

Opinion of the Economic and Social Committee on the 'Enlargement of the European Union'

(98/C 19/27)

On 20 March 1997 the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an opinion on the 'Enlargement of the European Union'.

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 9 October 1997. The rapporteur was Mr Masucci.

At its 349th plenary session (meeting of 29 October 1997) the Economic and Social Committee adopted the following opinion by 72 votes to 21, with 16 abstentions.

1. Enlargement of the EU, along with reform of the Treaty and monetary union, is one of the great challenges of the turn of the century. It marks the culmination of the historic task of reuniting the continent politically, economically, socially and culturally. It will have a major impact on EU life over the coming decades, and will alter the current balance in global relations.

2. The ensuing benefits of enlargement will not come automatically, and will pose a challenge for the European Union. Some of them, of course, are an inherent part of the process, such as the increased competitiveness which an enlarged single market will bring, or the increased political influence which will, logically, come in the wake of the new global relationships. Others, such as the social and cultural benefits, and those relating to the political exploitation of a more influential economy, or a fair distribution of the benefits, are only potential gains, and are dependent on:

- the search for a European political and cultural identity;
- the commitment and ability of the political and socio-economic organizations which represent the people;
- the existence of political leaders who have a European strategy and are capable of mustering the support and active participation of the peoples concerned.

3. The problems are daunting:

- the situation in the individual countries, particularly regarding the democratization process, respect for basic rights and ethnic minorities, the situation of women and the protection of minors, the operation of the institutions and public administration, and the degree to which the Community 'acquis' and socio-economic model have been adopted;
- the criteria for launching negotiations;
- arrangements for the negotiations and for the first wave of accessions;

— impact on EU policies;

— the resources needed for future policy funding;

— more generally, the problem of how to run and develop a Union which has been enlarged to include 27 countries.

Launching negotiations

4. The present own-initiative opinion aims to offer pointers for the decisions which the Council will have to make at the Luxembourg summit on 10 December 1997, on the basis of opinions prepared by the Commission.

In the meantime, a wide-ranging debate should be engaged. This should not be confined to 'specialists' and to EU Member States. It should, above all, involve the citizens of the applicant countries, in order to avoid the mistake of entrusting the shaping of the enlarged Union solely to political, economic and legal experts, without involving ordinary citizens. To this end, the Committee organized a hearing to enable the applicant countries' socio-economic organizations to voice their opinions.

5. In this respect, the Committee would point out that in June 1993, the Copenhagen Council established the criteria for assessing whether applicant countries were ready for accession, and added as a rider that 'the Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration.'

6. The Committee welcomed the broad thrust of the Copenhagen criteria, but feels that it is also important to include conformity to the European socio-economic model as a criterion in the assessment. This model seeks not merely to achieve formal democracy and economic efficiency, but also to bring about a high degree of social

acceptance, an ongoing social dialogue between the social partners and the government, and social solidarity and protection for the most vulnerable.

7. On the basis of the assessments contained in Agenda 2000, the Commission considers that Hungary, Poland, Estonia, the Czech Republic and Slovenia can take part in the first wave of accession negotiations.

8. Another approach is gaining ground in the Council, advocating that negotiations should start at the same time for all applicant countries, in order to avoid a feeling of exclusion and hostility developing among the general public in the countries concerned.

The Committee is paying close attention to this position, as it is a clear sign of the Council's concern. It provides encouragement even for the rearguard, and can help to resolve tricky political situations, if only for the purposes of launching negotiations. It should be remembered that launching negotiations with all applicant countries at the same time does not necessarily mean proceeding at the same pace, nor that the talks will all be concluded at the same time.

9. As regards Cyprus, the Commission takes the view that if an internal political settlement has not been reached before the start of negotiations — which the Council has scheduled for six months after the close of the IGC — only the government of the Republic of Cyprus, which is recognized by international institutions, will take part in the negotiations.

The Committee feels that it is necessary to foster the right climate for a settlement to be reached in the context of the decisions that will be taken regarding the launch of enlargement negotiations, the aim being to achieve the peaceful integration of the whole island into the EU.

10. The Turkish situation is more complex. The customs union, which entered into force on 31 December 1995, is working satisfactorily. The political situation, however, has not provided further progress thus far, and is the major obstacle to Turkey's candidacy. Respect for basic rights is not satisfactory. Macroeconomic instability also continues to give cause for concern.

The Committee believes that the EU must continue to support Turkey's efforts to overcome its problems, above all by finally releasing the funds allocated under the financial protocol; the EU should also forge even closer relations with Turkey and keep a close eye on developments within the country.

The work of the EU-Turkey Joint Consultative Committee, which was formed at the end of 1995 and is

composed of eighteen ESC members, together with eighteen Turkish representatives, is already proving useful in this respect.

At all events, the progress of the negotiations should be conditional on tangible progress in respect for democracy, basic rights and minorities.

The impact of enlargement

11. The analysis of the impact of enlargement on EU policies raises a whole range of difficult issues, which will require substantial financial contributions from the Community and great commitment and considerable sacrifice on the part of the people and workers in the applicant countries.

12. The new EU financial framework proposed in Agenda 2000 is heavily influenced by the current climate of austerity, and by the reluctance of the Member States to increase Community resources. The Committee shares the Commission's view that 'important domestic and foreign financial resources, in particular from the private sector, will have to be mobilized in support of these strategies.'

13. The Committee believes that the Member States and their citizens will have to be persuaded that the financial effort is worthwhile, and that it is in the common interest. If there is a general perception that all Member States will share in the expected benefits and that the impact as regards increased trade and the division of labour with the CEEC will be more equally spread than was hitherto the case, this will facilitate the project.

14. The Committee believes that the project could be facilitated by rectifying the original defect of the pre-accession strategy framed in Essen, i.e. the failure to include the Union's socio-economic model among the objectives.

15. Enlargement will radically alter the EU's institutional organization, decision-making procedures and internal balance.

The complex machinery of Community life will be affected, raising such disparate issues as the language problem and the fundamental question of the formal procedures for decision-making.

16. The conclusions of the Intergovernmental Conference provided important progress in several areas but were disappointing in the areas considered necessary for the pre-accession phase, i.e. the institutional reforms needed to complete the Maastricht objective of political union, and for the operation of a Community of 27 rather than 15 Member States.

The Committee believes that the problem of the smooth political and institutional operation of the Union should be dealt with long before membership exceeds twenty, and that a new Intergovernmental Conference should be convened when a decision is taken on the timetable for negotiations, in order to tackle the problems left unsolved at the Amsterdam Summit.

The Committee believes that the momentum needed to overcome stumbling blocks and resistance could be provided by adopting a more democratic method, requiring the political consent of the European Parliament and the involvement of the socio-economic organizations.

17. The Committee also needs to reflect on the consequences which enlargement will have on its own membership and operation; it will have to be ready to address the ensuing problems.

This reflection process can take place within the framework of an ESC pre-accession strategy which will include an annual report drawn up by the External Relations Section and a hearing of the socio-economic groupings.

18. As regards the impact on the CAP, the Committee would reiterate the views contained in its own-initiative opinion on this important issue, particularly its belief that it is difficult to calculate the true cost of the CAP after enlargement, but that the financial burden of enlargement should not be regarded as a barrier to accession.

Although the first wave of accessions will not take place before 2002, i.e. after the deadline for the next Community budget, it would seem wise to speed up the planned reform of the CAP.

As regards the future of the CAP, the Committee is issuing an own-initiative opinion dealing with the agricultural aspects of Agenda 2000.

19. Turning to structural policy, the Committee points out that the transfer of funds could prove counter-productive if the sums involved are greater than the economic and financial systems of the applicant countries can cope with. Large surpluses could be left unspent, and the upshot could be a runaway increase in demand which the production system could not meet, problems for administrative checks, and widespread fraud.

The applicant countries' urgent need for structural funding thus needs to be squared with an appropriately gradual approach to releasing funds.

The Commission therefore rightly suggests that funding should not exceed 4 % of GDP.

Socio-economic model and social dialogue

20. The Committee has repeatedly emphasized the importance of the European social model in the Community acquis, and the fact that the new Member States must be able to sign up to it without weakening it.

Despite the Committee's insistence, the Commission did not feel it necessary to provide the applicant countries with a guide to the social model, as they did for the single market. This contrasts with the progress made in the various texts of EC treaties and, most recently, with the Amsterdam Treaty, and the ongoing debate on the reform and development of the welfare state.

The opinions put forward by the Commission in Agenda 2000 shed little light on these aspects, and the few comments that are made (particularly certain general considerations) give cause for serious disquiet.

21. Enlargement will therefore bring with it some general risks for EU Member States:

- a lower level of wages and social conditions;
- more employment flexibility, and not subject to collective bargaining;
- difficulty in carrying Community policies forward (particularly concerning equality, labour law, and coordination of social security systems), especially in cases where unanimity is required.

22. As for social dialogue and tripartite relations in the applicant countries, it has emerged at various forums held by the Committee that the economic and social organizations — save a few exceptions — feel that they have not been involved in the pre-accession process, and more particularly in drawing up the national preparation programme provided for in the White Paper on the single market. The Committee would take this opportunity to point out that recognition of economic and social organizations and their involvement in the political decision-making process is one of the key features of the type of society chosen by the European Union.

23. The Committee feels that the problems which the applicant countries are likely to face in adapting to the European social model must be resolved at the moment of accession by action on two fronts:

- on the one hand, by identifying the key points in the negotiations and focusing specific attention on them

within the reinforced pre-accession strategy, underpinned by a special white paper establishing stages and priorities;

- on the other, the EU should round off the debate on the updating of welfare systems, and make the extension of qualified majority voting one of the key aspects of the next IGC.

The structured dialogue, both at ministerial level and in the working groups, should be stepped up.

24. In particular, the establishment of joint economic and social committees should be encouraged between the EU and the applicant countries, along the lines of the existing joint committees with Hungary and Turkey, so that their socio-economic organizations can become steadily more involved in the spirit, the work and the consultative procedures of the Community.

The reinforced pre-accession strategy and Phare

25. In Agenda 2000, the Commission proposes a reinforced pre-accession strategy to bolster the outstanding commitment of the Union and the applicant countries, and focus the adjustment process on those areas which will be instrumental in allowing the applicant countries to adopt the Community acquis without leading to economic and social destabilization and without hindering the operation of the single market.

The Committee feels that the reinforced pre-accession strategy is important, and hopes that it will be enforced purposefully and that each country's progress will be monitored on an annual basis.

26. In order to involve the administrations of the applicant countries and give them full responsibility for their actions, the running of Phare will be more decentralized. Under the accession partnership, the authorities of each country will carry out the programmes decided in the framework agreement. If 'institution building' is to be fully successful, it is vital to involve not just local and regional authorities, but also the social partners.

Moreover, it is important to strengthen the role of the social partners in the operation of the Phare programme. So far, however, the social dialogue programmes have not made satisfactory progress, because the structures representing the social partners — particularly employers — remain weak and unclear. It is important for the future then, that the Phare programme should make a real attempt to promote a strong social partnership.

27. Finally, the Committee notes with interest the Commission proposal to set up a conference of all European States which hope to join the EU and are linked to the Union through association agreements. This could provide the ideal forum to hammer out common positions on very sensitive, pressing issues relating to the CFSP, justice and internal security.

Brussels, 29 October 1997.

The President
of the Economic and Social Committee
Tom JENKINS

APPENDIX

to the opinion of the Economic and Social Committee

The following amendments, which received at least one quarter of the votes cast, were defeated during the discussion.

Point 3

Add to the second indent:

'compliance with the criteria for launching negotiations, and their shortcomings with regard to the social dimension'

Reason

This amendment provides a stronger wording, since it is not the criteria themselves which are a major problem requiring solution. In point 6, the Committee expressly acknowledges the value of the criteria.

Result of the vote

For: 38, against: 56, abstentions: 7.

Point 8, first sentence

Rewrite first part as follows:

'Another approach advocates that negotiations ...'.

Reason

Negotiations in the Council have moved beyond this point.

If the remainder of point 8 is retained, the following should be added at the end of the point:

'If negotiations are launched with only one group of countries at first, care must at least be taken to ensure that all the applicant countries are fully involved in the enlargement process (through accession partnerships, annual Commission progress reports and a commitment to launch accession negotiations as soon as certain progress is achieved).'

Reason

The Committee's opinion should be brought into line with what is more realistically expected to come out of the Luxembourg summit.

Result of the vote

For: 43, against: 49, abstentions: 9.

Point 8

Replace by the following:

'Another approach pressed by some Member States is to start negotiations with more or even all applicant countries in order to minimize feelings of exclusion and hostility developing among the population of the countries concerned. The Committee is paying close attention to this option.'

Reason

1. This wording reflects more accurately the feeling of the Council.
2. It does not suggest that negotiations should be opened with all applicant countries simultaneously, a procedure which would raise new problems and could well delay the accession of any one country.

Result of the vote

For: 30, against: 55, abstentions: 14.

Point 14

Insert the words 'the gradual adoption of' between 'the failure to include' and 'the Union's socio-economic model among the objectives'.

Reason

Since the level of development in most applicant countries is still very low (as the Agenda 2000 opinion rightly points out), they cannot be realistically expected to adopt the Union's socio-economic model at the moment of accession. Flexible transitional arrangements will be unavoidable.

Result of the vote

For: 24, against: 52, abstentions: 10.
