-supply systems obtain their drinking water from groundwater sources and 38% from Karst sources, and only 5% from surface and other sources, and that public systems provide water to 75% of the population, the concern about the use of dangerous substances is a highly legitimate one. It should also be borne in mind that due to generally unfavourable natural conditions for agriculture in Slovenia - around 70% of the land has less-favoured conditions for agriculture (relief diversity, high altitudes, climate and pedology conditions, remoteness, *etc.*) - intensive agriculture in Slovenia is only possible on the plains, with mostly sandy soils and groundwater reservoirs. Another factor contributing to the prohibition and limitation of the use of dangerous chemicals was the results of monitoring of pesticides and other chemicals in the water sources. Additional factor of increasing importance as regards the limitation of the use of pesticides in the environment is the concern for the preservation of bio-diversity, which is still very high in Slovenia, again because of the national use of dangerous substances.

Culture and audio-visual policy

In the chapter on culture and audio-visual policy, Slovenia requests a two-year transitional period – starting on the actual date of Slovenia's accession to the EU – to implement the Directive 89/552/EEC related to quotas for European products and works of independent producers in broadcasting programmes in the audio-visual sector. The argumentation goes as follows: Since, above all, in the programmes of private TV stations non-European programmes prevail, the foreseen enactment of the mentioned quota will significantly affect the programme pol-

icity of TV stations. Due to the present economic underdevelopment of the independent production sector in Slovenia, the enforcement of quotas will require the introduction of special promotional measures for the development of this sector. Given the existing situation in this sector, the normative approximation to the criteria will call for additional structural adaptation, and consequently for certain comprehensive interventions in the sector. The independent production sector in Slovenia has only started to develop recently. Its main actors are various types of legal entities whose main interest is not so much economic as it is their creative aspiration. Regardless of their present legal status, these entities are, as a rule, economically weak and, as such, limited in their production plans. Besides, they largely depend on public funding and receive orders mainly from the national TV station, given the fact that private TV stations only rarely decide to include works of independent producers in their programmes, which are dominated by cheaper and – for their target population – more attractive non-European production. Even after the introduction of special promotional measures, the strengthening of economic development and thereby competitiveness of this sector will only be a gradual process, which will also depend on specific circumstances in which the sector operates. Apart from only short existence of private TV stations and the general economic situation in Slovenia, which in fact hampers any faster development of independent production and its more propulsive entering of the television programmes, the process of structural adjustment will also be held back by the only limited private capital market as well as a limited language domain for which independent production is designated.

External relations and development aid

In the chapter on external relations and development aid (and related to chapter on *Customs Union*), Slovenia requests transitional period of ten years from the internally

estimated date of accession to the EU in order to retain the preferential trade regime with some countries that emerged on the territory of the former SFRY (Croatia, FYROM and Bosnia and Herzegovina). The argumentation goes as follows:

The results of a comparative analysis of the trade regime in the EU and in Slovenia, the screening, and the analysis of economic cooperation with countries that emerged on the territory of the former SFRY have shown that the adoption of the arrangements applying to relations between the EU and its Member States on the one hand and the countries that emerged on the territory of the former SFRY on the other hand would cause significant economic difficulties for Slovenia upon accession to the EU.

The EU has concluded with FYROM an asymmetric, preferential Agreement on Trade and Co-operation, Agreement on Trade in Textiles, Financial Protocol and Transport Agreement. In 1996, FYROM became beneficiary of the PHARE programme. The EU grants preferential treatment to Croatia and Bosnia and Herzegovina in accordance with the preferential regime that was in force in relations with the former SFRY. Bosnia and Herzegovina is included in the OBNOVA Programme and the PHARE programme. As of 1 January 1998, the EU withdrew preferential status from the Federal Republic of Yugoslavia for violations of basic human rights and fundamental freedoms, for violation of the democratic principles and the rule of law and for political violence. Croatia and the Federal Republic of Yugoslavia are not included in the PHARE programme, although Croatia participates in the OBNOVA Programme.

Slovenia has signed an asymmetric Free Trade Agreement with FYROM and has completely abolished customs duties on the imports of industrial products originating in FYROM. On the other hand, it is envisaged that FYROM will dismantle customs duties for imports of industrial products originating

in Slovenia by the end of 1999. The liberalization of trade in agricultural and processed agricultural products is limited to customs quotas, within which Slovenia and FYROM grant each other a "free" customs duty rate.

Slovenia has signed a symmetric Free Trade Agreement with Croatia, which foresees dismantling of customs duties for industrial products by the end of 2000. The liberalization of agricultural and processed agricultural products is limited to concessions in the form of customs quotas, mutually granted by Croatia and Slovenia.

Trade with Bosnia and Herzegovina is based on the 1997 Agreement on Economic Co-operation. Talks are under way on the possibility of gradual liberalization of trade between the Slovenia and Bosnia and Herzegovina, the said liberalization being in line with the evolutionary clause contained in the Agreement on Economic Co-operation between the two countries and in the spirit of the Joint Declaration of the Republic of Slovenia and the EU on Article 35 of the Europe Agreement. Slovenia currently grants unilateral preferences to Bosnia and Herzegovina for industrial products. Slovenia is also playing an active role as a donor in the restoration of Bosnia and Herzegovina.

The Slovene trade regime with these countries is more favourable than the EU regime, and promotes mutual economic co-operation and development. The development of close economic ties among some of the countries that emerged on the territory of the former SFRY was agreed upon in the Joint Declaration on Article 29 of the Interim Agreement and the Joint Declaration on Article 35 of the Europe Agreement. Therefore, Slovenia expects that during the transitional period strengthening and expanding of co-operation between some of the countries that emerged on the territory of the former SFRY and the EU, in the context of a more favourable trade regime, would take place.

Slovenia recognizes that a permanent derogation from Article 113 of the Treaty of Rome could have a negative impact on the implementation of the Common Commercial Policy and on the functioning of the internal market. Thus, it requests a transitional period of ten years from the internally estimated date of accession to the EU with gradual transition to the Community regime.

Slovenia substantiates the need for the proposed transitional period on the basis of the following arguments:

- These countries are traditionally important trading and economic partners of Slovenia. In 1997, they accounted for approximately 15 per cent of Slovenia's exports and around 7 per cent of Slovenia's imports, which means that this group of countries is among the most important trading partners of Slovenia, preceded only by the Member States. Consequently, the immediate adoption of the EU trade regime, applicable to these countries, would cause a significant decrease in GDP.
- The largest share of exports to these markets is contributed by the textile, chemical, and food-processing industry; these are some of the most important production sectors in Slovenia. A large quantity of processed agricultural products is exported to these markets, and an immediate abolishment of the current trade regime would cause additional pressure on the Slovene agro-food industry.
- The relevant statistical data also shows that after the end of the war in this region and the signing of the economic agreements, trade between Slovenia and some of the countries that emerged on the territory of the former SFRY began to grow again as a result of the familiarity with business conditions, personal contacts and traditional ties, and the interest of both sides in co-operation.

- There is still a considerable amount of Slovene property in these countries. The market value of the total business assets of Slovene legal entities as of 31 December 1992 was estimated at SIT 318,872 million (XEU 3,035 million), and non-business assets were estimated at SIT 2,396 million (XEU 228 million).
- Better trade relations between the Republic of Slovenia and the countries that emerged on the territory of the former SFRY and their intensification make it easier to resolve other issues which have remained unresolved since the disintegration of the former SFRY. The development of trade also helps stabilizing situation in this region, which is a matter of wider concern for the international community and to its benefit.

Taking on the EU *acquis* immediately would cause significant economic difficulties in Slovene industry and it would also not contribute to a liberalization of trade flows in the broader economic area and to the achievement of economic and political stability on the Balkans. The aforementioned transitional period would not present any difficulty for the EU from the point of view of "origin of goods" because these countries are not included in the system of diagonal cumulation of origin.

Apart from chapters in which Slovenia has requested derogations/transition periods, among the first fifteen submitted negotiating positions, particularly sensitive seems to be the chapter on *Competition and state aids*, especially in its *state aids component*. Slovenia uses various ways of state aids, some of them are in conformity with the state aid principles applied in the EU, whilst some, such as aids earmarked for regular operation, are in the EU in principle not permitted. Slovenia will gradually reduce the programmes, which imply improper ways of using state aids and replace them with programmes, which are in line with the rules of

the EU. By the estimated date of accession to the EU – 31 December 2002 – Slovenia will use state aids in a way fully in conformity with the provisions, standards and principles of the EU. Nevertheless, as for the application of the Articles 92 and 93 of the Rome Treaty, Slovenia expects that its special circumstances and needs will be properly considered and that it will be allowed to use state aids also for solving other pressing problems of economic restructuring. Labour intensive sectors (textile and footwear manufacture) and steel industry are the sectors which currently have the most serious restructuring problems.

Although Slovenia is a functioning market economy which has achieved, in the period from the beginning of transition, a series of successful accomplishments as regards its economic development, it is still undergoing a very demanding process of transition to a developed market economy. It is carrying out, and this will continue by the time of actual accession to the EU, comprehensive restructuring programmes of the existing economic structure, which remains unadjusted to market conditions and free competition. Slovenia's economic development in the 1990s has been characterized by transition economic depression (which began in the late eighties), macroeconomic stabilization, and restructuring. In Slovenia, the transition depression has not been related only to transition to a market economy, but also to the problems of establishing a new state, transition from regional to national economy and the loss of the Yugoslav market. After 1991, a large part of Slovene exports were re-oriented from former Yugoslav to the EU market, which today absorbs almost two thirds of the Slovene exports. Despite the quick and relatively successful re-orientation of most of Slovene enterprises to exports markets, mainly in the EU, a large number of companies did not manage to do so, at least not sufficiently. These are companies that have not been privatized yet due to problems and losses, and remain part of the state restructuring programmes. They in-

clude the Slovene steel mills and a number of companies from labour intensive sectors.

Despite intensive processes of economic changes Slovenia's economy is still marked by: (i) relatively high importance of non-private ownership; (ii) unfinished process of enterprise restructuring – there are huge differences as regards profitability, investment intensity and new employment in favour of newly established and foreign companies which, unlike the privatized companies, have a well-established and clear ownership structure. This confirms that ownership in Slovenia has not yet become a proper incentive to restructuring (lack of strategic owners who would be the most active promoters in enterprise restructuring) and that, in this sense, Slovenia's economy is still rooted in the process of transition. The problems of restructuring and inappropriate industrial structure hit the most severely the textile and footwear sectors and steel industry.

3. Shall the EU strengthen its pre-accession instruments?

- **Increase pre-accession aid for agriculture and structural policies (SAPARD, ISPA), PHARE, etc.**

The amounts available through above-mentioned instruments would mean a substantial increase of financial support for all candidate countries, as well as for Slovenia. Unofficial estimates speak about 2-3 % of all funds allocated to Slovenia (out of 21 billion Euro for the period 2000-2006); 60 million Euro per year from PHARE, 20 million Euro per year from ISPA and 10 million Euro from SAPARD.

However, there is the conditionality behind all the aforementioned funds, which may cause some problems. Prompt, efficient and effective spending of pre-accession instruments could be beneficial and provide even additional financial support, since the flexi-

bility was also attached to the conditionality; but it may prove also that Slovenia would be unable to meet all the criteria for spending the funds already or potentially available to it.

4. How shall the EU go on with Turkey, Cyprus and Malta? Are new initiatives necessary?

There is a view in both the Slovene government and the main political parties³⁴⁹ that the relationship between the EU, and Turkey, Cyprus and Malta is important, but no specific views could be discerned whether any new initiatives are necessary. In particular, the relations between the EU, and the Cyprus and Malta seem not to require any new incentives from the EU side. These countries are vital to Euro-Mediterranean, Euro-Islamic, and Euro-African dialogues. At the same time, they are essential for security and stability in the entire Mediterranean.

On the other hand, two countries represent a part of the nut, which seems difficult to crack; Cyprus and Turkey. Turkey does not meet the accession criteria, set by the EU, and some other equally important criteria (in the field of human rights and fundamental freedoms) set by other European institutions (specifically, the Council of Europe). The question of Cyprus is also complex one. The country meets all the EU conditions and has already adopted 90 percent of *acquis communautaire*. Yet, at the same time the elementary political consent on joining the EU does not exist. Namely, the Cypriot Turkish community strongly opposes the accession of the country in the integration. Consequently, the only possible way to find a viable solution is to improve the existing relationship between the EU and Turkey.

³⁴⁹ Interviews with members of the National Assembly, Ljubljana, April 1999; Interviews with government officials, Ljubljana, March and April 1999.

5. *What is the position of your country's government on the*

- *existing relationship between EU and Russia and EU and the Ukraine?*
- *the future relationship, e.g. in view of developing a common strategy?*

As far as Russia and the Ukraine are concerned, co-operation between the EU and these two countries is necessary. Yet, it has been emphasized in the governmental circles that Russia and the Ukraine are specific countries with unique economic and political problems. Thus, at the present moment they suggest that it would be very difficult to upgrade their existent formal status. However, it is essential that Russia and Ukraine "are kept close – but not too close – to the EU".³⁵⁰ To find the right approach towards the two countries will certainly represent a challenge for the EU.

Within the above-mentioned considerations, a need for a special strategy is desirable. As far as the Slovene government and the main political parties are able to address the issue they will suggest a strategy, which will include and balance all the national diversity, capabilities, readiness for reforms and preparedness for Europeanization on the part of Russia and Ukraine.

6. *Looking at the debate on enlargement and EU-reform in your country what was the most striking observation or trend over last 6 months?*

Slovenia's delay in adjusting its legal system

The most worrying trend was Slovenia's delay in adjusting its legal system to European standards and subsequent measures to eliminate the existent shortcomings. This problem came high on the national agenda after the European Commission's regular

annual report on the progress of the applicant countries had been issued (4 November 1998). The report established *inter alia* that as regards the adjustment of its political, economic and social structures to the EU standards Slovenia had achieved almost no progress.³⁵¹

Because of the criticism from the Commission, an extraordinary session of the Slovene parliament was held and problems discussed. Some tensions within the government could also be observed. However, after the initial surprise in the public and strong criticism of the government by the opposition, a new strategy, which aimed at dealing with the delays in the legislative process and provided for acceptance of approximately 90 new laws until the end of 1999, was adopted by the government.³⁵² In addition, the Governmental Office for European Affairs got a necessary room for manoeuvre instead of being but a co-ordinative body. Bearing in mind also the successful passing of the *Law on the Establishment of Reciprocity*³⁵³ by the National Assembly and final entering into force of *European Agreement* (1 February 1999), the prospects that the aforementioned strategy receives the necessary political consensus and thereby expands the room for its imple-

³⁵¹ The following problems have been listed: the slowness of parliamentary and judicial procedures, stagnation of the internal market reforms (public orders, banking, insurance, company law, industrial products, monopolies), stagnation in the consolidation and privatization of banks, discrimination of foreign citizens concerning purchase of investment firms and management employment, anomalies in the state subventions (non-transparent system), delays in implementation of value-added tax, and weaknesses in the statistical system.

³⁵² "State Programme for the Incorporation of *acquis communautaire* of the European Union till the end of 2002", *Poročevalec* ... [Reporter ...], Nos. 11, 11/I, 11/II, 11/III, 11/IV, 1999. First reactions on the programme from the European Commission are positive, whereas the progress from the annual report issued in November 1998 was assessed as "appropriate" by the Accession Council (25 March 1999).

³⁵³ *Official Gazette of the Republic of Slovenia*, No. 9 -393/1999.

³⁵⁰ Interviews with members of the National Assembly, Ljubljana, April 1999.

mentation seem much higher than at the time of the issuing of the European Commission's annual report.

Duty-free shops

The second issue worth mentioning is the demand of the European Commission that Slovenia closes its duty-free shops. The gist of the problem is the interpretation of the Joint Declaration about the Article 94 of the *European Agreement*. The European Commission interprets it as a political commitment on the Slovene side to close the existing duty free shops on Slovene borders with the EU, ultimately expressing its willingness to prolong its fulfilment until 1 July 2000. The government of Slovenia took the restrictive interpretation, according to which its commitments have been already fulfilled since it was obliged only not to allow new duty free shops to be opened. Such an interpretation is also backed by a wide political consensus in Slovenia, supporting the view that duty free shops will be closed upon the accession into the EU.³⁵⁴

Lippizaner horses

As already mentioned, quite a lot of ink has been spent on the issue of the Lippizaner horses. The non-governmental organisation *Friends of Lipica* has been particularly active to increase the awareness in the Slovene public about the problem. The government of Slovenia reacted on the bilateral agreement between horse-breeding associations of Italy and Austria on keeping breeding books with a substantial delay, but did adopt an *Order on the Protection of the Geographic Name "Lipicanec"*.³⁵⁵ This move has been understood by the European Commission as a technical barrier

to the free trade; for the time being, this is still an issue of principle, though officially the issue is pending. Thus, the European Commission suggests negotiations involving all interested parties on governmental and non-governmental (technical) level.

Decline in awareness

Another interesting trend concerns what seems to be the decline in awareness of the Slovene public concerning the accession to the EU. According to the data provided by the Centre for the Research of Public Opinion and Mass Communications at the Faculty of Social Sciences³⁵⁶ at the end of 1998 only 49.3 % of respondents had enough information about the EU – rather less, compared with the surveys in 1995 – 60.7 %, and 1996 – 56.5 %. Good 44.7 % of the interviewed felt the lack of such knowledge (in 1995, the percentage was 34.4 %, and in 1996 34.3 %). This trend was noticeable despite the existing *Communication Programme*, which was part of the *Strategy of the Republic of Slovenia for Accession to the European Union*.³⁵⁷ It would seem that critical observations from the research community about *e.g.* the need to diversify the sources of information and media coverage and thus avoid possible negative consequences of ignorance about EU matters during the accession process still hold true.³⁵⁸ It should also be noted, however, that the more detailed and technical negotiations become, the more difficult it

³⁵⁴ "Additional Starting-Points for the Bilateral Screening in the Field of Taxation", *Poročevalec* ... [Reporter ...], No. 27, 1999. Also a majority of respondents supports such an option (50.3 %), while another 25.7 % suggests the delaying the decision as long as possible (*Delo*, 30 April 1999, p. 2).

³⁵⁵ *Official Gazette of the Republic of Slovenia*, No. 4 –195/1999.

³⁵⁶ See Main results are accessible in *Parlamentarec* [The Parliamentarian], Vol. 4, No. 1, 1999, pp. 7-10 (http://www.sigov.si/dz/en/publikacije/publikacije_main.html).

³⁵⁷ *Poročevalec državne zbornice Republike Slovenije* [Reporter of the National Assembly of the Republic of Slovenia], No. 4, 1998, pp. 77-78.

³⁵⁸ See, *e.g.*, Milan Brglez and Zlatko Šabic: "Cut the Story Short? The Attitude of the Slovenian Media towards Slovenian Membership in an Enlarged European Union". In *East meets West: the challenge of enlarging the European Union (Proceedings of the Fifteenth Annual Graduate Students Conference)* (New York: Institute of Western Europe, Columbia University, 1997), pp. 127-150.

will be for the general public to follow the whole process.

On the positive side, Slovene political actors and the public opinion do seem to understand the realities of the accession process. The attitude towards the EU-accession

is a favourable one. Slovenia gets to know the EU ever more, and the government should invest into making this acquaintance a mutual one. In this respect, we have noted the deepening of Slovene bilateral relations with small (or smaller) EU member-states. We view this trend as logical, because smaller member-states are those which may indeed have a better understanding of Slovene positions and interests, and may share

their perception, and dealing with, concerns such as the questions of national identity, sovereignty and subsidiarity. It would be desirable that the government and other political and non-political actors keep up such activities. Incentives for doing this are plenty but let us mention only one: according to the *Eurobarometer*, Slovenia is perceived by the European public as the least desired newcomer.³⁵⁹

³⁵⁹ European Commission: *Eurobarometer- public opinion in the European Union*. Report Number 50, p. 95; available at http://europa.eu.int/en/comm/dg10/infcom/epo/eb/eb50/eb50en/eb50_en.pdf.