

Opinion of the Economic and Social Committee on 'Poland on the road to accession'

(2000/C 51/17)

On 25 February 1999 the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an opinion on 'Poland on the road to accession'.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 24 November 1999. The rapporteur was Mr Ribbe.

At its 368th plenary session (meeting of 9 December 1999), the Economic and Social Committee adopted the following opinion by 103 votes in favour, 14 against and five abstentions.

1. Introduction

Since Poland set out on the road to democracy and a market economy, the ESC has supported the country's association with the EU under the Europe Agreement and has been a firm advocate of Polish accession.

The Association Agreement with Poland signed on 16 December 1991 came into force on 1 February 1994. The country submitted its application for EU membership on 5 April 1994. A year later the Council of Ministers decided to consult the European Commission, which then went on to draw up an opinion on the basis of the criteria laid down at the Copenhagen summit of June 1993. This opinion was presented on 15 July 1997.

Following the decisions of the Luxembourg European Council of December 1997, accession negotiations with Poland were officially started on 30 March 1998. The Commission was instructed to report regularly on the progress each accession country was making with its reforms.

The latest report was submitted on 13 October 1999. Its findings have been taken into account in this opinion.

2. Purpose of the own-initiative opinion

2.1. The Committee recognizes and welcomes the great efforts made both by the Polish government and the EU Commission, especially the DG responsible for enlargement, in the accession process. A great deal of the groundwork for successful completion of accession negotiations and the adoption of the *acquis communautaire* by Poland has been done on both sides. The progress made so far inspires the ESC with confidence. The programmes decided upon under Agenda 2000 will also help to intensify the accession process.

Nevertheless, there are still some outstanding problems which have not yet been sufficiently discussed and which the ESC became aware of, *inter alia*, during its visit to Poland in June 1999. The ESC would like to re-examine these in this opinion.

The ESC's sometimes critical assessments and recommendations are to be seen as a contribution towards making accession proceedings more effective.

2.2. The present document does not intend to give an overview of the current state of negotiations with Poland. That information can be found in various publications produced by the Commission.

2.3. The purpose of the ESC's own-initiative opinion is therefore to give as objective as possible a picture of the current situation in Poland with regard to the accession process and to highlight problems which are emerging, or may emerge, during the integration process and which the ESC feels have not yet been given sufficient attention. The main focus will be an analysis of the current state of civil society organisations, a description of their present role, and recommendations for improvements, including through additional EU initiatives.

2.4. The opinion is based on the firm belief that a task as great and important as the integration of the central and eastern European countries into the EU can only be accomplished successfully if an in-depth and structured dialogue can be held with as many representative partners from civil society organisations as possible.

3. General introduction

3.1. Poland's economic development is at present very uneven. For years, the whole country has been experiencing a continuous economic upturn. Growth rates averaging 5 to 7 % are now typical of the remarkable dynamism which set in after the economically difficult years at the start of the economic and social transition in the early 90s. Budgetary and currency stability have continued to be a strong draw for foreign investors. Even among SMEs the trend has been ever upward. The main economic activity has been concentrated first and

foremost in the traditional urban centres. Warsaw, for example, is experiencing an extraordinary economic boom, providing the focus for 40 % of all foreign investment. There is almost full employment on the capital's labour market and skilled workers are in short supply, too. The situation is similar in Poznan, Szczecin, Gdansk, Lodz, Lower and Upper Silesia, Cracow and other cities.

3.2. The situation in most rural regions is quite the reverse, with an unemployment rate far above the national average, as for example in parts of northern Masuria (the town and surroundings of Goldap with a constant rate of 30 %) and Pomerania. One of the reasons for this is the break-up of the vast collective or state farms where thousands of workers are now left with no livelihood⁽¹⁾. For years the cohesion of the rural population has been beset by serious social and psychological problems. There is also high unemployment in the rural regions of the south east and east, where numerous small farms now do nothing more than eke out a meagre existence.

There is thus a perceptible trend within Poland for regional disparities to polarise, creating considerable potential for social tension. This potential must not be underestimated in the run-up to the impending referendum on EU membership.

3.3. The growth in stark regional differences between town and country is being accelerated by the striking disparity in education. While in cities almost 10 % of the population hold a higher educational qualification and 34,1 % have completed secondary school and college, the corresponding figures in rural areas are only 1,9 % and 15,4 % respectively. In rural areas, the number of people leaving school without any qualifications is 10,8 % and the number who have only completed primary school 43,8 %, while in cities the corresponding figures are only 3,8 % and 27,6 % respectively. This serious disparity in education will have a lasting detrimental effect on the economic development of rural areas. Admittedly, the educational reform now being implemented is intended to address this situation, but there is little chance that the unsatisfactory state of affairs will change, and certainly not in the short term, especially as the funds needed for the educational reform would appear to be unavailable at present.

3.4. As one of the key objectives of EU policy is to reduce regional disparities, the EU accession partnership programmes for Poland should make this a priority even during the accession phase, supporting the efforts of the Polish authorities in a flexible yet focused manner. It seems not unlikely that the referendum on Poland's membership will be very strongly influenced by problems in rural areas and agriculture and may well be decided by this issue.

⁽¹⁾ Some 20 % of agricultural land was formerly worked by state concerns or large cooperatives, especially in western and northern Poland. The remaining 80 % was worked by private concerns which in most cases were very small.

3.5. At the beginning of 1999, four large-scale and fundamental reform projects were implemented in Poland after being passed in parliament. They are:

- administrative and structural reform, reducing the number of voivodships (provinces) from 49 to 16 and introducing poviats (districts);
- reform of the pension system;
- health reform;
- educational reform.

3.6. The administrative reform has not only contributed to giving the regions and localities more responsibilities of their own, it was also imperative for the implementation of many of the obligations resulting from the adoption of the Community acquis. The ESC feels, however, that a considerable effort is still required, not only to build up the relevant administrative bodies, but also to train staff to an appropriate level. As yet there is also no smoothly functioning division of responsibilities in practice between the centre (voivods) and elected regional authorities (sejmiks) and their leaders (marshals), who are supposed to represent regional interests. The partially unresolved question of regional funding is particularly emotive.

3.7. Poland has set itself the target of meeting all the requirements for accession by 31 December 2002. The ESC endorses this clearly ambitious goal while nevertheless noting that a great deal of work is still required to achieve it at all levels and in all sectors, since it will involve not only accepting and transposing the *acquis communautaire*, into national law, but also implementing it. The details given in the above-mentioned Commission report of 13 October 1999 regarding the ground to be made up in certain areas, e.g. environmental protection, are a source of considerable concern to the Committee.

3.8. It should be strongly emphasised that accession is much more a large-scale social process than an administrative one. It is not merely a question of transposing and implementing the *acquis*; a new social model is to be established. The ESC would stress that, if the integration process is to succeed, it is important that Poland and its citizens (as well as its administrative structures) merge into the EU in a harmonious and organic manner. Civil society organisations have a very important role to play in this as catalysts. Accession is a desirable and sensible option for all parties concerned but it must not be forced through before all are ready, even though the ESC recognises and supports in principle the Polish desire for accession as soon as possible.

3.9. The Polish government continually emphasises that Poland's integration into EU has been the overriding objective in the country's recent history. This being so, the dramatic fall in support for EU membership within the Polish population

must be a cause for the greatest concern⁽¹⁾. Efforts to counter this trend must be stepped up by means of a carefully planned information campaign and, above all, concrete policies; the EU's support policy should also be strategically geared to achieving this (see below).

3.10. This means that both sets of negotiators must be convinced that:

- integration makes sense,
- personnel and financial resources deployed during the accession phase and subsequent membership represent the best possible investment in Europe's future, and
- the sometimes radical restructuring facing certain sectors (farming, heavy industry etc.) is necessary.

It is essential to convince all concerned that even those who apparently stand to lose out will ultimately gain from a process which ensures peace and a secure future, as well as contributing to overall environmentally and socially sustainable development (as defined by the 1992 Rio conference).

3.11. Nevertheless, the fears of those perceived as more vulnerable, as the potential losers, must be taken very seriously, perhaps much more seriously than has been the case to date, even though these fears may stem from insufficient knowledge of the EU or the consequences of accession. The Polish government and the EU with their programmes and initiatives must offer some kind of concrete prospects to counteract waning confidence in the merits of membership.

3.12. It is imperative to step up structured dialogue with civil society organisations. The ESC sees considerable ground to be made up in this area. Awareness of the true consequences of accession is extremely limited in many sectors. As a result, the debate within society is often based on speculation and conjecture. This leads to uncertainty among the population, a tendency to resist integration or to political lethargy, which is dangerous in the long term. This danger should be counteracted with a targeted, open and ongoing policy of information, untrammelled by propaganda of any sort, in which civil society organisations should be closely involved. The ESC offers the Commission and the Polish government its support in this endeavour. For instance, appropriate initiatives could be launched via the Joint Consultative Committee.

3.13. The Polish government may be fully convinced of the overall usefulness of substantially enhancing this dialogue, or of the need to do so, but it seems to the Committee that the development of this dialogue is proceeding much too slowly.

⁽¹⁾ According to the latest surveys, only 55 % of the population are now in favour of membership, compared with 83 % in 1997.

The reasons for this may be manifold, and are certainly well-founded historically. Effective dialogue is an ongoing democratic process which did not exist in the traditional political system in central and eastern European countries. Government, employers and workers, as well as the other partners in society, have yet to define and identify their role, a process which will undoubtedly take time. The government clearly faces difficulties because civil society organisations are so poorly organised, but these must not be used as an excuse.

3.14. Fragmentation of the various groups representing civil society is indeed a serious problem which the government cannot solve single-handedly. For this reason, support for effective structures in civil society should also be seen as a priority from the EU's point of view and large-scale assistance provided e.g. through the Phare programme or, if necessary, through new programmes under the Phare umbrella (e.g. the twinning programme, which should no longer be restricted to the administrative sector).

4. Specific comments

4.1. *Social partners/civil society organisations*

4.1.1. Social and environmental standards, social dialogue and dialogue between and with civil society organisations have been part of Europe's economic, social and political culture for decades. They are important for the functioning of the market economy, and indeed, of democratic, civil society. They are also in part a component of the *acquis communautaire*. There is no substitute for effective social partnership and dialogue between and with civil society organisations. No government or parliament can single-handedly tackle the business which is negotiated between social partners and with civil society organisations in functioning democratic economies.

4.1.2. Such a culture cannot simply be transferred like a regulation or a directive to countries and societies which, because of their political past, have (so far) not been able or allowed to develop it.

4.1.3. There is no question that, in a country like Poland where political change was largely instigated by sections of civil society (the church and trade unions), political leaders are more than most aware of the particular importance of this dialogue. It is questionable whether this awareness is shared by all, e.g. the new class of employers. Many of the new aspiring entrepreneurs may not always be fully aware of their social responsibilities and obligations to society.

4.1.4. In the ESC's view, developing civil society organisations in the accession countries is one of the key tasks and one which, although scarcely achievable through legislation under the *acquis communautaire*, is nevertheless crucial to the success of the integration process. Yet this task cannot be accomplished by governments alone. That is why an intensive transfer of know-how is required, which the EU Commission should also have a strong interest in promoting.

As the ESC sees it, the situation with regard to the social partners in Poland is currently as follows:

4.1.5. With its constitution and various individual laws, the Polish government has created the legal conditions for social dialogue. The ESC very much welcomes this. Working conditions and labour relations in Poland are thus governed by comprehensive labour legislation. Unions and employers can therefore organise their relations in a variety of ways as in the West. Nevertheless, the ESC has observed that various difficulties still exist in practice. These are outlined below.

4.1.6. In 1994 a Tripartite Commission was formally set up in Poland supplemented by corresponding tripartite industry-specific working groups. But the Tripartite Commission has long been unable to fulfil its role. This is because the partners involved are not on an equal footing:

4.1.6.1. Trade unions in Poland are divided and polarised along party political lines. In particular, the two major trade union confederations, NSZZ 'S' (Solidarnosc) and OPZZ, are very closely associated with party politics. The NSZZ 'S' has close links with the ruling coalition of the AWS (Solidarity Electoral Action) and UW (Freedom Union) parties and accounts for the majority of the ruling parties' Sejm members (MPs), as well as many members of the government and high officials. Similarly, the OPZZ is the political partner of the opposition SLD (Democratic Left Alliance), albeit not so inextricably linked.

4.1.6.2. Apart from the large umbrella organisations there is a large number of other trade unions, some of which operate only at works or sectoral level and are only able to influence nationwide processes in exceptional cases.

4.1.6.3. Trade union influence and level of organisation are still considerable in those state companies which still exist (heavy industry, railways etc.), but in newly formed private companies the unions hold little sway. While the restructuring of state concerns is a frequent source of conflict between government and unions (see 4.2 Heavy industry/mining), not least because the unions see their influence being eroded, union influence in negotiations between private companies and their employees is the exception rather than the rule; such cases are almost always resolved through works agreements.

4.1.6.4. The employers are on the whole much less organised, presenting a very varied picture. In the public sector the state is often torn between its role as an employer and its role as a reformer. In the private sector, most employers shy away from integrating into regional or national structures. They are no match for the apparently all powerful unions and have no interest in agreements beyond works level. Most collective wage agreements continue to be concluded at works level. However, with the clearly emerging decline in union power, there has been a significant increase in the number of broken agreements.

4.1.7. Since 1997, when political forces with links to Solidarnosc came to power, the influence of Solidarnosc on the government has increased and most actual or potential disputes have been settled by decree rather than through negotiation between the social partners. For this reason employers have no interest in 'submitting' to the seemingly powerful unions. This means that many employers do not see the need for an organisation of their own, preferring instead to deal direct with the workers at company level, with or without sectoral unions.

4.1.8. At the same time there has been a marked decrease in the number of organised trade unionists in the private sector, a trend which is likely to spread to other sectors of the economy still to be privatised. With the tendency being for established unions to have only the appearance of strength, this may lead to the still fragile system of social partnership in Poland becoming totally marginalised. This may be to the detriment of the workers, which could in turn result in social unrest, because the necessary catalysts are not operative or are not in place.

4.1.9. It is important to note in this context that the political parties and the relevant unions have begun to review their interdependence and to define their true roles.

4.1.9.1. In establishing the SLD as a new, nationwide left-wing party, the Left has made it clear that 'its' union, the OPZZ, is not automatically affiliated, but that membership can only be on an individual, rather than a block, basis. Trade unionists are free to join, but the union will no longer be able to play a significant role in the new party as an umbrella organisation.

4.1.9.2. The trend can also be observed in the right-wing AWS alliance, albeit not as consistently. Solidarnosc is simply too powerful at present to be systematically excluded from the political process on the right. But even here it seems to be only a question of time before Solidarnosc is forced to limit itself to trade union activities. The question remains whether it will still have enough members by then to fulfil its role.

4.1.10. The crux of these developments is that the system of social partnership in Poland is still in its infancy and the practical implementation of the legal framework now in place is still not functioning properly. The ESC will keep a keen eye on progress in this area.

4.1.11. Other civil society groups and organisations are also facing problems. The level of organisation is in some cases extremely poor. There is a widespread aversion towards centralised structures, which is entirely understandable given the experience of the past. But since political decisions are obviously made at the centre, these groups and organisations would be well advised to set up organisational structures of their own on a par with existing political bodies with real decision-making powers in order to be able to participate effectively in the dialogue involving all sections of society.

4.1.12. The problem is somewhat compounded by a lack of awareness among the population on certain issues. Despite the highly commendable commitment of consumer protection organisations, questions of consumer protection have not received very much attention so far. This, coupled with the low level of organisation already described and lack of resources, highlights the serious need for improvement in the role of, for example, consumer and environmental protection agencies.

4.1.13. Nevertheless, there have been some quite positive developments which should be taken further. For example, regional chambers are given a major role in the dialogue. Polish law provides for regional chambers, such as chambers of agriculture. Following democratic elections, these chambers of agriculture are in place and ready to act in all the voivodships. With their statute and representative composition, they can help to create organisational structures for skilled labour in the sector and take on the role of a major interlocutor with regional and national authorities. It goes without saying that such chambers are no substitute for the work of e.g. autonomous farmers' organisations.

4.1.14. It is a matter of importance to the Committee to address the role of women in Polish society. According to the European Commission⁽¹⁾, the small proportion of women involved in political decision-making⁽²⁾ is not the only evidence that equal rights are still far from being a reality. In fact, the trend is towards rather traditional, conservative family values, resulting in major difficulties for women who wish to run their lives independently on their own terms.

(1) See the European Commission's Annual Report 1998 on equal opportunities

(2) Women make up only 12,7 % of the national parliament.

4.2. *Heavy industry, mining and the future of industry*

This section is intended to highlight the problems Poland is experiencing with the necessary structural changes and the role of government and the social partners in this process.

4.2.1. The state of heavy industry in Poland is a source of major concern both for the Polish authorities and the EU. It has so far proved impossible to carry out the planned privatisation of the steel industry. It seems that structural reform in the steel sector, which will probably entail job losses, is being held up by the all too numerous vested interests within the steel business.

4.2.2. The situation in the mining sector is critical. There is as much potential for social upheaval, in this sector as in agriculture.

4.2.2.1. Before the re-establishment of democracy in Poland, mining was the most privileged sector of the whole economy. Miners were the highest paid workers. They also enjoyed an exceptionally large number of social privileges. At the same time mining was the classic example of the irrationality of the system.

4.2.2.2. The policy of cheap energy and constantly rising production with no regard for the production or resultant costs rendered any kind of rational accounting impossible, with devastating consequences for the whole economy. Coal mines were permanently running at a loss. Their revenue depended solely on the level of state subsidies, and not on real prices and costs. This mentality largely persists today among mine workers and managers.

4.2.2.3. In the last 20 years the officially fixed price of coal represented between 40 % and 90 % of the actual production cost. This ratio formed the basis for determining state subsidies, which even included a state-guaranteed 'profit' for individual mines.

4.2.2.4. After the transition in 1989, the above-mentioned discrepancies were reduced, but the coal industry continues to operate at a heavy loss. The main reason for the plight of coal-mining is the dogged refusal to do away with the outdated structures of the former planned economy, i.e. the refusal to give up the special status accorded to the workforce which can no longer be justified.

4.2.2.5. The state-run monopolistic structure of the sector also plays a decisive role in perpetuating coal and electricity prices which are not determined by market criteria. The strong coal-mining lobby ensures that the boards of mining companies, pit managers, distribution companies and powerful

trade unions present a united front despite their various and sometimes divergent interests. The rules of the market economy seem not to apply for these groups. Pit losses are growing, but miners' incomes and, in particular, the bonuses received by mining company directors continue to rise.

4.2.2.6. Every Polish government since the transition has tried to tackle the mining problem. A Fifth Reform Programme was submitted in 1999. As it stands, it seems to make a successful contribution towards significantly reducing the number of mine workers and increasing productivity, which is unfortunately of limited benefit in the light of the current low level of coal production prices worldwide.

4.2.2.7. The social plan included in the reform programme (in force since June 1998) provides for the following as a means of cushioning the necessary redundancies:

- the pensioning off of miners with 20 years of service at the coalface on 75 % of their current salary;
- a severance package for miners who have worked less than 20 years at the coalface and wish to take voluntary retirement totalling 24 monthly salaries, i.e. around PLN 50 000 per worker;
- two years of benefit payments and 65 % of salary with an offer of further training;
- grants for employers in other industries who take on redundant miners.

4.2.2.8. The success of the social plan is gratifying because it has enabled the government to reduce the number of mine workers from 243 000 in 1997 to 207 000 by the end of 1998. The problem is that the government was not expecting such a high take-up for the early retirement with severance package option and there are insufficient funds available.

4.2.2.9. The trade unions, under the umbrella of the NSZZ 'S' (Independent and Self-Governing Trade Union Solidarnosc) are uncompromising in their demands for financial compensation for the abandonment of coal mining. The OPZZ union (All-Poland Alliance of Trade Unions) and a number of splinter groups are, on the other hand, vigorously opposing any move towards pit closures or cutbacks. The unions are not willing to yield any ground to the government in these difficult times. On the contrary: after a hunger strike in the mines lasting several weeks, which was organised by the NSZZ 'S' (Solidarnosc) union at the end of 1998, they managed to force the government not only to reaffirm its commitment, but also to provide assurances that the payments given for early retirement would be inflation-linked. This deal came in for strong public criticism, firstly because it meant that other groups of socially disadvantaged workers were unable to push through their own claims in the long term as the government's financial reserves were being spent almost exclusively on the miners, and

secondly there was condemnation of the all too powerful links between the NSZZ 'S' members in the government and the same trade unions representing workers.

4.2.2.10. The unresolved question in Poland is not whether the mining sector should be brought into line with the changed economic conditions, but how this process is to be funded against a background of unrealistic demands and ultimatums. The Polish taxpayer will not be able to sustain the necessary expenditure much longer. In this context, it would be useful to examine the precedent set by the European Coal and Steel Community, which came up with specific economic and social provisions to deal with such problems as reconversion and retraining.

4.3. *Agriculture and rural development*

The economic disparities between urban centres and rural areas are becoming ever greater. At the same time it is clear that 'city-dwellers' are not aware of the problems in agriculture and rural areas, do not understand them or simply ignore them, a phenomenon which is certainly not unique to Poland.

4.3.1. Two major problems are highlighted in all analyses of Polish agriculture: the large proportion of the population employed in agriculture⁽¹⁾ and the small size of the farms. The future of the overwhelming majority of today's farms (the European Parliament talks of 1 to 1,5 million of approx. 2 million farms) is seen as a social and not as an agricultural issue. The reason given is that some of the farms do not produce for the market, but cater for their own needs or engage in private marketing in one way or another.

4.3.2. There is no doubt that this form of agriculture based on extremely small farm units⁽²⁾ will have to undergo radical structural change. It must be ensured, however, that such change is carried out in as socially sustainable and environmentally sound a manner as possible. Crucial to this are training programmes to upgrade skills within the agricultural production process, as well as to provide people with alternative skills of use outside the agricultural sector.

4.3.3. Polish farms may be classified in three categories. The first of these are farms which, with an injection of capital, will be perfectly able to become economically viable units. The second are farms which will continue to exist as secondary operations. The farms in the third category will probably be given up within a generation, particularly because, in many cases, those who might have taken them over have already sought another occupation.

⁽¹⁾ Some 25 % of all jobs in Poland are in the farming sector, around half of these in full-time farming or as the main occupation and the remainder in farming as a secondary occupation, or on farms which produce for self-consumption and are not therefore a part of the official market system.

⁽²⁾ The average size of Polish farms is approx. 7,5 ha. 95 % of all dairy farmers have five cows or less.

4.3.4. Clear development strategies should be drawn up as a matter of urgency for all three categories, taking account of regional differences in farming structure and the differing potential for job creation within and outside agriculture, where the serious disparity in education between town and country is once again a major factor. But such strategies are so far lacking. It is open to question whether this is the reason why there is virtually no dialogue between the government and farming organisations.

4.3.5. Even the rural development plan recently submitted by the Polish government contains relatively few references to concrete initiatives, and has also given rise to disputes. Just as it is correct to recognise in economic terms that a farm of e.g. four hectares with three cows cannot survive for long, so too is it wrong to call on a farm owner to give up farming without offering any alternative prospective source of income or social protection.

4.3.6. Also lacking are wide-ranging studies on the potential environmental impact of the structural changes necessitated by economic considerations and consequently, strategies to achieve in Poland what the EU is currently working on, i.e. the integration of environmental protection into agriculture⁽¹⁾. One can expect to see a twofold trend: extensively farmed marginal land will be abandoned, while better-quality land will be farmed more intensively. There needs to be a detailed analysis of the impact of the ecological changes this will bring.

4.3.7. Unlike the production sector, major restructuring has already taken place, or begun or is currently being introduced in the processing and marketing sectors. Western companies are heavily involved, which has facilitated the financing of the overall process. However, this is creating a relatively centralised system with few market stakeholders which is not necessarily compatible with the needs of regional economies. Such a system also magnifies the obvious marketing difficulties faced by poorly organised small and medium-sized farms.

4.3.8. Rural development would benefit considerably if the EU and the Polish government devoted more attention to creating small and medium-sized structures in the processing and marketing sectors too (e.g. small butchery businesses (with affiliated abattoirs), bakeries and smaller and medium-sized dairies). The cooperative structures which still exist e.g. in the dairy sector should be used as a basis for this. The EU should make sure that these kinds of structures receive special consideration not only for Phare funding, but especially through the Sapard programme.

4.3.9. Bottom-up projects of this sort also have a confidence-building effect on regional populations.

4.3.10. Ministry representatives and members of farming organisations have repeatedly referred to the problems arising from the difficulties Poland faces in accessing the EU farm market and from the combined effort of the EU's export refunds policy and the reduction of Polish import duties⁽²⁾. As less Polish produce is sold on the Russian and Asian markets because of their economic crises, the marketing difficulties faced by the Polish farming sector, which are compounded by the CAP, are particularly serious. The current negotiations concerning mutual concessions for both agricultural and processed agricultural products should address this point.

4.3.11. The merging Commission negotiating position, which does not provide for compensation payments to Poland for agriculture, is likely to be a source of considerable conflict. The ESC is in favour of gradually integrating the agriculture of the CEEC into the existing system of EU compensation payments after accession, especially in areas where price levels in the accession countries are already on a par with those in the EU. The price differences which do still exist, as well as factors such as differing production costs, should be taken into account when determining the duration of the necessary transition arrangements.

4.3.12. The ESC would like to stress that when the future course of Polish agriculture is considered, particular attention should also be focused on those farms which in future will only be run as a secondary occupation. As long as it is not possible to create enough alternative jobs outside agriculture, farms should not be evaluated in purely economic terms; there should also be some recognition of their capacity to relieve the social burden.

4.3.13. The major structural problems facing agriculture in Poland cannot be overcome in a few years, however great the effort made. Nor is it safe to assume that the predominantly small-scale farms with extremely low productivity will be able to cope to some extent with the massive competitive pressure of the internal market within the foreseeable future. More time will be needed for agriculture in Poland to make the necessary structural changes and to boost its competitiveness. The ESC is therefore in favour of transition periods which take appropriate account of these requirements.

⁽¹⁾ There are comparatively few ecological problems in agricultural areas of Poland because of the relatively low capital resources and extremely limited use of inputs. The major problems which do exist are wind and water erosion.

⁽²⁾ The pork imported from Denmark and the wheat and potato starch which used to be exported from the EU to Poland are quoted as examples.

4.4. Transport

4.4.1. The evolution of transport in Poland is marked by massive increases in the number of private cars and a rapid decline in public passenger and goods transport. This is equally true in urban centres, regionally and nationwide. The Polish road network cannot cope with this trend, being unsuitable for either the volume of traffic or the weight of vehicles (axle load over 10t).

4.4.2. The changes in the modal split and the resulting deterioration in public transport services are having grave social and environmental consequences. On the one hand, it means reduced mobility for all those who do not have access to a vehicle of their own and, on the other, there is clear evidence of the detrimental effects of increased traffic on the environment (air pollution, noise etc.). This is particularly true in cities, where in many cases transport is on the brink of collapse.

4.4.3. For many years Poland had neither the time nor the money to adapt its road infrastructure to the rapid increase in traffic. Cars can be acquired quickly (by private individuals) while infrastructure development (especially with public funding) takes time. According to EU financial projections of the investment needed for transport projects of European significance⁽¹⁾ in Poland, Poland would have to spend around 1,5 % of its GDP on this alone. The current proportion of GDP spent on investment in the entire⁽²⁾ transport sector is only 0,7 %. Since existing transport infrastructure outside these transport axes is also in need of renewal⁽²⁾, the Polish government — which has extremely limited financial resources⁽³⁾ — is clearly caught in a dilemma between large-scale investment (e.g. in TINA projects) and urgently needed investment in maintenance and expansion outside the European transport axes, which is also vital for economic development, as well as having to decide between a road or a rail-oriented policy. There has even been some difficulty raising the necessary co-financing for projects to be built with Western assistance.

4.4.4. Both the Polish rail network and urban public transport structures were (and largely still are) relatively well developed, although services are about to be cut back on a massive scale⁽⁴⁾. Networks are out-dated technically and are often inadequately managed. Particularly in urban transport, where buses and trains have always been the mainstay, various kinds of restructuring are taking place. The central government has absolved itself completely of any responsibility for urban public transport. Financial assistance to boost efficiency is not provided by the state, so resource-starved local authorities are left to deal with the problem themselves. In addition, their transport operators are expected to absorb the cost of social

policy measures decided upon by central government for which it provides no financial compensation (e.g. fare reductions for schoolchildren, students, the disabled, pensioners etc.).

4.4.5. Considerable discussion has arisen over the planned development of the Oder into a waterway 'of European dimensions'. While critics point to excess capacity on the railways and reject the investment needed on transport policy and environmental grounds, those in favour claim amongst other things that a waterway of this kind is 'in the interests of Europe.' The Commission should give the Polish government its views on this project as soon as possible, along with some indication of whether EU funding would be available, and if so, how much.

4.4.6. The evolution of transport as seen in Poland is not compatible with the EU's calls for a socially and environmentally sound 'sustainable' transport policy. So far there is no sign of a strategy for the coordinated and integrated development of the different modes of transport. Most decision-makers are unfamiliar with the ideas contained, for example, in the EU White Paper on citizens' networks, even though it is particularly important that these also be implemented in the accession countries.

4.4.7. Every possible opportunity and instrument should be used in bilateral talks and through the available EU programmes to avoid repeating the sort of transport policy failures which are now a source of regret in many Member States. At the same time, the positive solutions set out by the EU in the Eltis programme among others should be transposed to the accession countries such as Poland. The ESC would therefore urge the Commission not to limit Phare and the ISPA support chiefly to trans-European transport projects, but also to set up model initiatives in the field of urban transport projects, rural transport initiatives and projects to benefit cyclists and pedestrians. One criticism of the TENs is that they exclude urban transport problems and concentrate solely on links between centres. This needs to be changed.

4.5. Environmental protection

4.5.1. Poland has already made considerable progress in the environmental sector in recent years. This has been achieved through a combination of stringent environmental regulations and innovative forms of financing for environmental investment. The polluter-pays principle, much discussed in the West, is a reality in Poland. The money it brings in goes into the 'environment funds' held at national, voivodship, district and local level. Another important environmental financing instrument recognised by the OECD as exemplary is the Polish EcoFund (debt-for-environment swaps) set up in 1991. The proportion of environmental investment in Poland coming from abroad is around 5 %.

(1) See TINA report.

(2) See EBRD study on the development of the road system in Poland.

(3) Investment in road building has shrunk by $\frac{3}{4}$ compared to the mid '80s.

(4) 8 000 km of the Polish State Railways' 23 000 km network is to be closed down.

4.5.2. The transposition of the Community acquis on the environment into national law and the establishment of a functional environmental administration which it necessitates are tasks currently facing Poland. Much work is still to be done, especially with regard to setting up an effective environmental administration (including monitoring systems). The Polish authorities should lose no time in stepping up their efforts in response to the observations made in the Commission report of 13 October 1999 that there is still considerable ground to be made up in this area and that very little progress has been achieved of late. The ESC is of the view that the legal and administrative conditions relating to adoption of the Community acquis must be fulfilled in their entirety.

4.5.3. Another problem is the feasibility of transposition and technical implementation of Community environmental law. Despite good progress, numerous efforts and relatively high levels of environmental investment⁽¹⁾, Poland is still a long way from being able to meet EU environmental standards across the board. The situation is compounded by the fact that some environmental successes, e.g. cleaner air in cities (the move from coal to gas as domestic fuel) are being cancelled out by new forms of pollution (e.g. by the increase in car traffic).

4.5.4. There is often a shortage of technical infrastructure such as filtering and water treatment plants etc. The investment needed is estimated at well over USD 30 to 40 billion, and it is reasonable to assume that a much longer time span will be needed for implementation of Community environmental law than previously expected. For example, Poland is unlikely to be able to implement the municipal waste water directive on time. Some credence should be given to the argument that this might afford Poland some degree of competitive advantage because businesses will not have to pay for certain environmental precautions (initially). However, it is equally true that the EU Member States themselves are being dilatory about implementing many of the environmental protection provisions⁽²⁾.

4.5.5. As far as environmental policy investment is concerned, transition periods are a *sine qua non*. A choice of clear, verifiable and if necessary enforceable courses of action should be agreed upon with Poland and the financial transfer which takes effect upon accession (e.g. from the Structural Funds) should be conditional on compliance with this environmental agreement.

4.5.6. The ESC welcomes the Commission's initiatives to support environmental measures under both the PHARE⁽³⁾ and ISPA⁽⁴⁾ programmes (from 2000). Nevertheless, some strategic consideration should be given to the kind of projects

to be invested in. There are two possible strategies (which in brief are: either participation in large-scale investment or setting up small and medium-sized projects single-handedly). Since there is a shortage in Poland of new, innovative small-scale projects which create jobs, it may be worth shifting the focus of EU support to concentrate on the latter approach. The other advantage of the EU's own prototype projects is that they are more effective in drawing public attention to the positive impact of EU assistance, which will lead to greater support for EU membership.

4.5.7. The ESC would emphasise that any measures should take account of the need to preserve any remaining potential for nature conservation, reiterating its criticism that the accession countries are treated differently with regard to participation in the LIFE projects than EU Member States and third countries⁽⁵⁾.

4.6. EU assistance

4.6.1. Accession assistance is given to Poland under three EU programmes: Phare, ISPA and Sapard⁽⁶⁾ (the last two starting in 2000).

4.6.2. This assistance is very important to the accession countries and is very well received. But compared with the total investment required and the Community funds which these countries stand to receive after accession, the EUR 3 billion currently available each year is a relatively small amount, and how it is to be used requires careful and strategic planning. The accession countries are also still having some trouble absorbing the available funds in an appropriate way.

4.6.3. This makes it even more important that assistance should have the widest possible effect, promoting initiatives to serve as models or initiating measures which will show the EU in a positive light among wide sections of the public.

4.6.4. Probably the most successful action of this kind was the aid given to the 1997 flood victims under the Phare programme. In the same way, the Commission should place greater emphasis on smaller bottom-up projects, implementing them in conjunction with the Polish authorities. In particular, the fact that ISPA funding is concentrated on urban centres, which have far greater financial capabilities than smaller towns or rural areas, needs to be reviewed.

4.6.5. The ESC is very well aware that such small-scale projects are much more difficult for the Commission to manage, requiring as they do more administration, coordination and monitoring and thus tying up more staff. Staff numbers are insufficient in many cases; e.g. the Regional Policy

(1) Almost 2 % of GDP goes on environmental investment.

(2) The European Court of Auditors has noted that a large number of the 40 000 water treatment plants in Europe require modernisation or conversion and that another 40 000 plants need to be built. These will also not be completed before the 'deadline'.

(3) Approx. EUR 170 million since introduction.

(4) ISPA = Instrument for Structural Policies for Pre-Accession, Regulation (EC) No 1267/99, OJ L 161/1999.

(5) See ESC opinion on LIFE III (OJ C 209, 22.7.1999).

(6) Sapard = Special Accession Programme for Agriculture and Rural Development, Regulation (EC) No 1268/99, OJ L 162/1999.

DG will probably run into major problems unless a large number of qualified staff are assigned to the ISPA programme (at a cost of EUR one billion per year). An assessment should also be made of the extent to which the running of support programmes can be placed even more in Polish hands, reducing the role of EU services to checking that the relevant projects are being conducted correctly.

5. Specific comments and recommendations

5.1. The ESC is extremely concerned to note the rapidly dwindling support among the Polish population for EU membership. It sees this as a signal that communication with the general public has been inadequate, a fact which must be taken seriously. A range of measures are urgently needed to counteract this, including the development and implementation of an information strategy with civil society organisations. The new Joint Consultative Committee could be used for this purpose.

5.2. As far as the ESC is concerned, the development of political dialogue with civil society organisations is fundamental. As there are serious deficiencies in this area, it is proposed either that a special programme be set up, or that, for example, the twinning programme within Phare be extended to appropriate initiatives involving NGOs and other civil society groupings.

5.3. The ESC would recommend that the Council and the Commission address the following points in negotiations with the Polish government, examining the relevant implementation options:

- how to raise awareness among the social partners and civil society organisations of the need for them to organize themselves more effectively, by creating umbrella associations, for example. There is an urgent need for these organisations to improve coordination of their operations and to further develop their ability to conduct their dialogue with political authorities in a more structured form;

- the urgent need for appropriate development strategies which are socially and environmentally acceptable to be formulated for the key sectors (e.g. heavy industry, agriculture, railway reform), and to be discussed and implemented in a structured dialogue with the groups concerned which is co-funded by the EU;
- the urgent need to step up the flow of information to and dialogue with civil society organisations (employers, trade unions, trade, industry, agricultural groups, consumers, environmentalists) concerning preparations for EU entry and the implications of membership;
- how to develop an education campaign specifically for economically disadvantaged areas providing both training within agriculture and vocational skills for jobs outside agriculture, which are urgently needed to cater for the structural change in agriculture and to stop the economic gulf between town and country widening still further;
- how to rectify current transport trends in Poland, which are not compatible with the EU's aspirations towards a socially and environmentally sustainable transport policy, through the medium of a dialogue involving all sectors of society;
- how to meet the needs of smaller towns and rural areas in the regional distribution of ISPA funds;
- how to improve the operating environment for SMEs as the processing and marketing sectors are developed and how to develop cooperative structures further;
- how to solve the question of the division of responsibilities between the various levels of decision-making and administration, including funding, which is still unclear in certain cases;
- how existing contacts between Polish and EU interest groups can be enhanced and new ones established.

Brussels, 9 December 1999.

The President
of the Economic and Social Committee
Beatrice RANGONI MACHIAVELLI

APPENDIX

to the opinion of the Economic and Social Committee

The following amendments, which obtained more than one quarter of the votes cast, were rejected during the discussions.

Point 4.1.6.1 and 4.1.6.2

Delete and replace with the following:

'(New 4.1.6.1) The Polish trade union landscape is characterised by the existence of two large confederations, NZZ Solidarnosc and OPZZ, whose sectoral and regional components generally enjoy a large degree of autonomy. In addition to these quite loose structures, there are many other trade union groupings and autonomous unions, in some cases operating only within a particular company.

(New 4.1.6.2) The complex relationships between the large confederations and the political world, Solidarnosc with the AWS and OPZZ with SLD, make purely social dialogue difficult at times by politicising certain issues.'

Reason

This wording gives a better representation of the socio-political context, avoiding cut-and-dried statements which are oversimplified.

Result of the vote

For: 41, against: 53, abstentions: 9.

Point 4.1.7

Delete the first part of the point up to 'has increased and ...', so the point begins 'Most actual or potential disputes ...'.

Reason

The description of the relationship between Solidarnosc and the government is simplistic to the point of inaccuracy.

Result of the vote

For: 39, against: 62, abstentions: 8.

Point 4.1.9.1 and 4.1.9.2

Delete.

Reason

4.1.9 is sufficient on its own.

Result of the vote

For: 41, against: 62, abstentions: 9.
