# Enlargement of the European Union
## An historic opportunity

CYPRUS - CZECH REPUBLIC - ESTONIA - HUNGARY - LATVIA - LITHUANIA - MALTA - POLAND - SLOVAK REPUBLIC - SLOVENIA — BULGARIA - ROMANIA — TURKEY

A great deal of information on the European Union is available on the Internet. It can be accessed through the EUROPA server (http://europa.eu.int/). Information about the Enlargement of the European Union can be found on the Enlargement website (http://europa.eu.int/comm/enlargement/).

Cataloguing data can be found at the end of this publication.

Brussels: European Commission, Enlargement Directorate-General, 2003

ISBN 92-894-5601-9



Printing in Belgium

**General overview of the enlargement process and the pre-accession strategy of the European Union**
**Edition 2003**

"A new era is dawning for the European Union. Ten new Member States will join the Union on 1 May 2004 thereby bringing the post-war division of Europe to a peaceful conclusion. Enlargement lays the foundations for lasting peace, stability and prosperity for future generations. It is an inclusive and irreversible process. The members of the European family are joining their forces and capabilities to further enhance welfare and prosperity in a widened Union. By enlarging, the Union will also gain cultural and regional diversity and become an even more inspiring place to live and work.

However, in order to realise the full benefits of enlargement, the Community will have to revisit its policies, and make its institutions more efficient and democratic so as to better respond to the needs and expectations of the people of Europe.

I am confident that Europeans will wholeheartedly embrace this enlargement of our Union and seize the many opportunities it brings."

Günter Verheugen,
Member of the European Commission
responsible for Enlargement

# Table of Contents

# An unprecedented enlargement

Enlargement is one of the most important opportunities for the European Union as it begins the 21st century. Its historic task is to further the integration of the continent by peaceful means, extending a zone of stability and prosperity to new members.

In June 1993, at its Summit in Copenhagen, the European Council declared that 'the associated countries of Central and Eastern Europe that so desire shall become members of the Union'. In December 1997, at Luxembourg the European Council launched the process that will make enlargement possible. This process presently embraces thirteen countries: Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, the Slovak Republic, Slovenia and Turkey. In June 2001, at Gothenburg, the European Council affirmed that the objective was to complete accession negotiations by the end of 2002 with those countries that would be ready to join.

In December 2002, meeting again in Copenhagen, the European Council concluded accession negotiations with ten countries. The Union now looks forward to welcoming Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia as members from 1 May 2004. The Accession Treaty with the ten acceding countries was signed on 16 April 2003 in Athens. Negotiations with Bulgaria and Romania continue. Depending on further progress in complying with the membership criteria, the Union's objective is to see Bulgaria and Romania join the European Union in 2007. With regard to Turkey, the Copenhagen European Council confirmed that it would re-examine Turkey's progress towards meeting the accession criteria at its meeting in December 2004, on the basis of a report and a recommendation from the Commission. If the European Council then decides that Turkey meets the political criteria, the European Union will open accession negotiations with this country without delay. Building on the historic decisions of the 2002 European Council in Copenhagen, the Union continues to work towards the completion of the ongoing enlargement process which is at once continuous, inclusive and irreversible.

The EU has a long history of successful enlargements. In 1957 six founding members signed the Treaty of Rome: Belgium, France, Germany, Italy, Luxembourg and the Netherlands. Four enlargements have followed:

**1973** Denmark, Ireland and the United Kingdom
**1981** Greece
**1986** Portugal and Spain
**1995** Austria, Finland and Sweden.

The enlargement facing the EU today is without precedent in terms of scope and diversity: the number of candidates, the area and population and the wealth of different histories and cultures.

The benefits of enlargement are both political and economic. In brief:

- The extension of the zone of peace, stability and prosperity in Europe will enhance the security of all its peoples.
- The addition of more than 100 million people, in rapidly growing economies, to the EU's market of 370 million will boost economic growth and create jobs in both old and new member states.
- There will be a better quality of life for citizens throughout Europe as the new members adopt EU policies for protection of the environment and the fight against crime, drugs and illegal immigration.
- Enlargement will strengthen the Union's role in world affairs – in foreign and security policy, trade policy, and the other fields of global governance.

Benefits are already visible:

- In Central and Eastern Europe, stable democracies have emerged.
- The economic reforms in these countries have led to high rates of economic growth (twice the recent EU average) and better employment prospects.
- This process has been helped and encouraged by the prospect of EU membership, and by the EU's financial assistance.
- The Union currently enjoys a trade surplus of approximately 18 billion with the 13 candidate countries and this generates employment and growth in the member states.

Non-member countries will also benefit from an enlarged Union. A single set of trade rules, and a single set of administrative procedures will apply across the Single Market of the enlarged Union. This will simplify dealings for all firms within Europe and improve conditions for investment and trade, bringing benefits not only to the EU but also to our trading partners across the world.

## FROM CO-OPERATION TO ACCESSION

Soon after the fall of the Berlin Wall in 1989, the European Community quickly established diplomatic relations with the countries of Central and Eastern Europe.
It removed long-standing import quotas on a number of products, extended the Generalised System of Preferences (GSP) and, over the next few years, concluded Trade and Co-operation Agreements with Bulgaria, the former Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovenia.

In the meantime, the European Community's Phare Programme, created in 1989, set out to provide financial support for the countries' efforts to reform and rebuild their economies. Phare soon became the world's largest assistance programme in Central and Eastern Europe, providing technical expertise and investment support.

During the 1990s, the European Community and its Member States progressively concluded Association Agreements, so called 'Europe Agreements', with ten countries of Central and Eastern Europe. The Europe Agreements provide the legal basis for bilateral relations between these countries and the EU. The European Community had already established similar Association Agreements with Turkey (1963), Malta (1970) and Cyprus (1972). In the case of Turkey, a Customs Union entered into force in December 1995.

**ASSOCIATION AGREEMENTS (FOR MORE DETAILS SEE BELOW P. 12 AND 14)**

The Europe Agreements cover trade-related issues, political dialogue, legal approximation and other areas of co-operation including industry, environment, transport and customs. They aim progressively to establish a free-trade area between the EU and the associated countries over a given period, on the basis of reciprocity but applied in an asymmetric manner (i.e. more rapid liberalisation on the EU side than on the side of the associated countries). The Association Agreements with Cyprus, Malta, and Turkey cover similar fields (except political dialogue), and were designed to establish progressively a customs union. With Turkey, this goal was achieved through the Customs Union Agreement of 1995; with Cyprus and Malta, progress towards a customs union has been taken up in the accession negotiations.

| Country | Europe Agreement signed | Europe Agreement came into force |
|---|---|---|
| Hungary | December 1991 | February 1994 |
| Poland | December 1991 | February 1994 |
| Bulgaria | March 1993 | February 1995 |
| Czech Rep. | October 1993 | February 1995 |
| Romania | February 1993 | February 1995 |
| Slovak Rep. | October 1993 | February 1995 |
| Estonia | June 1995 | February 1998 |
| Latvia | June 1995 | February 1998 |
| Lithuania | June 1995 | February 1998 |
| Slovenia | June 1996 | February 1998 |

| Country | Association Agreement signed | Association Agreement came into force |
|---|---|---|
| Turkey | September 1963 | December 1964 |
| Malta | December 1970 | April 1971 |
| Cyprus | December 1972 | June 1973 |

Under the Europe Agreements, trade between the EU and the countries of Central and Eastern Europe grew rapidly, not least because these countries reoriented their trade away from the markets of the former Soviet Union's Council for Mutual Economic Assistance (CMEA). As their single largest source of trade, assistance and investment, the EU soon became the main economic partner for the countries of the region (see Annexes 5 and 6). Indeed, as early as 1994, the EU had become the most important market for exports originating in the region, absorbing more than half of the total. Today the EU absorbs approximately 68% of exports from the countries of Central and Eastern Europe.

## MEMBERSHIP APPLICATIONS

The Europe Agreements recognised the associated countries' aspiration to become members of the European Union, an objective that was later confirmed in the individual applications for membership by these countries.

### DATES OF APPLICATION FOR EU MEMBERSHIP
(in chronological order)

| | |
|---|---|
| Turkey | 14 April 1987 |
| Cyprus | 3 July 1990 |
| Malta | 16 July 1990 |
| Hungary | 31 March 1994 |
| Poland | 5 April 1994 |
| Romania | 22 June 1995 |
| Slovak Rep. | 27 June 1995 |
| Latvia | 13 October 1995 |
| Estonia | 24 November 1995 |
| Lithuania | 8 December 1995 |
| Bulgaria | 14 December 1995 |
| Czech Republic | 17 January 1996 |
| Slovenia | 10 June 1996 |

The basic conditions for enlargement were already set out in Article O of the Treaty of Rome, now article 49 of the Treaty on the European Union as further modified by the Amsterdam Treaty. They stipulate that: *"Any European state which respects the principles set out in Article 6(1) [i.e. "liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law"] may apply to become a Member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members."*

## ACCESSION CRITERIA

In 1993, at the Copenhagen European Council, the Union took a decisive step towards the current enlargement, agreeing that *"the associated countries in Central and Eastern Europe that so desire shall become members of the European Union."* Thus, enlargement was no longer a question of 'if', but 'when'. Concerning the timing, the European Council states: *"Accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required."* At the same time, it defined the membership criteria, which are often referred to as the 'Copenhagen criteria'.

## COPENHAGEN EUROPEAN COUNCIL

**Membership criteria** require that the candidate country must have achieved

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership including adherence to the aims

## MADRID EUROPEAN COUNCIL

**Membership criteria** also require that the candidate country must have created the conditions for its integration through the adjustment of its administrative structures, as underlined by the Madrid European Council in December 1995. While it is important that European Community legislation is transposed into national legislation, it is even more important that the legislation is **implemented effectively** through appropriate administrative and judicial structures. This is a prerequisite of the mutual trust required by EU membership.

## AGENDA 2000 AND THE EUROPEAN COMMISSION'S OPINIONS

The Madrid European Council in December 1995 called on the European Commission to submit an assessment of the candidates' applications for membership, and to prepare a detailed analysis of what enlargement would mean for the EU.

In July 1997, the Commission presented Agenda 2000, a single framework in which the Commission outlines the broad perspective for the development of the European Union and its policies beyond the turn of the century; the impact of enlargement on the EU as a whole; and the future financial framework beyond 2000, taking into account the prospect of an enlarged Union. It also included the Commission's Opinions on the candidate countries' applications for membership.

The Commission's Opinions evaluated the situation of each country in relation to the accession criteria (see previous page). The Commission took into account information provided by the candidate countries themselves; assessments made by the Member States; European Parliament reports and resolutions; the work of other international organisations and international financial institutions (IFIs); and progress made under the Europe Agreements. Finally, the Opinions were not only an assessment of the performance of each country up until 1997, but also a forward-looking analysis of expected progress. The Commission had already issued Opinions on Turkey in 1989 and Cyprus and Malta in 1993.

Having evaluated the extent to which the candidates already met the accession criteria, the European Commission recommended in its 1997 Opinions that accession negotiations start with the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus.

Following up on the Opinions, the Commission submits Regular Reports to the Council on further progress achieved by each candidate country (see below page 24). On the basis of the 1999 Regular Reports, the Commission recommended that accession negotiations be opened also with Latvia, Lithuania, Malta, the Slovak Republic, and, subject to certain specific conditions, with Bulgaria and Romania. Subsequently, based on the 2002 Regular Reports, the Commission recommended that accession negotiations be concluded with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia. The Commission recalled that these countries fulfilled the political criteria, and added that, bearing in mind the progress achieved by these countries, their track record in implementing their commitments, and taking into account their preparatory work in progress and foreseen, the Commission considered that these countries will have fulfilled the economic and *acquis* criteria and will be ready for membership from the beginning of 2004. Both in 1999 and 2002, the European Council endorsed the Commission's recommendations.

# Pre-accession strategy

At the end of 1994, the Essen European Council defined a pre-accession strategy to prepare the countries of Central and Eastern Europe for EU membership. This strategy was based on three main elements: implementation of the Europe Agreements, the Phare Programme of financial assistance, and a ‘structured dialogue’ bringing all Member States and candidate countries together to discuss issues of common interest.

Following the proposals of the European Commission in Agenda 2000, the Luxembourg European Council, at the end of 1997, decided on an enhanced pre-accession strategy for the ten candidate countries of Central and Eastern Europe, with a specific strategy for Cyprus (including participation in Community programmes, participation in certain targeted projects and use of TAIEX assistance). Following Malta's reactivation of its application for membership in October 1998, a specific pre-accession strategy was developed also for Malta. Furthermore, in December 1999, on the basis of a recommendation by the Commission, the Helsinki European Council decided to prepare a pre-accession strategy for Turkey.

More recently, in December 2002, the Copenhagen European Council endorsed the roadmaps put forward by the Commission for Bulgaria and Romania. The roadmaps provide Bulgaria and Romania with clearly identified objectives and give each country the possibility of setting the pace of its accession process. The Copenhagen European Council confirmed that further guidance in these countries' pre-accession work would be provided by revised Accession Partnerships to be presented in 2003. In addition, the European Council at Copenhagen decided to strengthen the accession strategy for Turkey and invited the Commission to submit a revised Accession Partnership for Turkey. In parallel, the Union committed itself to a significant increase in pre-accession financial assistance for all three countries. From 2004, the assistance for Turkey will be financed under the Union's budget for "pre-accession expenditure".

The EU’s pre-accession strategy towards the candidate countries of Central and Eastern Europe is founded on

- Europe Agreements
- Accession Partnerships and National Programmes for the Adoption of the *Acquis* (NPAA)
- Pre-accession assistance, including
  - the Phare Programme
  - environment and transport investment support (ISPA Programme)
  - agricultural and rural development support (SAPARD Programme)
  - co-financing with the international financial institutions (IFIs)
- Opening of European Community programmes and agencies.

The EU's pre-accession strategy towards Cyprus and Malta is based on

- Association Agreements
- Accession Partnerships and National Programmes for the Adoption of the *Acquis* (NPAA)
- Specific pre-accession assistance
- Opening of European Community programmes and agencies.

The EU's pre-accession strategy towards Turkey builds on the European Strategy, which was developed in 1998. In March 1998, the European Commission adopted its first operational proposals for this strategy. They covered the deepening of the Customs Union, the extension of the Customs Union to the agricultural and services sectors and the strengthening of co-operation in several other fields. The participation in Community programmes and agencies was also foreseen. In line with the Helsinki conclusions, the pre-accession strategy for Turkey encompasses

- Association Agreement and Customs Union Agreement
- Enhanced political dialogue
- Accession Partnership and National Programme for the Adoption of the *Acquis* (NPAA)
- Specific assistance under a single financial framework; as from 2004, assistance will be financed under the Union's budget for "pre-accession expenditure"
- Participation in European Community programmes and agencies.

**THE EUROPE AGREEMENTS WITH THE COUNTRIES OF CENTRAL AND EASTERN EUROPE**

As basic legal instruments of the relationship between the EU and the ten associated countries of Central and Eastern Europe, the Europe Agreements cover trade-related issues, political dialogue, legal approximation and various other areas of co-operation. The Europe Agreements aim to establish free trade between the EU and the associated countries over a maximum period lasting ten years for Bulgaria, the Czech Republic, Hungary, Poland, Romania and the Slovak Republic, six years for Lithuania and Slovenia, and four years for Latvia. Free trade was established with Estonia from 1 January 1995. No new customs duties or quantitative restrictions are to be introduced in trade between the European Community and the associated countries from the date of entry into force of each Europe Agreement. For other areas, the association includes a maximum transition period: for Bulgaria, the Czech Republic, Hungary, Poland, Romania and the Slovak Republic, this period is limited to ten years; for Slovenia, six years; for Latvia and Lithuania, no later than 31 December 1999. Estonia has no transition period. The Europe Agreements provide for progressive alignment with Community rules as well as a number of specific provisions in areas such as capital movement, rules of competition, intellectual and industrial property rights and public procurement.

Despite the asymmetry of the Europe Agreements, which lift restrictions on exports from the countries of Central and Eastern Europe more quickly than those on EU exports, the overall trade balance of the EU with these countries remains largely positive, although it has declined in recent years. In 2001 the trade surplus was €15 million vis-à-vis all ten candidate countries of Central and Eastern Europe.

Since 1994, for each country with which a Europe Agreement is in force, there has been a cycle of annual meetings of the Association Council (ministerial level) and the Association Committee (high-level civil service) as well as frequent multidisciplinary sub-committee meetings (technical level). These institutions of the Europe Agreements have assumed an enlarged role within the reinforced pre-accession strategy, in particular in regard to monitoring the progress made by the partner countries in the adoption and implementation of the *acquis* and the implementation of the Accession Partnerships.

### THE ASSOCIATION AGREEMENTS WITH CYPRUS, MALTA AND TURKEY

The legal framework for the relationship between the European Community and respectively Cyprus, Malta, and Turkey, are the Association Agreements, which date back to the sixties and early seventies. These Agreements cover trade-related issues and various other areas of co-operation. They aim progressively to establish a customs union between the European Community and each of the countries concerned. In the case of Turkey, this objective was achieved in 1995, with the entry into force of the Customs Union Agreement. For Cyprus and Malta, progress towards a customs union was taken up in the framework of the accession negotiations. As opposed to the more recent Europe Agreements, these early Association Agreements do not provide for political dialogue. Such dialogue takes place, in the case of Cyprus and Malta, on the basis of a specific decision of the General Affairs Council, and, in the case of Turkey, on the basis of specific Association Council resolutions and the conclusions of the Helsinki European Council.

### ACCESSION PARTNERSHIPS

In Agenda 2000 the European Commission highlighted the need to direct assistance towards the specific needs of each candidate country by providing them with support to overcome particular problems, as illustrated in the Opinions and subsequently in the Regular Reports which the Commission has been producing since 1998. The Accession Partnership responds to this need, and constitutes the central pillar of the reinforced pre-accession strategy. It sets out the priorities for the candidates as they prepare themselves to become members of the EU and brings together all the different forms of EU support within a single framework. The European Council in Luxembourg in December 1997 endorsed the Accession Partnership as the key instrument in strengthening the pre-accession strategy. The first Accession Partnerships for the countries of Central and Eastern Europe were decided in March 1998 and updated for the first time in 1999 and for a second time in January 2002. For Bulgaria and Romania, a third update took place in spring 2003. For Cyprus and Malta, Accession Partnerships were decided in March 2000, on the basis of a separate (similar) Council Regulation and were updated in January 2002. A first Accession Partnership with Turkey was adopted in March 2001, equally on the basis of a separate (similar) Council Regulation. It was updated in spring 2003. Each country's Accession Partnership sets out clear priorities for further work with a view to preparing for accession. It also highlights the main instruments and financial resources available, all of which should be maximised to target the objectives effectively. The Accession Partnerships have thus become the single programming framework for European Community assistance.

## EXAMPLES OF PRIORITIES IN THE ACCESSION PARTNERSHIPS OF 2002

### Bulgaria

JUDICIAL CAPACITY

implement a strategy for reform of the judicial system, paying particular attention to strengthening the administrative capacity of key institutions, such as the Supreme Judicial Council and Ministry of Justice, through building budgetary, supervisory, planning and human resource management capacity.

### Cyprus

ADMINISTRATIVE CAPACITY

improve the capacity to take on the obligations of membership across a variety of sectors:
work towards a political settlement.

### Czech Republic

ADMINISTRATIVE CAPACITY

complete the reform of the public administration system by implementing the recently adopted Civil Service Act and ensure that the benefits of reform are felt immediately from the first years of accession.

### Estonia

POLITICAL CRITERIA

continue the integration of non-citizens by implementing concrete measures, including language training, for non-Estonian speakers; provide the necessary financial support for the implementation of these measures.

### Hungary

ADMINISTRATIVE CAPACITY

ensure that the designated managing and paying authorities progressively develop their capacity in order to be able, upon accession, to fulfil their responsibilities and deliver the tasks assigned to them according to the Structural Funds Regulations.

### Latvia

POLITICAL CRITERIA

continue to implement further concrete measures for the integration of non-citizens on the basis of the National Programme for the Integration of Society in Latvia and provide the necessary financial support. Concrete measures include language training and information campaigns.

### Lithuania

ENERGY

implement a National Energy Strategy, and prepare for the final closure and decommissioning of the Ignalina Nuclear Power Plant in particular the legal, technical, economic and social aspects.

### Malta

ENVIRONMENT

adopt a strategy and a detailed, directive-specific programme for the transposition, the implementation and the enforcement of the EU environmental *acquis*, in particular through the development of framework and sector legislation, together with preparation of the necessary implementing regulations and capacity building requirements.

### Poland

ADMINISTRATIVE CAPACITY

upgrade the capacity of the agricultural administration and complete preparations for the enforcement and practical application of the management mechanisms of the Common Agricultural Policy.

### Romania

ADMINISTRATIVE CAPACITY

implement a comprehensive public administration reform package enabling reform of the legal framework for the civil service. Issues to be addressed include: devising mechanisms to ensure the political independence and accountability of civil servants, improving provisions for both initial and in-service training, and ensuring a career structure based on transparent promotion and assessment.

### Slovak Republic

ECONOMIC CRITERIA

ensure medium-term sustainability of public finances, complete the financial sector restructuring and privatise the remaining state-owned banks and insurance company; ensure implementation of the bad-debt recovery mechanisms; implement new bankruptcy and investment promotion legislation.

### Slovenia

POLITICAL CRITERIA

continue improving the functioning of the judiciary especially by further reducing the backlog of pending court cases.

### Turkey

POLITICAL CRITERIA

continue working towards ensuring the stability of institutions guaranteeing democracy, the rule of law, human rights, prevention of torture and respect for and protection of minorities.

Candidate countries have drawn up National Programmes for the Adoption of the *Acquis* that set out in detail how they intend to fulfil the priorities of the Accession Partnership and to prepare for their integration into the EU. In this way, the NPAA complements the Accession Partnership: it contains a timetable for achieving the priorities and objectives and, where possible and relevant, indicates the human and financial resources to be allocated.

Based on the priorities of the 2002 Accession Partnerships for the twelve countries with which negotiations were underway, in spring 2002 the European Commission prepared jointly with each of these countries an Action Plan to reinforce their administrative and judicial capacity. Taking the 2002 Accession Partnership priorities as a point of departure, the Action Plans identify the concrete measures that remain to be taken for each country to achieve an adequate level of administrative capacity by the time of accession. The Action Plans identify targeted assistance required to support the countries in their efforts. Furthermore, the Action Plans note the relevant commitments made in the negotiations and any additional monitoring actions that may be required in certain areas to assess each country's preparations. The Action Plans have given a new impetus to candidate countries' efforts in reinforcing their administrative and judicial capacity.

**PRE-ACCESSION ASSISTANCE**

In line with the conclusions of the Berlin European Council of March 1999, the Community has more than doubled its pre-accession assistance to the candidate countries of Central and Eastern Europe since the year 2000: as proposed by the European Commission in Agenda 2000, €3,120 million (1999 figures) is being made available annually between 2000 and 2006 through the Phare Programme and two other pre-accession instruments, ISPA and SAPARD (see below), which were introduced in 2000.

Programming under these three pre-accession instruments follows the principles, priorities and conditions set out in the Accession Partnerships. After the accession of the first ten new Member States, pre-accession assistance for the remaining candidate countries – Romania, Bulgaria as well as Turkey will be significantly reinforced. For Bulgaria and Romania, assistance will be progressively increased so as to reach the level of an additional 40% in 2006, compared to the average assistance for these two countries under Phare/ISPA/SAPARD in the period 2001 to 2003. For Turkey, total assistance will be substantially increased from 2004 and by 2006 will be at least double its current level.

**PRE-ACCESSION ASSISTANCE TO CYPRUS AND MALTA**

Pre-accession assistance is provided for Cyprus and Malta under a specific Council regulation, with an allocation of € 95 million for 2000-2004. Assistance focuses on the harmonisation process (based on the priority areas specified in the Accession Partnerships), and, in the case of Cyprus, on bi-communal measures.

## PRE-ACCESSION ASSISTANCE TO TURKEY

Pre-accession assistance is provided to Turkey under a specific Council Regulation with an annual target allocation of €177 million on average. Financial assistance is aimed at institution building and investment in all sectors, including integrated regional development programmes. Particular weight is attached to measures designed to help Turkey meet the Copenhagen political criteria.

## THE PHARE PROGRAMME

In Agenda 2000, the European Commission proposed to focus the Phare Programme on preparing the countries in Central and Eastern Europe for EU membership by concentrating its support on two crucial priorities in the adoption of the *acquis*: Institution Building and investment support. Following a Communication from Commissioner Verheugen to the Commission: 'Phare 2000 Review-Strengthening preparations for membership' two additional challenges concerning Phare were identified for the period 2000-2006: delivering on past reforms and linking to the Structural Funds. Phare provides a bridge to the Structural Funds and it aims to help the candidate countries familiarise themselves with the structures and procedures that they will need in order to use the Structural Funds efficiently upon accession.

### PRE-ACCESSION INSTRUMENTS FOR THE COUNTRIES OF CENTRAL AND EASTERN EUROPE FROM THE YEAR 2000:

**Phare:**

- finances Institution Building measures across all sectors and investment in fields not covered by the other two instruments, including integrated regional development programmes;
- has an annual budget of €1,560 million;
- comes under the responsibility of the Enlargement Directorate General, which also assumes the overall co-ordination between the three instruments, supported by the Phare Management Committee.

**ISPA:**

- finances major environmental and transport infrastructure projects;
- has an annual budget of €1,040 million;
- comes under the responsibility of the Regional Policy Directorate General.

**SAPARD:**

- finances agricultural and rural development;
- has an annual budget of €520 million;
- comes under the responsibility of the Agriculture Directorate General.

## INSTITUTION BUILDING

Institution building means adapting and strengthening democratic institutions, public administration and organisations that have a responsibility in implementing and enforcing Community legislation. The integration process is not simply a question of introducing legislation, it is also one of ensuring the effective and efficient implementation of the *acquis*. The process includes the development of relevant structures, human resources and management skills.

Institution building means designing management systems and training and equipping a wide range of civil servants, public officials, professionals and relevant private sector actors: from judges and financial controllers to environmental inspectors and statisticians, to name but a few. Approximately 30% of Phare funds are being used to meet these institution building needs, in accordance with the conclusions of the Luxembourg European Council, in particular through the Twinning mechanism. The Action Plans for administrative and judicial capacity [see page 15] which the European Commission prepared jointly with each of the negotiating countries in spring 2002 have played an important role in highlighting specific areas in which institution building is required, and identifying targeted assistance required to support the countries concerned in their efforts. To accompany these efforts, the Commission has mobilised additional financial assistance of up to €250 million in 2002, bringing the Community's total effort to strengthen the administrative and judicial capacity of these countries in 2002 to around €1 billion.

## TWINNING

Twinning was launched in May 1998 as the principal instrument for institution building. It aims to help the candidate countries to develop modern and efficient administrations, with the same structures, human resources and management skills needed to implement the *acquis* as already exist in the Member States.

Twinning involves the secondment of EU experts to the candidate countries to accompany an ongoing process. Each Twinning project is led by an official from the candidate country who, together with an official from a Member State administration, is responsible for the thrust of its design and implementation. At least one Pre-Accession Adviser, an individual seconded from a Member State administration or other mandated Member State body to work full time in the corresponding ministry in the candidate country for a minimum of 12 months, ensures the daily progress of the project. A carefully designed work programme of ad-hoc advisory or training missions by Member State staff complements the permanent presence.

A total of 683 Twinning projects, primarily in the fields of agriculture, environment, public finance, justice and home affairs and preparation for the management of Structural Funds, have been funded by the EU between 1998-2002. These represent principal priority sectors that have been identified in the Accession Partnerships. But also other important sectors of EU legislation have been addressed through Twinning for example, social policy, the fight against drugs, transport, telecommunications regulation and so forth.

In this way Twinning provides the framework for administrations and semi-public organisations in the candidate countries to receive advice and support from their counterparts in Member States in developing and implementing projects involving the transposition, enforcement and implementation of a specific part of the *acquis*. The main feature of Twinning projects is that they set out to deliver specific and guaranteed results. They are not designed to foster general co-operation, but to achieve specific targets agreed between the parties in advance for the implementation of priority areas of the *acquis*, as set out in the Accession Partnerships.

### TWINNING: EXAMPLES OF PROJECTS

**Bulgaria:** Improvement of the efficiency of the SAPARD Task Force (Greece, lead partner). The project achieved the following results:

- preparation and approval of the National Agricultural and Rural Development Plan (NARDP),
- establishment of the legal and administrative organisation of the SAPARD paying agency.
- reinforcement of the capacity and the skills of the Bulgarian officials of the Ministry of Agriculture and Forestry and of the State Fund Agriculture.

**Cyprus:** Twinning project in the area of Justice and Home Affairs (Spain/Greece). This project has as its objectives the establishment of a National Drugs Monitoring Centre (Reitox Focal Point) and the strengthening of the administrative capacity of the Anti-Drugs Council of Cyprus to review and implement a national drugs strategy, including a drugs demand reduction strategy.

**Czech Republic:** Restructuring of the Ministry of Agriculture and Establishment of Market Intervention Agency (Germany, lead partner).

This Twinning project focuses on:

- analysis of the general organisation, functions and activities of the Czech Ministry of Agriculture (at both central and regional level) and proposals for restructuring,
- establishment of a State Agricultural Intervention Fund for the implementation, financing and control of CAP measures, including a Paying Agency,
- adaptation of the Czech Market Organisations to the CAP rules,
- implementation of an agricultural market information system to deliver agricultural data in real time for the use of operators and administrators at national and EU level.

**Estonia:** Sound Financial Management and Control Systems for the strengthening of good governance and accountability in the public sector (Ireland, lead partner).

Significant efforts are required for Estonia to meet EU standards in respect to financial control systems in order to be able to handle the increased responsibility of managing pre-accession instruments and EU funds upon accession. The Irish partners provide support for the analysis and development of financial control systems, drafting of legislation, capacity building of financial control departments and training of trainers and auditors.

**Hungary:** Training for Investigation of Organised Crime (United Kingdom, lead partner, in co-operation with the Netherlands, Germany, Italy, France).

The project aims to establish a training programme for Hungarian law enforcement agencies, in order to strengthen their capacity to efficiently and effectively combat organised crime. The training is targeted at trainers enabling them to develop their own training strategy and design and implement programmes to meet future demands. The training is of a highly specialised nature and includes several modules devoted to criminal terrorism, witness protection, cross border criminality, criminal intelligence analysis, corruption, financial and computer related crime, and undercover operations.

**Latvia:** Improvement of the State Revenue Service (Sweden/Belgium). This project seeks on the one hand to create and implement a human resources development plan for the Latvian tax administration, and on the other to establish a pre-arrival control system for the transit and import of prohibited, sensitive and highly taxed goods.

**Lithuania:** three Twinning projects (Denmark, lead partner) are taking place in the Lithuanian energy sector. The aim of the Twinning project located in the Ministry of Economy is to ensure that policy and a legal basis for the regulation of the energy sector is put in place. At the two energy utilities, Lithuanian Energy and Lithuanian Gas, Twinning projects assist with restructuring, introducing western management techniques and information systems, and supporting the unbundling process.

**Malta:** Strengthening Malta's operational and administrative capacity to implement the EU *acquis* in respect of border management and asylum (United Kingdom/Spain).

The project aims on the one hand to train all staff involved in border management and asylum and on the other hand to improve the technical infrastructure with the aim of strengthening the controls necessary for the management of the future EU external border. The project also aims to develop a national strategy for the integration of Malta's national information technology systems with the Schengen Information System.

**Poland:** Reinforcement of the Ministry of Internal Affairs and the Ministry of Justice in the fight against organised crime (France, lead partner), through the training of specialised prosecutors and scientific police. The project focuses also on white collar crime and operational training for forensic police in the treatment of finger prints, criminal analysis, and information technology.

**Romania:** Establishment of a National Anti-Corruption Structure (Spain, lead partner). Within the General Prosecutor's Office a special unit will be established dedicated to investigating and combating corruption and related organised crime, involving national officials in relation to both "active corruption" and "passive corruption". This highly topical project will strengthen the role of the newly created unit and expose staff to modern investigation techniques.

**Slovakia:** Water Management and Protection (Netherlands, lead partner). This Twinning project focuses on the harmonisation of sectoral policy and institutional strengthening in the field of water management. A strategy defining the legal and organisational implications of the EU Water Framework Directive and recommendations for a time schedule for its phased implementation are being elaborated. In parallel, the monitoring performance for water quality is being assessed and Slovak policy makers and managers are being trained.

**Slovenia:** Employment project (Sweden, lead partner) focusing on helping Slovenia to implement the *acquis* on free movement of workers and improve the social security schemes. Emphasis on strengthening the capacity of the Slovene institutions will enable them to participate in the co-ordination of social security at EU level.

Initially, Twinning was limited to the countries of Central and Eastern Europe. However in 2001 Cyprus and Malta began participating in the programme. In early 2003 the first Twinning project in Turkey got underway and preparations for more projects there are well advanced.

### INVESTING IN THE *ACQUIS*

Phare's second objective, investment, takes two forms: investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* is now complemented with investment in Economic and Social Cohesion. Around 70% of Phare resources are allocated for investment, this percentage being equally divided between the two types of investment.

The adoption of the *acquis* means that the candidate countries have to adapt their enterprises and main infrastructure to respect Community norms and standards as soon as possible. This requires considerable investment. This is particularly the case for the enforcement of Community rules in areas such as environment, nuclear safety, transport safety, working conditions, marketing of food products, consumer information, control of production processes.

Investment efforts are necessary to adapt to Community norms and to develop major infrastructure. Such investments in regulatory infrastructure enhance candidate countries' ability to meet the EU's accession requirements and to cope with competitive pressure.

Launched in 2000, the second component of investment support is action in the field of Economic and Social Cohesion, based on a National Development Plan. This type of investment focuses as a priority on helping the candidate countries strengthen the institutions that will be needed to implement Structural Funds after accession.

In general, the two types of investment support include diversified actions such as structural and social actions, SME development, adoption of European Community norms, and small and medium -scale infrastructure. Since the year 2000, ISPA and SAPARD (see above) have more than doubled the investment capacity in *acquis*-related projects under EU public funding for the candidate countries of Central and Eastern Europe.

### CO-FINANCING WITH THE EIB AND INTERNATIONAL FINANCIAL INSTITUTIONS

In December 1999, the Council of Ministers agreed an envelope of € 9,280 million (originally 8,680 million) for guaranteeing the lending activities of the European Investment Bank (EIB) to Central and Eastern Europe for the period February 2000 - January 2007. In January 2000, the EIB's Board of Governors approved an extension of the EIB's pre-accession facility for lending to the candidate countries for an amount of up to €8,500 million over a period of three and a half years. Cyprus, Malta and Turkey are at present also eligible for EIB pre-accession financing.

The EIB's pre-accession support covers priority investment in all the candidate countries, in particular those projects that facilitate the adoption of the *acquis* communautaire and strengthen integration with the EU. The financing covers all sectors normally eligible for EIB support, and focuses on environmental protection; the development of transport, telecommunication and energy links; industrial competitiveness and regional development.

The effectiveness of pre-accession support is enhanced when it mobilises funds from the international financial institutions (IFIs). With this in mind, the European Commission signed a Memorandum of Understanding on 31 March 2000 with the European Bank for Reconstruction and Development (EBRD), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Nordic Investment Bank (NIB), Nordic Environment Finance Corporation (NEFCO) and the Council of Europe Development Bank to reinforce their co-operation in pre-accession preparation for Central and Eastern European countries and to facilitate co-financing. The EIB works closely with the European Commission in serving the EU's policy objectives and collaborates with the other IFIs in the spirit of the Memorandum of Understanding.

Since 2000, the pre-accession instrument ISPA has been the main facility for co-financing infrastructure projects with the EIB and other IFIs. Jointly financed projects in the environmental and transport sectors are under implementation in all the candidate countries of Central and Eastern Europe.

Under PHARE, the main co-financing instrument is the SME facility which was created in 1999 in co-operation with the EBRD. The EIB joined in 2001, with the CEB and the Kreditanstalt für Wiederaufbau (KfW) also participating. In addition, the Commission decided to extend the reach of the facility for Turkey through a €4 million co-operation with CEB/KfW.

Since 2002, the EIB has also been co-operating with the Commission in two newly created instruments:

- a special EIB programme: the Municipal Infrastructure Facility to finance local municipalities in border regions (in the framework of the Commission Communication on Impact of enlargement on Border Regions)
- the Municipal Finance Facility (developed by the Commission together with EBRD and KfW/CEB) designed to provide incentives for banks in the candidate countries to expand their lending to municipalities for the financing of small infrastructure investments, to extend loans over longer maturities, and to enhance their capacity to assess and monitor the related risks and to manage their loans. Collaboration with the EIB, the EBRD and other IFIs has resulted in the joint co-financing of a substantial number of projects since 1998.

At the project level, the exchange of information is carried out at a very early stage in the procedure of project identification in order to identify possible proposals for co-financing.

### EXAMPLES OF CO-FINANCING BY ISPA AND IFIS

- **The Transit Roads III Rehabilitation programme in Bulgaria** was jointly financed by ISPA and the EIB. It concerned the rehabilitation of the main trunk roads along the priority route Pan-European Transport Corridors IV, VIII and IX. It was a continuation of the successful Transit Roads I and II programmes financed by the EIB, Phare and Bulgaria. It provides fast and efficient road connections - thereby fostering Bulgaria's efforts to promote trade and economic development - reduces operating costs, and enhances road safety.
- **A wastewater treatment plant in Krakow,** the third largest city in Poland, was financed jointly with the EBRD under a single turnkey contract. It complies fully with Community legislation, and has had a major impact on the local water quality and improved conditions in the Baltic Sea. The area was identified as a hot spot in the Helsinki Convention. The investment includes a new biological and tertiary treatment plant, sludge handling and bio-gas utilisation.

However, the needs of the candidates in terms of alignment with European Community standards and norms are too great to be met solely by Community grants or loans from the EIB or IFIs. Greater investment in the candidate countries by EU companies would considerably lighten the burden, in particular in areas such as the environment. It is for the candidate countries to put in place the legal framework, such as public service franchises, which will allow the private sector to help them meet the challenge of alignment with Community standards through investment that cannot be financed solely from public funds.

### OPENING OF EUROPEAN COMMUNITY PROGRAMMES AND AGENCIES

Community programmes are designed to promote co-operation between Member States in specific policy areas (such as public health, environment, research and energy) and to support student and youth exchanges (such as Socrates, Leonardo da Vinci and Youth). The principle of opening up Community programmes to the countries of Central and Eastern Europe was decided by the European Council in Copenhagen in June 1993, and confirmed by the Essen European Council in December 1994. The objective of the candidate countries' participation in Community programmes in a wide range of areas is to familiarise them with the way Community policies and instruments are put into practice and to facilitate, for instance, the exchange of students, young people, scientists, and civil servants, prior to the accession of their countries to the European Union.

In Agenda 2000, and in the conclusions of the European Council meeting in Luxembourg at the end of 1997, the importance of participation in Community programmes as part of the enhanced pre-accession strategy was reiterated. Furthermore, the European Council indicated that candidate countries should steadily increase their own financial contribution, but agreed that Phare, in the case of the ten associated countries of Central and Eastern Europe, if necessary, would continue to part-finance these countries' financial contributions "up to 10 per cent of the Phare appropriation, not including participation in the research and development framework programme". The European Council also stated that candidate countries should be allowed to take part, as observers and for points that concerned them, in the management committees responsible for monitoring the programmes to which they contributed financially. Following the conclusions of the Helsinki European Council in December 1999, equivalent part-financing may be applied to Cyprus, Malta and Turkey on the basis of the relevant Community "pre-accession" funds devoted to these three candidate countries.

At present, all candidate countries from Central and Eastern Europe as well as Cyprus, Malta and Turkey participate in Community programmes, in particular in the fields of education, vocational training, youth, culture, audio-visual policy, social policy, public health, research, energy, the environment, small and medium-sized enterprises, customs, indirect taxation and information technology. Similar participation of candidate countries in Community agencies is also underway. Participation may take several forms, ranging from full participation as members of the agency to participation in occasional meetings, groups of experts and other specific work of mutual interest being carried out by the Agencies. The 13 candidate countries have ratified their respective membership agreements allowing their full participation in the European Environment Agency in 2003. Concerning the European Monitoring Centre for Drugs and Drug-Addiction (EMCDDA), bilateral agreements on full participation are to be concluded with Bulgaria, Romania and Turkey in 2003. The remaining 10 candidate countries are to join the EMCDDA through their accession to the Union in 2004. Moreover, Phare support is provided for the implementation of preparatory measures for full participation in further eight Community agencies.

In order to define a consistent approach to this matter, in a communication to the EU Council in December 1999, the European Commission proposed general guidelines for the participation of all candidate countries in Community programmes, agencies and committees.

As a result, new legal instruments have been put in place to streamline procedures facilitating the participation of the candidate countries in Community programmes. Consequently, numerous Memoranda of Understanding on participation in specific programmes have been signed between the Commission and the governments of these countries in 2002.

**REVIEW PROCEDURE - REGULAR REPORTS**

In order to assess progress achieved by each country in preparing for accession, following the publication of the Commission's Opinions on the applications for membership of the candidate countries in 1997, the Commission submits Regular Reports to the Council. The reports serve as a basis for the Council to take decisions on the conduct of the negotiations or their extension to other candidates on the basis of the accession criteria (see page 7). The Commission submitted the first set of Regular Reports, covering the ten associated countries in Central and Eastern Europe, Cyprus and Turkey, to the Council in November 1998. Following the reactivation by Malta of its application for membership in October 1998, the Commission adopted, on 17 February 1999, an update of its Opinion from 1993. Since that time, the Commission has presented a complete set of Regular Reports on a yearly basis, covering the ten associated countries in Central and Eastern Europe, Cyprus, Malta, and Turkey.

**On the basis of its fifth set of Regular Reports, presented in October 2002, the Commission recommended to the European Council that:**

- Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia fulfil the political criteria. Bearing in mind the progress achieved by these countries, the track record in implementing their commitments, and taking into account their preparatory work in progress and foreseen, the Commission considers that these countries will have fulfilled the economic and acquis criteria and will be ready for membership from the beginning of 2004. The Commission therefore recommends to conclude the accession negotiations with these countries by the end of this year with the aim to sign the Accession Treaty in spring 2003.
- The Commission hopes to see a re-united Cyprus acceding to the European Union on the basis of a comprehensive settlement, as the best outcome for all concerned. As indicated in the conclusions of the Seville European Council, the EU is ready to accommodate the terms of a political settlement in the accession arrangements in line with the principles on which the European Union is founded. The Commission welcomes the continued UN involvement and urges all parties concerned and, in particular Turkey, to lend full support to efforts to reach a comprehensive settlement this year. Cyprus' terms of accession can be adapted to reflect the comprehensive settlement as well as its implications for the application of the *acquis* throughout the island. The Commission has proposed that considerable resources should be made available to support the northern part of the island to catch up and to back up a settlement. In the absence of a settlement, the decisions to be taken in December by the Copenhagen European Council will be based on the conclusions of the Helsinki European Council .
- Acceding countries need to implement the acquis by the date of accession, except in cases where transitional arrangements have been agreed. Commitments undertaken in the negotiations must be fully met before accession. The Regular Reports point to a number of areas where further improvements need to be made in the context of the political and economic criteria and in relationship to the adoption, implementation and enforcement of the acquis. These should be vigorously pursued. In order to analyse progress and to facilitate successful membership of the European Union, the

Commission will regularly monitor this and report to Council. The Commission will produce six months before the envisaged date of accession a comprehensive monitoring report for the Council and the European Parliament. The Commission considers that a specific safeguard clause needs to be introduced in the Accession Treaty. This clause should allow the Commission for a limited period of time to take appropriate measures in the internal market field.

- Conclusion of negotiations requires that the necessary solutions be found to the remaining open questions in the negotiations.
- Bulgaria and Romania have set 2007 as their indicative date for accession. The Commission will strongly support the two countries in achieving this objective, which will continue to be guided by the principles of differentiation and own merits. The Commission will propose, on the basis of the analysis in the 2002 Regular Reports, detailed roadmaps for Bulgaria and Romania before the Copenhagen European Council. In order to prepare Bulgaria and Romania for membership in the European Union, an increased focus will be put on judicial and administrative reform. Furthermore, pre-accession assistance provided to Bulgaria and Romania should be increased considerably from the date of the first round of accessions and linked to progress in implementing the roadmaps. As the accession negotiations with all twelve negotiating candidate countries are an inclusive process, the Accession Treaty should acknowledge that the results reached in the negotiations with those candidates which will not join in the first round of enlargement will not be put into question.
- Through constitutional reform and a series of legislative packages Turkey has made noticeable progress towards meeting the Copenhagen political criteria, as well as moving forward on the economic criteria and alignment with the acquis. Nonetheless, considerable further efforts are needed. Against this background and in view of the next stage of its candidature, the Commission recommends that the EU enhance its support for Turkey's pre-accession preparations and provide significant additional resources for this purpose. The Commission will propose a revised Accession Partnership and intensify the process of legislative scrutiny. It recommends renewed efforts to extend the Customs Union and improve its functioning, with a view to deepening EC - Turkey trade relations and increasing investment flows. Turkey is encouraged to pursue its reform process and thus to carry forward its candidature for EU membership.

The European Council at its meetings in Brussels and Copenhagen in October and December 2002 respectively endorsed the recommendations put forward by the Commission.

# The Accession process from negotiation to ratification

On the basis of the recommendations of the European Commission in December 1997, the Luxembourg European Council decided to launch an 'overall enlargement process' for all countries wishing to join the EU. It encompasses

- the European Conference, which brings together the countries aspiring to join the EU. The Conference is a multilateral forum for discussing issues of common interest, such as foreign and security policy, justice and home affairs, regional co-operation or economic matters. This conference met for the first time in London on 12 March 1998.

  In December 1999, the Helsinki European Council announced a review of the future of the European Conference, so as to take account of the evolving situation. The Nice European Council in December 2000 concluded that the Balkan countries covered by the stabilisation and association process and the EFTA countries be invited to attend as prospective members. With a view to strengthening the Union's relationship with its near neighbours, the Gothenburg European Council announced that Ukraine and Moldova would also be invited to join the Conference.

- the accession process which was launched in Brussels on 30 March 1998 and encompasses all ten Central and Eastern European countries, Cyprus, Malta and Turkey. It is an evolving and inclusive process in the sense that all these countries are destined to join the EU on the basis of the same criteria.

**NEGOTIATIONS: THE PRINCIPLES**

The main principles behind the accession negotiations are fourfold. Firstly, the negotiations focus specifically on the terms under which candidates adopt, implement and enforce the acquis. Secondly, transitional arrangements may be possible, but these must be limited in scope and duration and should not have a significant impact on competition or the functioning of the internal market. In addition they should be accompanied by a plan with clearly defined stages for the application of the acquis. A third underlying principle in the negotiations is the concept of differentiation. The decision to enter into negotiations simultaneously with a group of countries does not imply that these negotiations will be concluded at the same time. The negotiations with the candidate countries are conducted individually; the pace of each negotiation depends on the degree of preparation by each candidate country and the complexity of the issues to be resolved. Finally, there is the principle of catching up. In deciding to open negotiations with a second group of countries, the Helsinki European Council, in December 1999, stipulated that *"candidate States which have now been brought into the negotiating process will have the possibility to catch up within a reasonable period of time with those already in negotiations if they have made sufficient progress in their preparations."* Each candidate is thus judged on its own merits.

At the Nice European Council in December 2000, a further element to the negotiation process was introduced, that of the "roadmap" proposed by the Commission. The objective of the roadmap was to bring the negotiation process forward, and ensure that all parties to the negotiations commit themselves to a realistic timetable. In concrete terms, the Union undertook to present common negotiating positions and to deal with related requests for transitional periods on individual

**CHAPTERS OF THE *ACQUIS***

| | | | |
|---|---|---|---|
| **Chapter 1** | Free movement of goods | **Chapter 18** | Education and training |
| **Chapter 2** | Freedom of movement for persons | **Chapter 19** | Telecommunications and information technologies |
| **Chapter 3** | Freedom to provide services | **Chapter 20** | Culture and audio-visual policy |
| **Chapter 4** | Free movement of capital | **Chapter 21** | Regional policy and co-ordination of structural instruments |
| **Chapter 5** | Company law | **Chapter 22** | Environment |
| **Chapter 6** | Competition policy | **Chapter 23** | Consumers and health protection |
| **Chapter 7** | Agriculture | **Chapter 24** | Co-operation in the fields of justice and home affairs |
| **Chapter 8** | Fisheries | **Chapter 25** | Customs union |
| **Chapter 9** | Transport policy | **Chapter 26** | External relations |
| **Chapter 10** | Taxation | **Chapter 27** | Common foreign and security policy |
| **Chapter 11** | Economic and monetary union | **Chapter 28** | Financial control |
| **Chapter 12** | Statistics | **Chapter 29** | Financial and budgetary provisions |
| **Chapter 13** | Social policy and employment | **Chapter 30** | Institutions |
| **Chapter 14** | Energy | **Chapter 31** | Other |
| **Chapter 15** | Industrial policy | | |
| **Chapter 16** | Small and medium-sized enterprises | | |
| **Chapter 17** | Science and research | | |

negotiating chapters in accordance with an agreed timetable. The roadmap adheres to the guiding principles of differentiation and catching up. Chapters may be closed before the envisaged timing, to the extent the level of preparedness of the candidate country in question so permits. The Gothenburg European Council in June 2001 reaffirmed the roadmap as the framework for the successful completion of the accession negotiations. At the Seville European Council in June 2002, the roadmap adopted at Nice was given further credit for enabling the accession negotiations to move forward in the areas of agriculture, regional policy, financial and budgetary provisions, and institutions.

## NEGOTIATIONS: THE PROCESS

The actual negotiations take the form of a series of bilateral inter-governmental conferences between the EU Member States and each of the candidate countries. Following a detailed examination of the different chapters of the *acquis* ("screening"), such as free movement of goods, agriculture, environment, etc., negotiations are opened with the candidate countries, chapter by chapter (see box). The Commission proposes common negotiating positions for the EU for each chapter. Negotiating positions are then approved unanimously by the Council. Negotiating sessions are held at the level of ministers or deputies, i.e. Permanent Representatives for the Member States, and Ambassadors or chief negotiators for the candidates. A chapter is considered "provisionally closed" with a candidate country when the EU notes that the chapter does not require further negotiation and the candidate concerned accepts the EU common position. The EU however may return to the chapter at a later stage during the negotiation process, in case new *acquis* would have been adopted with regard to the chapter concerned, or in case the candidate country concerned fails to implement the commitments it has taken on this chapter.

## NEGOTIATIONS: ANALYTICAL EXAMINATION OF THE *ACQUIS* ('SCREENING')

Starting from spring 1998, the Commission conducted a process of analytical examination of the *acquis* with all candidate countries except Turkey. The aim of this exercise was to help the countries concerned to increase their understanding of the rules that underpin the EU and identify more clearly which issues they need to address as they adopt and implement the *acquis*. For the negotiating countries this exercise also served to prepare the negotiating process.

In December 1999 the Helsinki European Council invited the Commission to prepare a process of analytical examination of the *acquis* with Turkey. As of 2000 the structures under the Association Agreement with Turkey provide for preparing this process. At Copenhagen in December 2002, the European Council concluded that the process of legislative scrutiny with Turkey would be intensified.

## NEGOTIATIONS: THE STATE OF PLAY

Accession negotiations were opened on 31 March 1998 with six countries: the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus. Subsequently, on 15 February 2000, they were launched with six more countries: Bulgaria, Latvia, Lithuania, Malta, Romania and the Slovak Republic. Accession negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia were concluded at Copenhagen on 13 December 2002. Negotiations with Bulgaria and Romania continue, on the basis of the same principles that have guided the accession negotiations so far, and whereby each country is judged on its own merits. All twenty-nine chapters of the *acquis* and the institutions chapter have been opened with both countries. As of February 2003, 23 chapters had been provisionally closed with Bulgaria, and 16 with Romania.

## MONITORING AND SAFEGUARDS

The European Council has emphasised that progress in negotiations must go hand in hand with progress in incorporating the *acquis* into legislation, and actually implementing and enforcing it. In mid 2000 the Commission launched a process of monitoring the negotiations. Its purpose is to assess the implementation of the commitments candidates have made in the negotiations, making it possible to identify any delays that may have occurred in the adoption and implementation of the *acquis* by each candidate, and highlighting problems that exist or may be anticipated.

As proposed by the European Commission and confirmed by the Brussels and Copenhagen European Councils, monitoring is to continue after the signature of the Accession Treaty, up until accession. This serves a double purpose, i.e. to give further guidance to the acceding states in their efforts to assume the responsibilities of membership, and to provide the necessary assurance to current Member States.

Continued monitoring is taking place through established channels such as the structures of the Association Agreements, peer reviews, and questionnaires, whereby the Commission signals any delays or problems in the fulfilment of commitments made in the negotiations.

All relevant information resulting from these activities is being pulled together in monitoring reports presented regularly to the Council. Six months before the envisaged accession date of 1 May 2004, i.e. in autumn 2003, the Commission will produce a comprehensive Monitoring Report, which will look at the advancement of the implementation of the necessary reforms and all commitments in the field of the *acquis* by each acceding country.

In addition to comprehensive monitoring, safeguard clauses provide for measures to deal with unforeseen developments that may arise during the first three years after accession. In line with the approach taken on the occasion of previous enlargements, a general safeguard clause has been included in the Accession Treaty, and can be used when difficulties arise which could bring about a serious deterioration in the economic situation of a given area. Two other safeguard clauses have also been included in the Treaty and may be invoked in cases where a new Member State fails to implement commitments made in the negotiations in the areas of the internal market and with regard to mutual recognition in judicial co-operation.

The comprehensive Monitoring Report will identify any areas where, in the absence of remedial action, safeguard measures may be considered. This will allow, where needed, for an early warning to be given before membership.

After accession, the Commission will continue to check how the *acquis* is implemented by the new Member States using the same mechanisms as those applied to the existing Member States.

## RATIFICATION PROCESS

Once negotiations are concluded on all chapters the results of the negotiations are incorporated in a draft Accession Treaty, which is agreed between the Council and the acceding countries. This draft Treaty is subsequently submitted to the Commission for its opinion and to the European Parliament for its assent. After signature, the Accession Treaty is submitted to the Member States and to each acceding country concerned for ratification by them in accordance with their own constitutional procedures. In several of the acceding countries, this entails the holding of a referendum on the subject of EU membership. In the acceding countries where there is no constitutional obligation, advisory referenda are being organised. When the ratification process has been concluded and the Treaty takes effect, the candidate becomes a Member State.

## INTERIM ARRANGEMENTS

In the period between the signature of the Accession Treaty and the actual accession of the new Member States, a number of interim arrangements apply. In line with the approach taken on the occasion of previous enlargements, an “information and consultation procedure” has been established. It ensures that acceding countries are kept adequately informed of any proposal, communication, recommendation or initiative which might lead to decisions by the EU institutions or bodies, and gives these countries the opportunity to comment where needed.

As from the signature of the Accession Treaty, acceding States have “active observer status” in all relevant bodies, in particular Council Working Groups as well as committees and various expert groups chaired by the Commission. Acceding States may also send observers to meetings of the Boards or Governing Councils of decentralised Community bodies (agencies). The observers have the right to speak but cannot participate in voting.

# The EU's Preparations for Enlargement

**BUDGETARY ARRANGEMENTS -** (SEE TABLE IN ANNEX P. 47)

At its meeting in Berlin on 24-25 March 1999, the European Council confirmed that enlargement is a historic priority for the European Union, and that the accession negotiations would continue "each in accordance with its own rhythm and as rapidly as possible". In the framework of Agenda 2000, the Berlin European Council adopted new financial perspectives for the Union in the context of enlargement, covering the period 2000-2006. These perspectives make a financial provision both for pre-accession expenditure and for the first new Member States to join the EU between 2002-06.

On the basis of the Berlin decisions, the total financial package agreed by EU leaders at the Copenhagen European Council in favour of the ten new Member States amounts to nearly €41 billion in terms of commitments (with €25 billion foreseen for payments) for the period 2004-2006. The largest share of this package will be to fund structural actions in the new Member States. Some €22 billion has been set aside for this purpose over the three years 2004-2006, one third of which will be for the cohesion fund and two-thirds for structural funds. Almost €5 billion has been reserved for the common agricultural policy (market measures and direct payments) in the new Member States, as well as a further € 5 billion for rural development in the period 2004-2006. New Member States will also be able to benefit fully from the Community's existing internal policies (e.g. the 5th Framework Programme on Research, education programmes such as Socrates, or the Trans-European Networks) as well as from a new transition facility to be created to continue support for reinforcing administrative capacity to implement and enforce Community legislation. The financial package also includes funds to help beneficiary countries to finance actions to implement the Schengen *acquis* and external border control. Additional funds are earmarked to further support nuclear safety in Lithuania and Slovakia.

In addition, the Copenhagen deal also includes €2.4 billion to be paid to the new Member States in the period 2004-2006 from a temporary 'cash-flow facility', in order to prevent any possible cash-flow difficulties in the first years of accession, as well as temporary budgetary compensation payments of nearly €1 billion to the Czech Republic, Cyprus, Malta and Slovenia, the only new Member States for whom otherwise there would be a risk of their net budgetary position being worse on accession compared to their position in 2003.

**INSTITUTIONAL REFORM**

The Nice European Council in December 2000 was a major step towards enlargement, with agreement on a new Treaty. Its ratification in 2002 and entry into force in February 2003 has opened the way for the EU to welcome new members.

Some important changes were made to streamline decision-making in an enlarged Union. These include:

- the extension of majority voting to more policy areas in the Council of Ministers, in place of decision-making by unanimity;
- a new weighting of votes of member states in the Council, to take account of the arrival of new members;
- a new allocation of seats in the European Parliament;
- an increase in authority of the President of the European Commission, in relation to the Commissioners and their portfolios.

A Protocol and Declarations on Enlargement, annexed to the new Treaty, provided the basis for adapting key elements of the EU's institutional system such as votes and seats due to the accession of new Member States. These provisions are designed for an EU of 27. The Accession Treaty will tailor them to suit a Union of 25 Member States, in full respect of the principles of the Nice Treaty.

### COMMUNICATION STRATEGY

Enlargement can be successful only if it is a transparent process that has the democratic support of the citizens of Member States and candidate countries. It is therefore, important that citizens of the Union and candidate countries understand what enlargement means. A wide-ranging dialogue is now taking place following the conclusion of the accession negotiations in Copenhagen, and as the debate on the future of Europe progresses. The Commission's Communication Strategy for Enlargement enables the Commission's Representatives in the Member States and its Delegations in the Candidate Countries to take part in the debate, informing the citizens of current and future Member States of the changes that may occur after this enlargement. In this task, they complement the efforts of national and regional authorities whose role it is to explain the implications of the Accession Treaty.

# Conclusion

Enlargement of the European Union will help to bring stability and prosperity. It offers major economic benefits, both to the existing Union and to the acceding countries.

But it is more than just another increase in the number of EU Member States. Beyond the economic and political benefits, this enlargement will mean the integration of European countries that share common values and objectives, but which were artificially separated from each other for most of the last century. It will contribute to the reunification of our continent.

**For general information about enlargement, your contact inside the European Commission is:**
Mr de Lobkowicz
Enlargement Information Unit
European Commission
Wetstraat 170 Rue de la Loi
B-1049 Brussels
Tel +32-295-51 76
Fax +32-2-299 17 77
Wenceslas.de-Lobkowicz@cec.eu.int

**For general information on the enlargement process and on the Phare Programme, you can contact:**
The EU enlargement information centre
Montoyerstraat 19 Rue Montoyer
B-1000 Brussels
Tel +32-2-545 90 10
Fax +32-2-545 90 11
enlargement@cec.eu.int

# Annexes

# Milestones in EU enlargement

| | |
|---|---|
| **1957** | Belgium, France, Germany, Italy, Luxembourg and the Netherlands sign the Treaty of Rome and establish the European Economic Community (EEC). |
| **1963** | Association Agreement signed with Turkey. |
| **1973** | Denmark, Ireland and the United Kingdom join the EC. |
| **1981** | Greece joins the EC. |
| **1986** | Portugal and Spain join the EC. |
| **1988** | The first Trade and Co-operation Agreement was signed with Hungary; similar agreements were subsequently signed with the other countries of Central and Eastern Europe. |
| **1989** | ■ Fall of the Berlin Wall.<br>■ European Community sets up the Phare Programme.<br>■ Opinion on Turkey. |
| **1991** | The first Europe Agreements were signed with Hungary and Poland (ratified in 1994); similar agreements were subsequently signed with the other countries of Central and Eastern Europe. |
| **1993** | ■ Copenhagen European Council agrees the accession criteria.<br>■ European Commission adopts Opinions on Cyprus and Malta. |
| **1994** | Essen European Council agrees the pre-accession strategy. |
| **1995** | ■ Austria, Finland and Sweden join the EU.<br>■ Cannes European Council sets Phare budget at €6.9 billion for 1995-1999. |
| **1997** | ■ European Commission adopts Agenda 2000 and Opinions.<br>■ Luxembourg European Council agrees on start of enlargement process, including accession negotiations and a reinforced pre-accession strategy. |
| **1998** | |
| MARCH | ■ First European Conference.<br>■ Accession process is launched.<br>■ Accession Partnerships are adopted.<br>■ Accession negotiations are opened with Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia. |
| APRIL | Screening process begins with the ten candidate countries from Central and Eastern Europe and Cyprus. |
| OCTOBER | Malta reactivates its membership application. |
| NOVEMBER | European Commission adopts first Regular Reports. |
| DECEMBER | Vienna European Council endorses European Commission's Regular Reports. |
| **1999** | |
| FEBRUARY | European Commission presents update of its Opinion on Malta from 1993. |
| MARCH | Berlin European Council adopts the financial perspectives for 2000-2006, including pre-accession funds and accession-related expenditure. |
| JUNE | Cologne European Council. |
| OCTOBER | European Commission adopts second set of Regular Reports and revises Accession Partnerships. |
| DECEMBER | Helsinki European Council reaffirms the inclusive nature of the accession process, decides to open accession negotiations with six additional candidate countries, and confirms Turkey as a candidate destined to join the European Union. |
| **2000** | |
| FEBRUARY | Accession negotiations are formally launched with Bulgaria, Latvia, Lithuania, Malta, Romania, and the Slovak Republic. |
| JUNE | Feira European Council confirms the principles of differentiation and catching up and emphaises the importance of candidate countries administrative capacity to implement the *acquis* communautaire. |
| NOVEMBER | European Commission adopts third set of Regular Reports, and an Accession Partnership for Turkey. |
| DECEMBER | Nice European Council provides the institutional basis for enlargement by concluding the IGC on institutional reform, and endorses the enlargement strategy proposed by the Commission. The central element of the strategy is the roadmap for the conduct of the negotiations. |

**2001**

JUNE Gothenburg European Council confirms that the enlargement process is irreversible, and reaffirms the roadmap as the framework for the successful completion of the negotiations. Provided that progress towards meeting the accession criteria continues at an unabated pace, the roadmap should make it possible to complete negotiations by the end of 2002 for those candidates that are ready, allowing the countries concerned to participate in the European Parliament elections of 2004 as new Members. The European Council recognises that the decisions in Helsinki have brought Turkey closer to the EU, and urges Turkey to take concrete measures to implement the priorities of the Accession Partnership.

OCTOBER Gent European Council makes mid-term review of the implementation of the enlargement strategy agreed at Nice.

NOVEMBER European Commission adopts fourth set of Regular Reports and proposals for revised Accession Partnerships.

DECEMBER Laeken European Council confirms that considerable progress has been made in the negotiations and concludes that if the present rate of progress is maintained, the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia could be ready to conclude negotiations at the end of 2002. The European Council also notes the significant efforts made by Bulgaria, Romania and Turkey and encourages them to continue on that course. The European Council decides to convene a Convention on the Future of Europe.

**2002**

JANUARY Council adopts revised Accession Partnerships for all negotiating countries, based on the proposals put forward by the European Commission.

APRIL European Commission, in co-operation with the negotiating countries, launches Action Plans for the reinforcement of administrative and judicial capacity.

JUNE Seville European Council reaffirms the Union's determination to conclude negotiations with the first ten candidate countries by the end of 2002 if they are ready. The European Council invites the Commission to prepare roadmaps and revised and enhanced pre-accession strategies to be adopted in Copenhagen for those countries still engaged in negotiations. The European Council reiterates its call to the leaders of the Greek Cypriot and Turkish Cypriot communities to reach a settlement before the conclusion of negotiations. The European Council welcomes recent reforms carried out in Turkey and supports it in its efforts to fulfil the priorities defined in its Accession Partnership.

OCTOBER

- European Commission adopts its fifth set of Regular Reports, recommending that the Council conclude negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia.
- The Brussels European Council endorses the Commission's recommendations.
- Conclusion of the Nice Treaty ratification process following a successful referendum in Ireland.

NOVEMBER European Commission proposes roadmaps for Bulgaria and Romania.

DECEMBER Copenhagen European Council successfully concludes negotiations with first ten candidate countries. Regarding Bulgaria and Romania, the European Council states that, depending on further progress in complying with the criteria for membership, it is its objective to welcome these countries to the Union in 2007. Recalling its decision in Helsinki in 1999 that Turkey is a candidate state destined to join the Union on the basis of the same criteria applied to other candidate states, the European Council pledges to re-examine Turkey's status in December 2004 on the basis of a report and recommendation from the European Commission. If by that time Turkey fulfils the Copenhagen political criteria, the Union will open accession negotiations with Turkey without delay.

**2003**

MARCH European Commission adopts proposals for revised Accession Partnerships for Bulgaria, Romania and Turkey.

APRIL The Accession Treaty with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia is signed in Athens, Greece.

# Glossary

**ACCESSION CRITERIA**

See below under "Copenhagen criteria"

**ACCESSION NEGOTIATIONS**

Take the form of a series of bilateral inter-governmental conferences between each of the candidate countries and the EU Member States. Determine the conditions under which each candidate country will join the EU and focus specifically on the terms under which candidates adopt, implement and enforce the *acquis*. In certain cases, the granting of transitional arrangements is possible, but these must be limited in scope and duration. The pace of each negotiation depends on the degree of preparation by each candidate country and the complexity of the issues to be resolved.

**ACCESSION PARTNERSHIP**

Key feature of the pre-accession strategy. Each Partnership mobilises all forms of Community assistance within a single framework for each country. This covers in detail the priorities for membership preparations, in particular adopting the *acquis* communautaire, as well as the financial resources available for that purpose.

**ACCESSION TREATY**

The results of the accession negotiations, once these have been concluded, are incorporated into one draft Accession Treaty, covering the accession of all countries that are to accede simultaneously. This draft Accession Treaty as agreed between the Council and the acceding countries is submitted to the Commission for its opinion and to the European Parliament for its assent. Once the draft Accession Treaty has been signed, it is submitted for ratification by both the existing Member States and each acceding State. Once the ratification process has been concluded, the Treaty takes effect.

***ACQUIS***

The expression *acquis* (or *acquis communautaire*) is used to describe the EU's rules and policies. It comprises the entire body of European Community legislation that has accumulated, and been revised, over the last 40 years. It includes the founding Treaty of Rome as revised by the Single Act and the Maastricht and Amsterdam Treaties; all the regulations and directives passed by the Council of Ministers; and the judgements of the European Court of Justice.

**ACTION PLANS FOR REINFORCING ADMINISTRATIVE AND JUDICIAL CAPACITY**

In spring of 2002, the Commission launched Action Plans for reinforcing administrative and judicial capacity for each of the negotiating countries. The purpose of the Action Plans is to identify with each country the remaining steps required to achieve an adequate level of administrative and judicial capacity by the time of accession, and to jointly ensure that all necessary measures are taken in the appropriate timeframe.

**AGENDA 2000**

Framework in which the European Commission outlined in 1997 the perspective for the development of the EU and its policies beyond the turn of the century: the impact of enlargement on the EU as a whole; the Opinions on membership applications from the countries of Central and Eastern Europe; and the future financial framework for 2000-2006.

**ASSOCIATION AGREEMENT**

Contractual framework of the relationship between the EU and Cyprus, Malta, and Turkey. The Association Agreements with each of these countries cover trade-related issues and various other areas of co-operation. They aim gradually to establish a customs union between the European Community and each of the countries concerned. In the case of Turkey, this objective was achieved in 1995, with the entry into force of the Customs Union Agreement.

**COPENHAGEN CRITERIA**

Agreed in 1993 by the European Council, the Copenhagen criteria must be fulfilled by candidate countries if they are to become members. They must achieve stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union; and the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union. The Luxembourg European Council (December 1997) also underlined that "as a prerequisite for enlargement of the Union, the operation of the institutions must be strengthened and improved in keeping with the institutional provisions of the Amsterdam Treaty".

**EUROPE AGREEMENT**

Basic legal instruments of the relationship between the EU and the ten associated countries of Central and Eastern Europe. The Europe Agreements cover trade-related issues, political dialogue and various other areas of co-operation. They aim gradually to establish free trade between the EU and the associated countries. Since the Luxembourg European Council in December 1997, the institutions of the Europe Agreements have assumed an enlarged role in the enhanced pre-accession strategy. They monitor the overall progress made by the partner countries: the adoption and implementation of European Community legislation and the implementation of the Accession Partnership priorities.

**EUROPEAN CONFERENCE**

Multilateral framework bringing together the ten Central and Eastern European countries, Cyprus, Malta, and Turkey, to discuss issues of common interest, such as foreign and security policy, justice and home affairs, regional co-operation or economic matters. This conference met for the first time in London on 12 March 1998 at the level of Heads of State or Government. In December 1999, the Helsinki European Council announced a review of the future of the European Conference, so as to take account of the evolving situation. The Nice European Council in December 2000 concluded that the countries covered by the stabilisation and association process and the EFTA countries be invited to attend as prospective members. With a view to further strengthening the Union's relationship with its near neighbours, the Gothenburg European Council in June 2001 announced that Ukraine and Moldova would also be invited to join the Conference.

**INSTITUTION BUILDING**

Institution building involves the adaptation and strengthening of democratic institutions, public administration and organisations that have a responsibility for implementing and enforcing Community legislation. The integration process is not simply a question of approximating candidate countries' legislation to that of the Community; it is also one of ensuring the effective and efficient implementation of the texts. This means training and equipping a wide range of civil servants, public officials, professionals and relevant private sector actors.

**ISPA (PRE-ACCESSION INSTRUMENT FOR STRUCTURAL POLICIES)**

Pre-accession assistance worth €1,040 million per year since 2000, to be directed mainly towards aligning the candidate countries of Central and Eastern Europe with Community infrastructure standards in transport and the environment.

## MONITORING

The Helsinki European Council has emphasised that progress in negotiations must go hand in hand with progress in incorporating the *acquis* into legislation, and actually implementing and enforcing it. On that basis, in mid 2000 the Commission launched a process of monitoring of the negotiations. Its purpose is to assess the implementation of the commitments candidates have made in the negotiations, and in general to identify any delays that may have occurred in the adoption and implementation of the *acquis* by each candidate, highlighting problems that exist or may be anticipated. The monitoring process continues up until accession.

## OPINION

The basic procedure for enlargement was set out in Article O of the Treaty of Rome, now article 49 of the Treaty on the European Union as further modified by the Amsterdam Treaty. "Any European state which respects the principles set out in Article 6(1) [i.e.liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law] may apply to become a Member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members."

Thus, the Commission's Opinions of July 1997, which were adopted as part of Agenda 2000, were an assessment of the membership applications of the ten candidate countries of Central and Eastern Europe, as measured against the Copenhagen accession criteria.

## PHARE PROGRAMME

The single financial instrument of the pre-accession strategy for the candidate countries of Central and Eastern Europe until 1999, helping the candidate countries concerned prepare for accession to the EU. Since the year 2000, Phare has been complemented by ISPA and SAPARD. In accordance with the conclusions of the Berlin European Council (March 1999), Phare is providing €1,560 million per year between 2000 to 2006.

## PRE-ACCESSION STRATEGY

The pre-accession strategy is designed to help the candidate countries prepare for future membership by aligning themselves as far as possible with European Community legislation before accession. It centres on the Accession Partnerships, pre-accession assistance, the Europe and Association Agreements (depending on the country concerned), and the participation of the candidate countries in European Community programmes and agencies.

## RATIFICATION

Once negotiations have been concluded on all chapters the results of the negotiations are incorporated in a draft Accession Treaty, which is submitted to the Council for approval and subsequently to the European Commission for its opinion and to the European Parliament for assent. After signature, the Accession Treaty is submitted to the Member States and to the candidate country concerned for ratification by them involving, in some cases, referenda. Ratification is a democratic process, and is carried out in accordance with the constitutional procedures of each country concerned. When the ratification process has been concluded and the Treaty takes effect, the candidate becomes a Member State.

## REGULAR REPORT

European Commission's assessment of progress achieved by each candidate country towards accession. The Reports serve as a basis for the Council to take decisions on the conduct of negotiations or their extension to other candidates.

**ROADMAP FOR THE ACCESSION NEGOTIATIONS**

At the Nice European Council in December 2000, a further element to the negotiation process was introduced, that of the "roadmap" proposed by the Commission. The objective of the roadmap was to bring the negotiation process forward, and ensure that all parties to the negotiations commit themselves to a realistic timetable. In concrete terms, the Union undertook to present common negotiating positions and to deal with related requests for transitional periods on individual negotiating chapters in accordance with an agreed timetable. The roadmap adheres to the guiding principles of differentiation and catching up. Chapters may be closed before the envisaged timing, to the extent the level of preparedness of the candidate country in question so permits. The Gothenburg European Council in June 2001 reaffirmed the roadmap as the framework for the successful completion of the accession negotiations. At the Seville European Council in June 2002, the roadmap adopted at Nice was given further credit for enabling the accession negotiations to move forward in the areas of agriculture, regional policy, financial and budgetary provisions, and institutions.

**ROADMAPS FOR BULGARIA AND ROMANIA**

The purpose of the roadmaps is to indicate the main steps that Bulgaria and Romania need to take to be ready for membership, with the aim of supporting their efforts to achieve the objective of joining the European Union in 2007. They identify in detail the tasks ahead, with a particular emphasis on administrative and judicial capacity necessary to implement the *acquis*, and on economic reform. The European Commission presented roadmaps for Bulgaria and Romania in November 2002 and the Copenhagen European Council endorsed these in December 2002. The Commission also proposed a considerable progressive increase in the European Union's financial assistance over the period 2004-6, amounting to an additional 20% in 2004, 30% in 2005 and 40% in 2006 compared to the average assistance received by the two countries in the period 2001-2003.

**SAPARD (Special Accession Programme for Agriculture and Rural Development)**

Pre-accession assistance for the candidate countries of Central and Eastern Europe in agricultural development amounting to €520 million per year, available since the year 2000.

**SCREENING**

The expression of 'screening' describes the process of analytical examination of the *acquis* carried out by the European Commission with each candidate country. The aim of screening is to explain the *acquis* to the candidate countries and, with them, to identify areas where there may be problems to be addressed. Starting from spring 1998, the Commission conducted this process of analytical examination with all Candidate Countries except Turkey. In 1999 the Helsinki European Council invited the Commission to prepare the process with Turkey. At Copenhagen in December 2002, the European Council concluded that the process of legislative scrutiny with Turkey would be intensified.

**STRUCTURAL FUNDS**

Structural Funds are those through which the Community channels financial assistance to address structural economic and social problems within the European Union. They aim at reducing inequalities between different regions and social groups.

**TWINNING**

Principal mechanism for the delivery of Institution Building projects identified in the Accession Partnerships. Twinning brings together administrations and semi-public organisations in candidate countries with their counterparts in Member States to work on clearly defined projects that involve the transposition, implementation and enforcement of a specific part of the *acquis* communautaire Twinning is designed to deliver specific results as set out in the Accession Partnerships.

# Macro-economic indicators and foreign aid

| | Popul. in 2001 (millions) | GDP € billions PPP 2001 | GDP per capita €/PPP 2001 | GDP per capita as % of EU average (PPP) 2001 | GDP growth in 2001 (%) | Inflation rate (%) annual average2001 |
|---|---|---|---|---|---|---|
| **Bulgaria** | 7.9 | 51.5 | 6,500 | 28 | 4 | 7.4 |
| **Cyprus** | 0.8 | 14.1 | 18,500 | 80 | 4 | 2 |
| **Czech Republic** | 10.2 | 136 | 13,300 | 57 | 3.3 | 4.5 |
| **Estonia** | 1.4 | 13.4 | 9,800 | 42 | 5 | 5.6 |
| **Hungary** | 10.2 | 121.3 | 11,900 | 51 | 3.8 | 9.1 |
| **Latvia** | 2.4 | 18.1 | 7,700 | 33 | 7.7 | 2.5 |
| **Lithuania** | 3.5 | 30.3 | 8,700 | 38 | 5.9 | 1.3 |
| **Malta** | 0.4 | 4.6 # | 11,700 # | 55 # | -0.8 | 2.5 |
| **Poland** | 38.6 | 355.5 | 9,200 | 40 | 1.1 | 5.3 |
| **Romania** | 22.4 | 132.2 | 5,900 | 25 | 5.3 | 34.5 |
| **Slovakia** | 5.4 | 59.7 | 11,000 | 48 | 3.3 | 10.8 (5) |
| **Slovenia** | 2 | 31.9 | 16,000 | 69 | 3 | 8.6 |
| **Turkey** | 68.6 | 356.8 | 5,200 | 22 | -7.4 | 57.6 |

| National Phare* MEDA Programmes and others 2001 (€ millions) (1) | Indicative Programme SAPARD 2001 (€ millions) (1) | Indicative Programme ISPA 2001 (€ millions) (1) | | EIB Loans in 2001 (€ millions) (2) | ERBD Loans in 2001 (€ millions) (3) | World Bank Loans in fiscal year 2002 (€ millions) (4) |
|---|---|---|---|---|---|---|
| | | min. | max | | | |
| 185.3 | 54.1 | 88.7 | 133.1 | 130 | 60 | - |
| 11.5 | - | - | - | 50 | - | - |
| 86.6 | 22.9 | 61 | 88.7 | 390 | 88 | - |
| 29.3 | 12.6 | 22.1 | 38.8 | 35 | 15 | - |
| 109.85 | 39.5 | 77.6 | 110.9 | 483 | 129 | - |
| 36.2 | 22.7 | 38.8 | 61 | 5 | 43 | 2 |
| 106.2 | 31 | 44.3 | 66.5 | 55 | 83 | 45 |
| 7.5 | - | - | - | 25 | - | - |
| 468.45 | 175.2 | 332.7 | 410.4 | 1,144 | 588 | 106 |
| 289.14 | 156.4 | 221.8 | 288.3 | 40 | 282 | 64 |
| 80.5 | 19 | 38.8 | 61 | 79 | 345 | 212 |
| 28.45 | 6.6 | 11 | 22.1 | 223 | 52 | - |
| 194 | - | - | - | 370 | - | 3,754 |

Sources: Eurostat (from national harmonized sources)

(1) Sources: Commission sources

* 185.2 M€ available should be added for the CEECs for multi-country programme which is not allocated.

(2) EIB annual report

(3) EBRD annual report

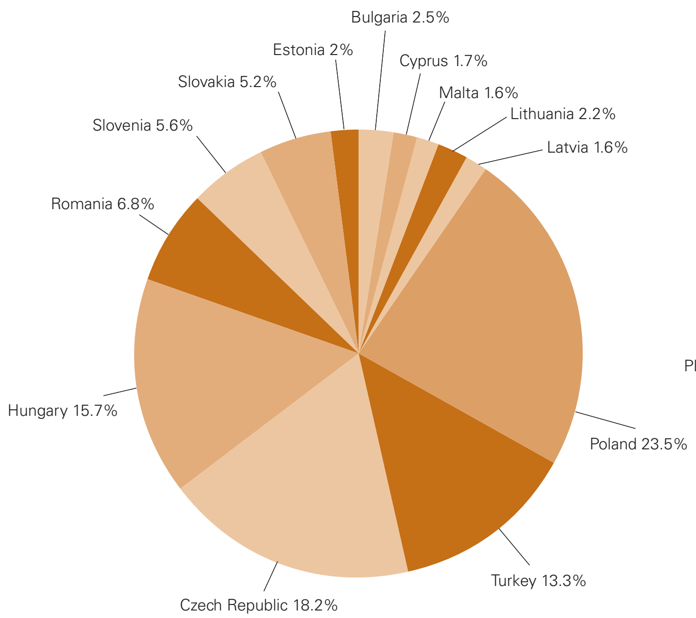
(4) World Bank annual report 2002, budgetary exercise 2002, conversion of World Bank figures at the rate of: 1 = $0.945 (annual average 2002)

\# 1999 data (2001 data unavailable)

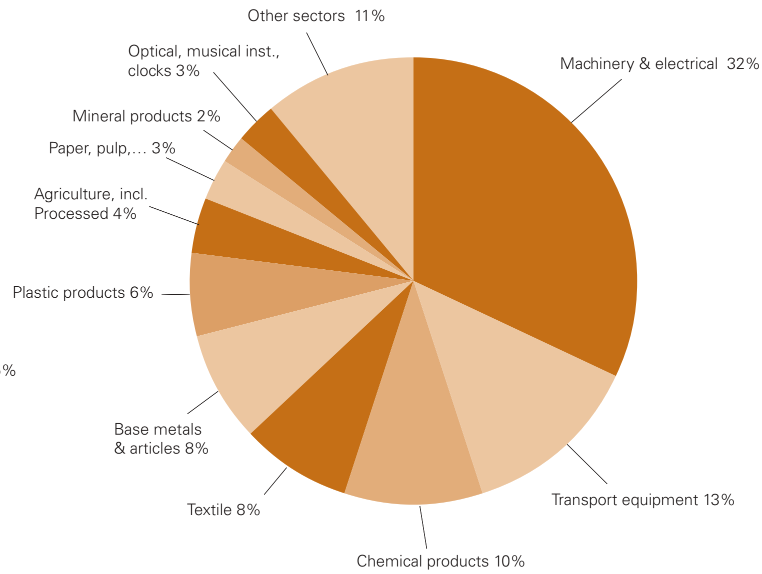
(5) 2000 data (2001 data unavailable)

PPP: Purchase Power Parity

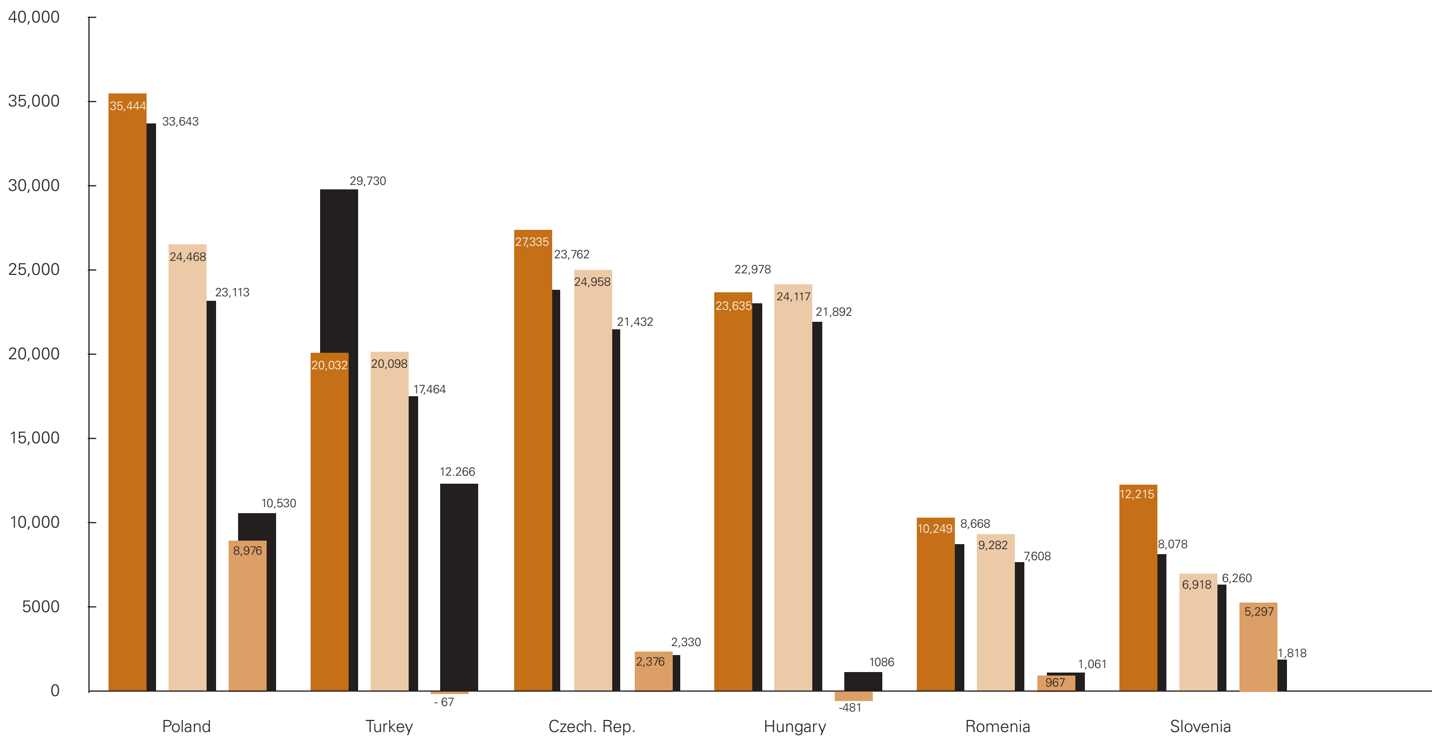
# Trade facts and figures



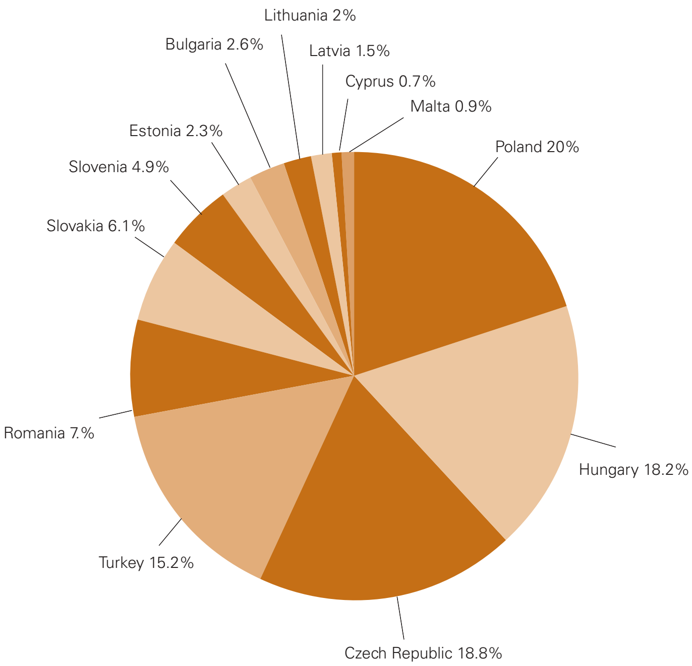

**EU 15 Exports towards Candidate Countries, Share by Country, in 2001**



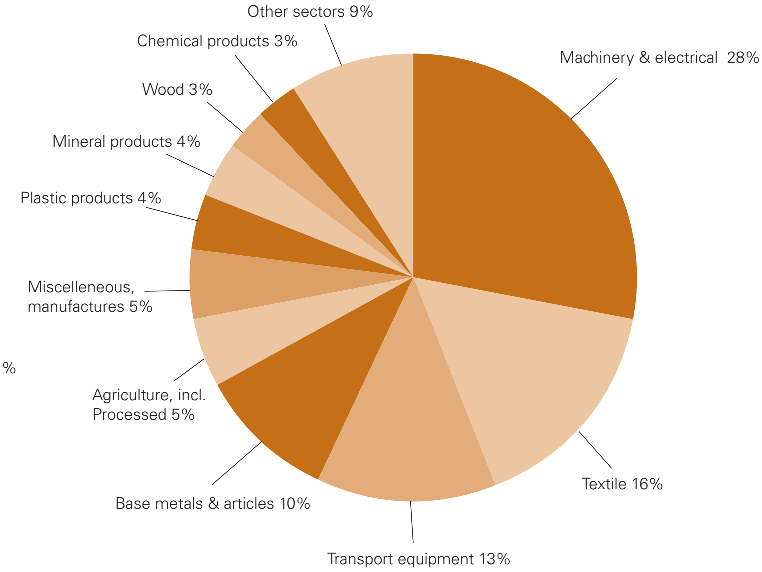

**EU 15 Exports towards Candidate Countries, Share by Sector, in 2001**



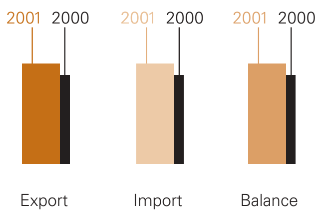

**EU 15 Trade with Candidate Countries in 2000 and 2001 (million €)**

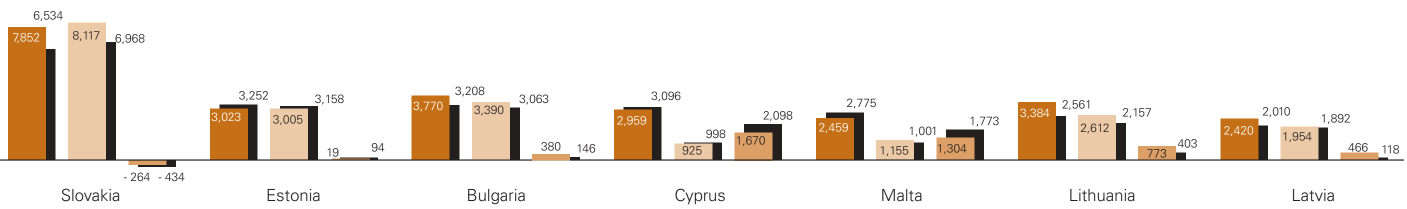



**EU 15 Imports from Candidate Countries, Share by Country, in 2001**




**EU 15 Imports from Candidate Countries, Share by Sector, in 2001**




Source: Eurostat (Comtext-EEC Special Trade Domain)

# Investments facts and figures

**Foreign Direct Investment (FDI) by Country from 1989 to 2001**

| | Total FDI 31/12/01 millions € | Total FDI per capita € | FDI in 2001 millions € | FDI per capita in 2001 € |
|---|---|---|---|---|
| Bulgaria | 4,423 | 548 | 716 | 88 |
| Czech. Rep. | 30,103 | 2,920 | 5,382 | 523 |
| Estonia | 2,625 | 1,928 | 383 | 281 |
| Hungary | 24,287 | 2,386 | 2,348 | 231 |
| Latvia | 2,981 | 1,271 | 190 | 80 |
| Lithuania | 3,155 | 908 | 490 | 141 |
| Poland | 38,439 | 994 | 7,260 | 188 |
| Romania | 8,852 | 397 | 1,289 | 58 |
| Slovakia | 6,285 | 1,163 | 1,630 | 301 |
| Slovenia | 2,062 | 1,043 | 377 | 191 |
| Cyprus* | 2,485 | 3,106 | 182 | 228 |
| Malta* | 3,723 | 9,308 | 351 | 876 |
| Turkey* | 14,070 | 205 | 3,647 | 53 |

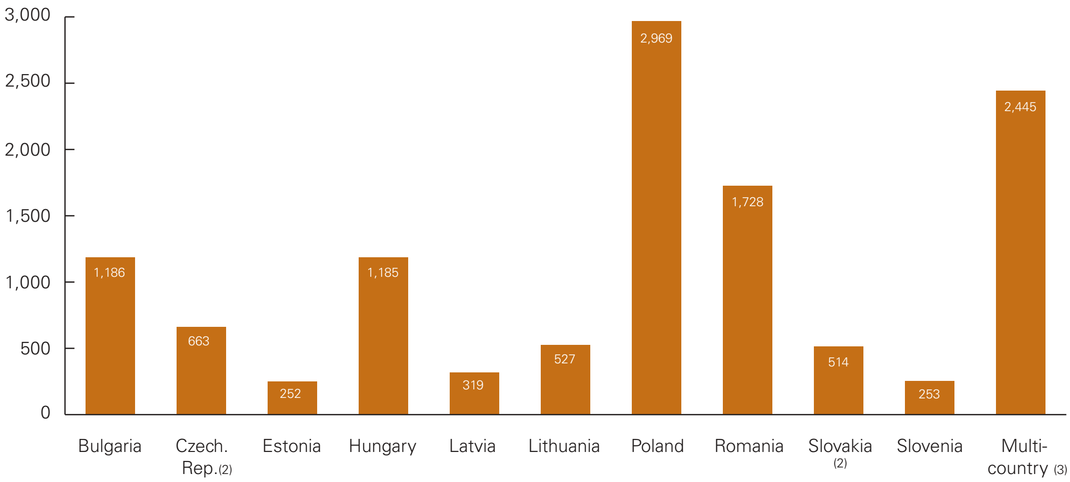
Source: EBRD Transition Report (2002)

*Source: year 2001, World Investment Report (UNCTAD 2002)

Note: conversion of EBRD & UNCTAD data at the rate of:
€1 = $0.8956 (average 2001)

# The Community assistance helping candidates prepare for accession

### Phare Commitments, 1990-2001, in € million (1)

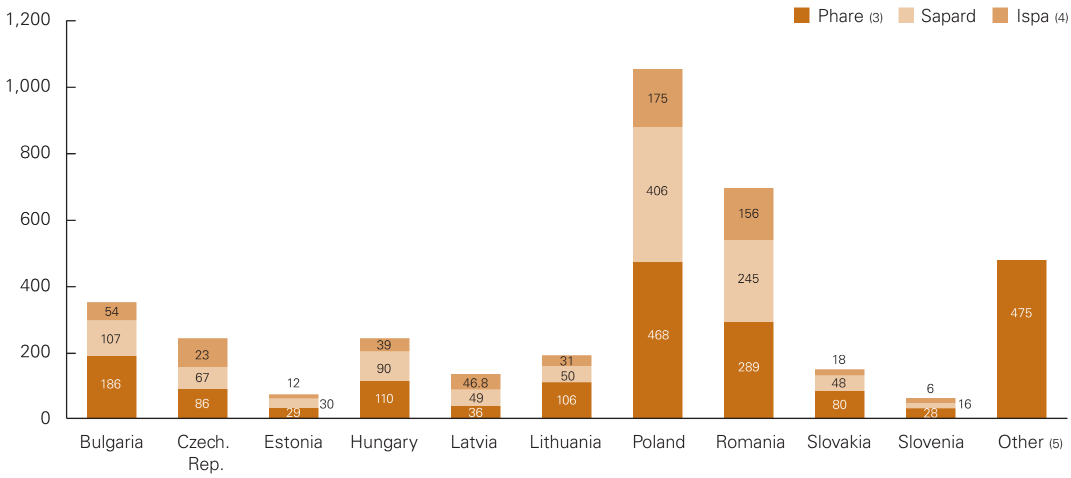



(1) Phare national programme assistance includes Cross-border co-operation and Community programmes but not multi-country programmes.

(2) Financial assistance towards Czech Republic and Slovakia does not include financial assistance towards Czechoslovakia (commitments: € 232 million over the period 1990-1992) and started in 1993

3) Includes other Phare beneficiary countries: Albania, Bosnia & Herzegovina, FYROM.

### Pre-accession assistance: commitments from 2001, in € million (1) (2)




(1) These allocations were agreed at the 1999 Berlin Summit and will be annually adjusted in the framework of the budget perspectives for 2000-2006.

(2) The figures are rounded.

(3) Phare national programme assistance includes Cross-border co-operation and the participation in Community programmes and agencies but not multi-country programmes.

(4) Funds allocated under ISPA vary within a fixed range. Given amounts are mid-point of range

(5) Includes multi-country programmes and technical assistance funded under the Phare programme.

### Community assistance to Cyprus and Malta - Commitments 2000-2004, in € million

| | '00 | '01 | '02 | '03 | '04 | Total |
|---|---|---|---|---|---|---|
| **Cyprus** | 9 | 11.5 | 11.5 | 12 | 13 | 57 |
| **Malta** | 6 | 7.5 | 9.5 | 8 | 7 | 38 |

Repartition between 2002, 2003 and 2004 is indicative

### Community assistance to Turkey - Commitments 2000-2002, in € million

| | '00 | '01 | '02 | Total |
|---|---|---|---|---|
| **Turkey** | 209 | 172 | 177 | 558 |

# Conclusions of the Copenhagen European Council, 13 December 2002

## ONE EUROPE

Today is a great moment for Europe. We have today concluded accession negotiations between the European Union and Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. 75 million people will be welcomed as new citizens of the European Union.

We, the current and acceding Member States, declare our full support for the continuous, inclusive and irreversible enlargement process. The accession negotiations with Bulgaria and Romania will continue on the basis of the same principles that have guided the negotiations so far. The results already achieved in these negotiations will not be brought into question. Depending on further progress in complying with the membership criteria, the objective is to welcome Bulgaria and Romania as new members of the European Union in 2007. We also welcome the important decisions taken today concerning the next stage of Turkey's candidature for membership of the European Union.

Our common wish is to make Europe a continent of democracy, freedom, peace and progress. The Union will remain determined to avoid new dividing lines in Europe and to promote stability and prosperity within and beyond the new borders of the Union. We are looking forward to working together in our joint endeavour to accomplish these goals.

Our aim is One Europe.

| | | |
|---|---|---|
| Belgium | Czech Republic | Denmark |
| Germany | Estonia | Greece |
| Spain | France | Ireland |
| Italy | Cyprus | Latvia |
| Lithuania | Luxembourg | Hungary |
| Malta | Netherlands | Austria |
| Poland | Portugal | Slovenia |
| Slovakia | Finland | Sweden |
| United Kingdom | | |

## BUDGETARY ARRANGEMENTS
## MAXIMUM ENLARGEMENT-RELATED APPROPRIATIONS FOR COMMITMENTS 2004 - 2006 (10 NEW MEMBERS) IN € MILLION AT 1999 PRICES

| | 2004 | 2005 | 2006 |
|---|---|---|---|
| **Heading 1 Agriculture** | **1,897** | **3,747** | **4,147** |
| Of Which: | | | |
| 1a - Common Agricultural Policy | 327 | 2,032 | 2,322 |
| 1b - Rural development | 1,570 | 1,715 | 1,825 |
| **Heading 2 Structural actions after capping** | **6,070** | **6,907** | **8,770** |
| Of which: | | | |
| Structural fund | 3,453 | 4,755 | 5,948 |
| Cohesion Fund | 2,617 | 2,152 | 2,822 |
| **Heading 3 Internal Policies and additional transitional expenditure*** | **1,457** | **1,428** | **1,372** |
| Of which: | | | |
| Existing policies | 846 | 881 | 916 |
| Transitional Nuclear safety measures | 125 | 125 | 125 |
| Transitional Institution building measures | 200 | 120 | 60 |
| Transitional Schengen measures | 286 | 302 | 271 |
| **Heading 5 Administration** | **503** | **558** | **612** |
| **Total Maximum Appropriations for commitments (Heading 1, 2, 3 and 5)** | 9,927 | 12,640 | 14,901 |

## TEMPORARY BUDGETARY COMPENSATION AND TEMPORARY CASH-FLOW FACILITY 2004 - 2006 IN € MILLION AT 1999 PRICES

| | 2004 | 2005 | 2006 |
|---|---|---|---|
| Temporary cash-flow facility | 1,011 | 744 | 644 |
| Temporary budgetary compensation | 262 | 429 | 296 |

* Following an agreement of the budgetary authority in April 2003 to revise the financial perspective, the ceiling for internal policy expenditures will be increased by a further €480 million for the period 2004-2006.

## THE FUTURE MEMBER STATES

EE **Estonia**
Capital: Tallinn
45000 km2 – 1.4 million inhabitants

LV **Latvia**
Capital: Riga
65000 km2 – 2.4 million inhabitants

LT **Lithuania**
Capital: Vilnius
65000 km2 – 3.5 million inhabitants

PL **Poland**
Capital: Warsaw
313000 km2 – 38.6 million inhabitants

CZ **Czech Republic**
Capital: Prague
79000 km2 – 10.2 million inhabitants

SK **Slovakia**
Capital: Bratislava
49000 km2 – 5.4 million inhabitants

HU **Hungary**
Capital: Budapest
93000 km2 – 10.2 million inhabitants

SI **Slovenia**
Capital: Ljubljana
20000 km2 – 2.0 million inhabitants

MT **Malta**
Capital: Valetta
315 km2 – 0.4 million inhabitants

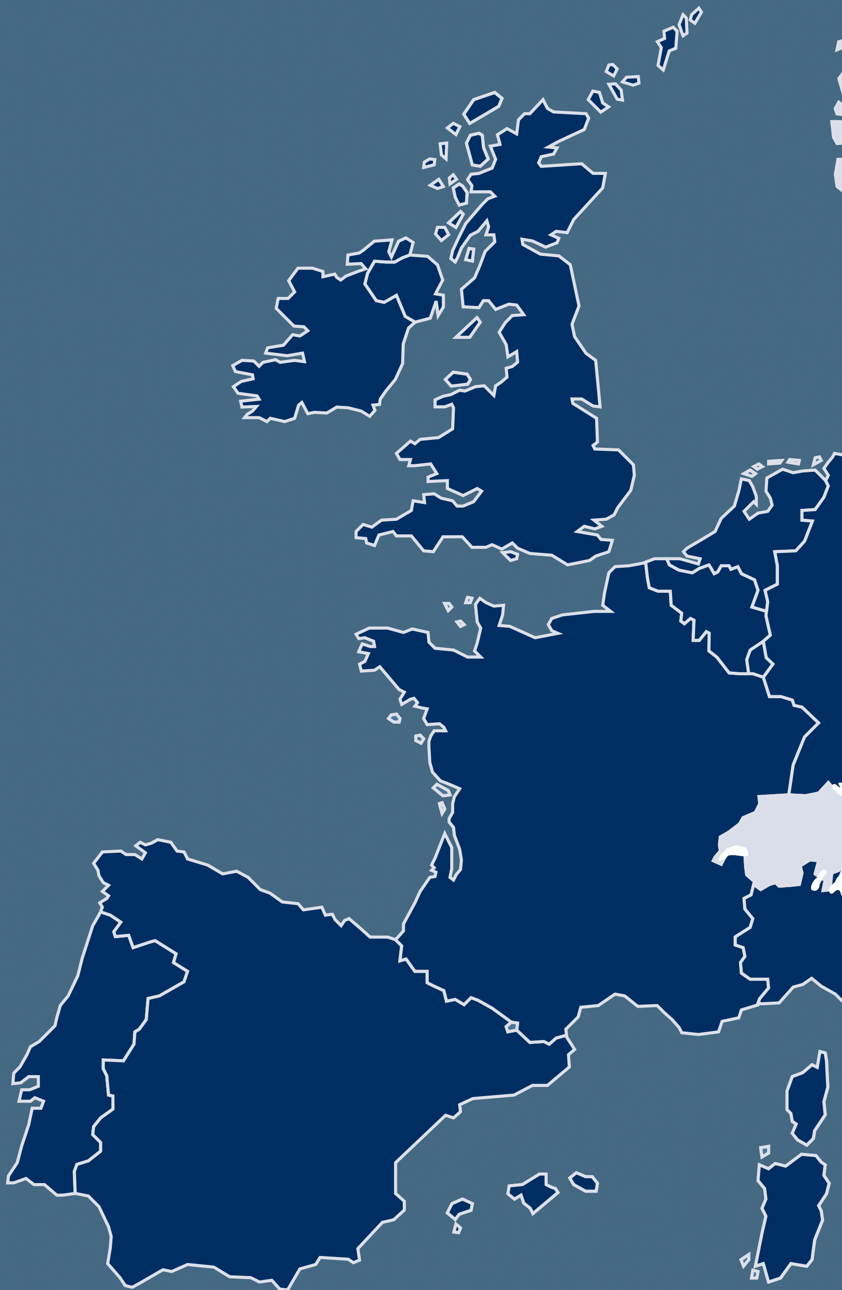
CY **Cyprus**
Capital: Nicosia
9000 km2 – 0.8 million inhabitants

RO **Romania***
Capital: Bucharest
238000 km2 – 22.4 million inhabitants

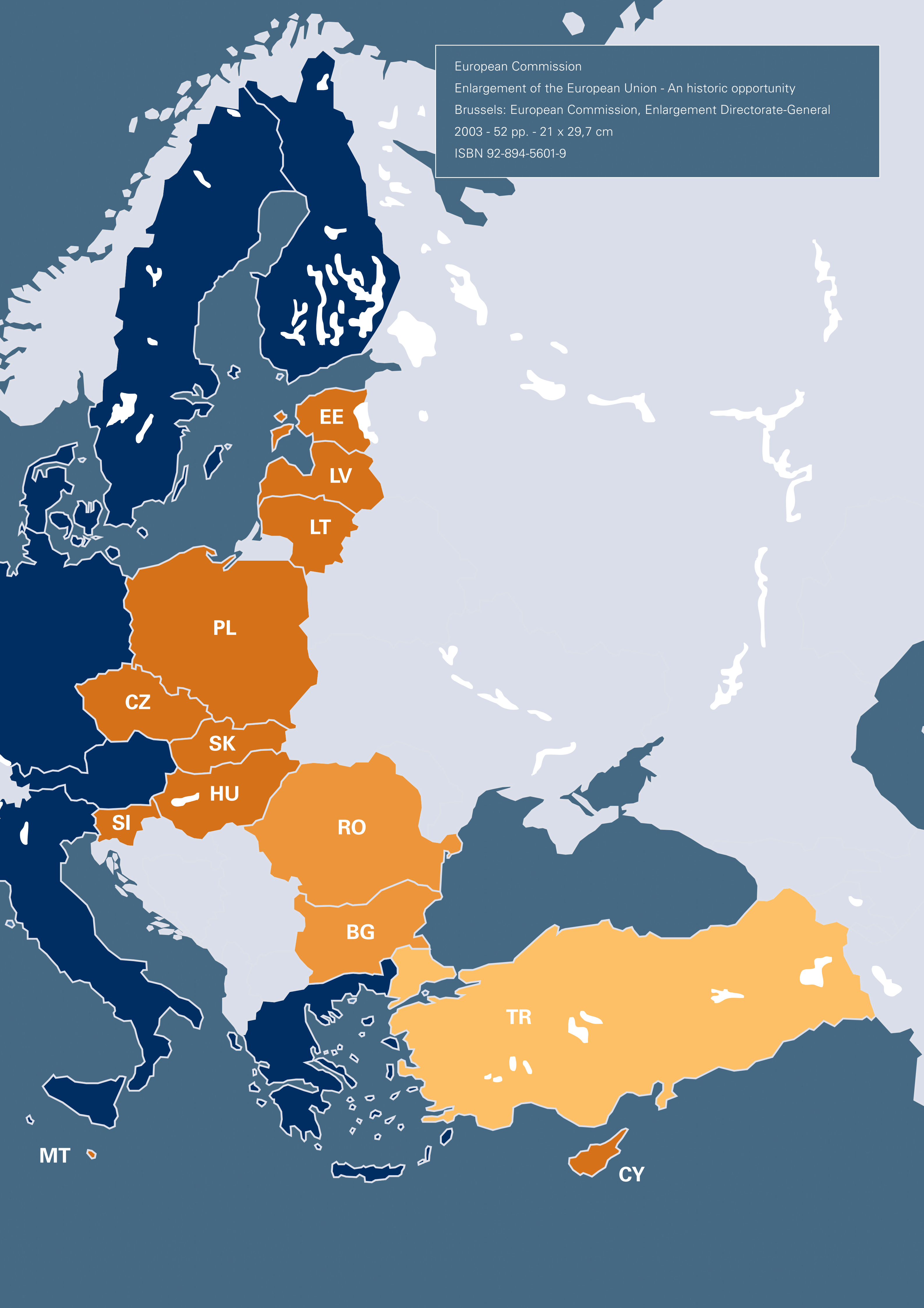
BG **Bulgaria***
Capital: Sofia
111000 km2 – 7.9 million inhabitants

TR **Turkey ****
Capital: Ankara
775000 km2 – 68.6 million inhabitants

* Accession negotiations continue
** Accession negotiations not yet opened



European Commission
Enlargement of the European Union - An historic opportunity
Brussels: European Commission, Enlargement Directorate-General
2003 - 52 pp. - 21 x 29,7 cm
ISBN 92-894-5601-9



If you want to know more about the enlargement of the EU or anything else on the EU

**VISIT THE EUROPEAN COMMISSION'S WEBSITE:**

http://europa.eu.int/comm/enlargement/

**LOOK FOR THE NEAREST INFORMATION POINT AT:**

http://europa.eu.int/comm/enterprise/networks/eic/eic.html

http://europa.eu.int/comm/relays/index_en.htm

**OR CONTACT THE EU ENLARGEMENT INFORMATION CENTRE:**

+32 2 545 9010 - enlargement@cec.eu.int

**OR CALL EUROPE DIRECT FROM ANYWHERE IN THE EU:**

00 800 6 7 8 9 10 11

ISBN 92-894-5601-9