

4. ECONOMIC AND SOCIAL COMMITTEE

Opinion of 25 March 1998 of the Economic and Social Committee on "Reinforcing the pre-accession strategy". (98/C 157/14)

Opinion of 25 March 1998 of the Economic and Social Committee on "Reinforcing the pre-accession strategy"

(98/C 157/14)

On 11 December 1997 the Economic and Social Committee, acting under the third paragraph of Rule 23 of its Rules of Procedure, decided to draw up an opinion on 'Reinforcing the pre-accession strategy`.

The Section for External Relations, Trade and Development Policy, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 March 1998. The rapporteur was Mr Hamro-Drotz. At its 353rd plenary session held on 25 and 26 March 1998 (meeting of 25 March 1998), the Economic and Social Committee adopted the following opinion by 98 votes in favour and one against, with one abstention.

1. Introduction

In December 1997 the Luxembourg European Council took the decisions necessary to launch the overall enlargement process. The decisions were based on the relevant opinions by the Commission (), decisions taken by the Council of Ministers on 27 November 1997 and 8 December 1997 and the presidency's report to the European Council. Account was also taken of the reports drawn up by the Commission on the economic situation and development prospects of the applicant countries ().

The Council conclusions underline the main challenges in this area: 'The task in the years ahead will be to prepare the applicant states for accession to the Union and to see that the Union is properly prepared for enlargement ...` ().

The Commission has started on the relevant preparatory work and the implementation of the pre-accession strategy began in March 1998. Appendix contains the key points of the reinforced pre-accession strategy and the current situation.

2. Previous work on this subject by the ESC

An integrated Europe with improved living and working conditions for future generations has always been one of the fundamental aims of the ESC.

For this reason the Committee has in recent years been closely involved in EU action to forge closer ties with the CEEC. This has become a priority in the Committee's work, and it has drawn up and adopted numerous opinions and reports to offer constructive advice to the EU authorities facing this challenge.

In recent years the ESC has also been involved in developing closer cooperation with the CEEC by holding a series of hearings (in Brussels, Warsaw, Tallinn and elsewhere) with representatives of economic and social interest groups in the applicant countries. The Committee has also met these representatives in other contexts in the course of its work. For example, it organized meetings to coincide with the Citizens' Europe conferences held in Vienna and Helsinki. The ESC has also forged and consolidated bilateral links with groups from these countries, for example by setting up joint consultative committees with representatives from certain countries. The findings and conclusions of these activities have been recorded separately and have been duly taken into account in the Committee's opinions and reports.

3. Conclusions and recommendations

The purpose of this opinion is to give advice and to suggest measures and priorities as the EU begins reinforcing the pre-accession strategy in March 1998.

The opinion is based on conclusions presented by the ESC in previous opinions on the subject without actually repeating or referring directly to them. As the Committee's aim is to continue to participate in the process of preparing for enlargement of the Union, this opinion focuses on what the Committee sees as the key questions at the initial stage of the process.

3.1. The ESC endorses the key principles of the accession process as put forward by the European Council: the applicant countries take part in the accession process under the same conditions and criteria, with each country proceeding at its own pace according to its level of preparation. Before accession negotiations can begin, the applicant country must meet the criteria laid down by the Copenhagen European Council and must have transposed EU legislation into national law so that this is actually being applied at the time of accession. The aim of all parties with regard to accession must be to limit the use of temporary transitional measures to exceptional cases. These principles emphasize the importance of reinforcing the pre-accession strategy, and the ESC feels that future enlargement will chiefly depend on how successfully this strategy is implemented from the start.

3.2. The ESC also endorses the structure of the reinforced pre-accession strategy, but would draw attention to the following points:

- It will be crucial to define the accession partnerships with each country in as concrete and realistic terms as possible, so emphasis should be placed on the importance of preparing and implementing these.

To this end, clear political, economic and social (including employment) goals, sectoral objectives (for, inter alia, agriculture and the environment) and goals aimed at promoting regional cooperation should be set for each applicant country individually. The ESC is pleased to note that the country-by-country guidelines for partnership proposed by the Commission on 4 February 1998 are consistent with these principles. Attention should also be focused on the follow-up to these partnerships, reporting on them and verifying action programmes; this will probably develop into an ongoing process.

- During the partnership process, which will probably run for some time in most cases, attention should also focus on the fact that the Union *acquis* will be constantly changing as cohesion within the Union grows stronger, the operation of the internal market is enhanced and monetary union is implemented. The applicant countries must create sufficient adaptability in cooperation to cope with these changes. At the same time efforts must be made to ensure that the Union *acquis* is not put at risk and that the internal cohesion of the Union is not weakened during preparations for enlargement, when enlargement actually takes place or as a consequence of enlargement.

- It is essential to constantly evaluate and monitor extremely closely the funding of preparations for enlargement and to avoid decisions which might result in unsustainable financial consequences, either before or after accession. Action plans must be based on a realistic funding framework and on existing or known resources. Efforts should be made to make use of new sources of funding by, for example, putting banking systems on a sound footing and strengthening stock markets, thereby helping to attract private capital from home and abroad. At the same time, agreement must be reached on the exact terms of such funding, the applicant countries' arrangements for repaying loans and the protection of private investment etc. For this to be possible, it is essential to establish a fixed right of ownership. It is right to define precise funding needs and destinations (including environmental improvements) for each country on an ongoing basis depending on the principal requirements and improvements needed in particular circumstances.

Funding should be based on the progress made by the country concerned. New instruments should also be developed on an ongoing basis under Phare and the various funds to improve the effectiveness of support, and effective coordination between different funding instruments must be ensured from the outset. Access to the loan facilities of the European Investment Bank and loan guarantee facilities of the European Investment Fund should be increased and the collaboration already initiated with the EBRD and World Bank should be developed further.

- As it is likely that preparations for enlargement will be very complex and demanding, and will proceed at different speeds, administration of the Union must be made as sound as possible from the outset and must be adequately resourced. The preparation and decision-making process must be open and uniform for all parties involved.

3.3. The ESC also endorses wholeheartedly the pre-accession strategy for Cyprus as laid down in Luxembourg. It urges all parties to foster working relations between the two communities in Cyprus. This should help to rebuild confidence between the two communities.

3.4. The ESC would encourage the EU and Turkey to step up cooperation in a purposeful and active manner, with the aim of promoting the conditions which will allow the pre-accession strategy with Turkey to be reinforced as soon as possible.

The Committee intends to assist that process *inter alia* through the activities of the Joint Consultative Committee established between the ESC and representatives of the various Turkish economic and social interest groups.

3.5. In more general terms, as preparations for enlargement proceed, the EU should increasingly focus attention on developing cross-border and regional cooperation between the applicant countries and with their immediate neighbours, who will remain outside the EU. Efforts must be made to ensure that economic, social, cultural and political contacts between the applicant countries do not break down but instead become stronger. The Committee proposes that the European Union continue, by way of action programmes, to provide strong support to the development of trade and cooperation between the applicant countries, especially in border regions and between neighbouring states.

3.6. The ESC agrees with the European Council's observation that enlargement also depends on the Union's own willingness to accept new members and on improving the working of EU bodies in line with the provisions of the Amsterdam Treaty. An intergovernmental conference on this subject should be set up between the current Member States alongside implementation of the pre-accession strategy so that the applicant countries have time to become familiar with these arrangements. At the same time, care should be taken to ensure that enlargement benefits all parts of the Union as much and as equally as possible, and that, in the present Member States, there is good information and an active public debate on the advantages and implications of enlargement.

With the forthcoming enlargement, due attention should be paid to developing relations with third parties, both in the work of the EU and in its involvement in ongoing negotiations in various international forums, such as the WTO.

The impact of enlargement on the ESC, its composition, operation and internal procedures will also have to be considered and the Committee is ready to give its own views on the subject.

3.7. The reinforced pre-accession strategy will focus on two main points:

a) improving the efficiency of administrations and legal systems and

b) transposing EU legislation into national law and the investment required to implement it. The purpose of these measures is to improve the international competitiveness of the applicant country on the basis of both economic and social values, and to ensure its readiness to successfully take on the increasing competition, including that on its own domestic market, which EU membership entails. This also requires reinforcing the infrastructure of applicant countries across a broad front and incorporating these countries into effective trans-European transport networks. Employment, welfare and working conditions will also be affected.

The major challenge of the strategy is to prepare the applicant countries for membership of the Union, as well as preparing the EU itself and its present Member States for enlargement. A key part of this is providing the citizens, business community and other players, both in the EU Member States and in the applicant countries, with information on the forthcoming enlargement, EU membership and the implications of these.

The ESC therefore urges the Union to implement the reinforced pre-accession strategy across a broad front by including its economic and social players in this process, as well as encouraging the applicant countries to develop similar arrangements. The views of business, wage-earners, farmers, consumers and other important social interest groups should be taken into account through social dialogue appropriate to the circumstances, and these groups should be involved in the preparations for enlargement at both national and international level.

The ESC is convinced that the chances of the enlargement process succeeding once started will be increased considerably if these groups are consulted on the pre-accession strategy, the content, establishment

and follow-up of pre-accession partnership programmes and the running of the Phare programme which is connected with this, thereby making use of the knowledge, experience, contacts and views which these groups have.

These groups should participate in the process in order to consolidate in a sustainable way the arrangements for social dialogue in the applicant countries as practised in the EU Member States, as well as explaining the content of partnerships and the conditions which EU membership entails to the various interest groups in the applicant countries. Two of the characteristics of a functioning economy are an effective labour market and effective social dialogue between firmly established and autonomous interest groups, such as business, workers' and agricultural organizations, and between these groups and the state.

Reform processes based on the principles of a functioning economy, civil society, democracy and the rule of law should thus form a key part of the pre-accession strategy, and the relevant structures, know-how and other arrangements should be established and developed in the applicant countries. The input and support of economic and social players in the EU states is absolutely essential to this. At the same time this involvement will prepare the relevant players in the EU and in the present Member States for enlargement.

The ESC feels that the relevant players in the EU and its Member States should be required to assume responsibility, participating in the process to achieve the stated goals of enlargement.

The ESC can play a key role in the pre-accession strategy and the matters mentioned above. To this end, it proposes that the EU support its ongoing efforts as part of the preparatory process to forge closer and more effective relations, both bilateral and multilateral, with socio-economic groupings in the applicant countries. With this in mind, the ESC intends on the basis of the experience and contacts it has acquired to give additional opinions on the subject and to enhance structured dialogue by organizing annual hearings with the interest groups of the applicant countries and otherwise by forging closer and more regular bilateral ties with the relevant players in the individual applicant countries. The purpose of this is to hear the views of social operators from the applicant countries on the pre-accession strategy and partnerships, including how effective they are and where improvements are needed, to explain the objectives and conditions of different factors in the pre-accession process, to improve interaction, to support the creation of the necessary social structures in the applicant countries, and to channel the views expressed in this context to the relevant EU bodies. This is intended to serve as a back-up to the ongoing preparations for enlargement.

The ESC proposes that the EU approve this action, institutionalizing it as part of the reinforcement of the pre-accession strategy.

Brussels, 25 March 1998.

The President of the Economic and Social Committee

Tom JENKINS

() Agenda 2000, COM(97) 2000 final, Volumes I, II and summaries and conclusions on the applications for accession. Commission proposal for a Council Regulation (EC, Euratom) on assistance to the applicant countries in central and eastern Europe in the framework of the pre-accession strategy.

() European Economy, Supplement C No 3 and 4 (ISSN 1027-2097).

() C/97/400.

APPENDIX to the opinion of the Economic and Social Committee

The core of the agreed framework for preparing for the accession of new Member States to the EU

1. The three main elements of the programme to prepare for EU enlargement

In December 1997 the Luxembourg Council agreed on the following three main elements of the preparations for enlargement:

1) To set up an annual European conference (the first of which was held on 12 March 1998) which will bring together the Member States of the EU and the European states aspiring to accede to it and sharing its values and internal and external political objectives. Initially, the EU offers the invitation to the applicant CEEC, to Cyprus and to Turkey.

The conference will become a multilateral forum for political consultation, where questions of general concern to the participants will be addressed and cooperation between them on foreign and security policy, justice and home affairs, and other areas of common concern, particularly economic matters and regional cooperation, will be broadened and deepened.

2) To launch (on 30 March 1998) a process of accession and negotiation based on Article O of the Treaty on European Union, comprising the ten applicant CEEC and Cyprus ('the 15+11 concept'). This process comprises the following elements:

a) A single framework for these applicant countries will be established and the Member States of the Union will meet the applicant countries as the need arises. [The Council adopted a regulation concerning the general framework on 26 January 1998.]

b) Reinforcement of the pre-accession strategy to enable the ten applicant countries to become members of the Union will be undertaken.

The main elements of the strategy are the accession partnerships and the increased pre-accession aid (see chapter 2). Cyprus was offered a specific, somewhat different pre-accession strategy. [The first general review of the strategy will be carried out in 1999.]

c) The Commission opinions (Agenda 2000 and the annexes to it) provide the starting-point and accession negotiations will be structured as follows:

EU will convene bilateral intergovernmental conferences (on 30 March 1998) to begin negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic, and Slovenia on the conditions for their entry into the Union. The Member States will, at the proposal of Coreper, decide without delay on a general negotiating framework with detailed procedural arrangements for the negotiations to come. [The Council decided on these points at its meeting of 13-14 March 1998.]

EU will speed up (at the same time as the point above), in particular through an analytical examination ('screening') of the Union acquis, preparations for negotiations with Romania, Slovakia, Latvia, Lithuania and Bulgaria [starting from 3 April 1998].

d) There will be a review procedure based on regular reports by the Commission to assess the progress of each applicant CEEC. A commission can then be made to open bilateral-intergovernmental conferences. [The first report will be drawn up at the end of 1998.]

3) To offer a specific strategy for Turkey, confirming Turkey's eligibility for accession to the Union. The strategy will be reviewed by the association council of the two partners, in particular on the basis of Article 28 of the association agreement. [The Commission complemented this strategy in March by making proposals for closer cooperation on several specific questions.]

2. The core of the reinforced pre-accession strategy

In 1995 the Essen Council launched the pre-accession strategy, based on the Europe Agreements, structured dialogue and financial aid from the Phare programme. In 1996 the Dublin Council decided that this strategy should be enhanced and extended to all applicant countries. On the basis of decisions taken at the Luxembourg Council, the Europe Agreements form the basis of the Union's relations with the ten applicant CEEC. [Agreements concerning the three Baltic states also came into force on 1 February 1998.] The pre-accession strategy is described in more detail in the Commission's Agenda 2000 document ().

The reinforced pre-accession strategy is intended to enable all the applicant CEEC to prepare themselves for membership negotiations and membership itself, and to align themselves as far as possible with the Union acquis prior to accession.

The strategy centres on a) accession partnerships and b) increasing pre-accession aid.

(Country-specific) accession partnership is the key element of the reinforced pre-accession strategy. The goal is to mobilize all forms of assistance to the individual applicant country, based on detailed formulated priorities and action programmes prepared by the Commission and agreed annually by the EU and the applicant country concerned.

Financial assistance, above all from the Phare programme, will be linked to the applicant's progress and, more specifically, to progress in adopting the Community acquis.

The Council will decide without delay on the establishment of the partnership concept and based on that will decide by 15 March 1998 at the latest on the details of each individual partnership. [Proposals for each country's partnership were submitted on 4 February 1998. These included short-term objectives (to be achieved in 1998), as well as longer-term goals, both general and sectoral. The Council and the Parliament approved them on the basis of Article 235 on 23 February 1998 and 10 March 1998.]

[In order to begin negotiations, individual applicant countries have also been asked to submit in March their action plans showing how they intend to implement the acquis. The other components of preparations are: a programme of key medium and long-term economic objectives, guidelines for implementing the single market and cooperation to prevent organized crime.]

Substantially increased pre-accession aid will be allocated chiefly through the Phare programme, which has been refocused on accession priorities by setting two priority aims: the reinforcement of administrative and judicial capacity (about 30 %) and investments related to the adoption and application of the acquis (about 70 %).

Phare is the most significant programme for the CEEC with a budget of ECU 10,5 billion for 1990-1999. Arrangements for the Phare contribution in the period 2000-2006 are in preparation. [The Commission submitted its proposal for a regulation on pre-accession financial instruments (ISPA) on 18 March 1998.]

Pre-accession aid will, as from the year 2000, comprise aid for agriculture and a structural instrument, which will give priority to measures similar to those of the Cohesion Fund. ECU 7 billion from the Structural Fund and ECU 4 billion from the CAP has already been earmarked for pre-accession aid. The European Investment Bank (EIB) has recently decided to double its support to the CEEC to ECU 3,5 billion over the next two years.

An important part of pre-accession aid is also the opening up to applicant countries of Community programmes and the management of certain committees based on case-by-case decisions.

() Agenda 2000 - Volume II DOC/97/7.