

THE NEW EUROPEAN UNION (Issue No. 4)

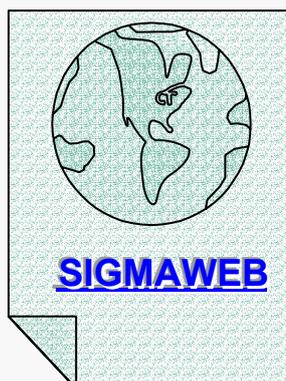
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September 2004
will focus on

Policy-Making & Co-ordination at the Centre of Government



► PREPARING FOR EU ACCESSION

The 1st of May 2004 was a special day at Sigma and all over Europe, as eight countries in Central and Eastern Europe joined the European Union. This historic achievement signified tremendous reform efforts on the part of public administrations in the acceding countries. In overcoming the legacy of communism and regaining their rightful place within Europe, these countries have demonstrated perseverance, conviction and vision. In this issue of *Update*, a representative of one of the new EU Member States — the Secretary of the Committee for European Integration in Poland — considers the benefits and challenges of entering the EU.

Preparations for EU accession are continuing in Bulgaria, Romania and Turkey as well as in Western Balkan countries. *Update* is pleased to include in this issue the contribution of the Assistant Minister for European Integration in Croatia, who informs us of the reforms already undertaken and those underway in the European integration process. The European Council announced on 18 June the opening of negotiations for the accession of Croatia.

The Polish contribution to this issue of *Update* represents the first in a series of articles devoted to the ongoing reforms of New Member States in the EU integration process.

On the occasion of EU enlargement, Sigma invites you to view its slide show on "The March to Europe". Please [click here](#)

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► **POLAND: BENEFITS AND CHALLENGES OF EU ACCESSION**

1 May 2004 will be remembered as one of the most important dates in the history of the Republic of Poland., It was the day that Poland became a Member State of the European Union.

Transitional Periods for Final Adjustments

Entering the EU has meant the implementation of legislative and institutional adjustments in many aspects of economic life since 1994, when the Europe Agreement came into force. The date of enlargement does not bring the adaptation process to an end. For those areas where adjustments have not yet been completed, Poland has negotiated so-called “transitional periods”. These periods mean that we have been given a certain amount of precisely defined time in order to fully meet EU criteria. They have been granted to us and other acceding countries mainly on economic grounds, as adaptations in some areas have been very costly — for example, in some aspects of road infrastructure, rules of environmental protection, and telecommunications. In all other areas Poland has already finalised its adaptations and made its law compatible with the *acquis communautaire*.

Jaroslawn Pietras
*Secretary
 Committee for European
 Integration
 Poland*



Milestones along the Road to EU Entry

If we go back now to the period of negotiations, we would have to say that there were many difficult moments, but these mainly involved difficulties of a technical nature. There were also some external threats, such as the Irish “no” to the ratification of the Nice Treaty, which was necessary for the enlargement. What is important to remember is the general political impetus, which was very clearly visible during those years and allowed the European community to overcome all of the problems related to enlargement. I would like to point to some very recent decisions, which I consider to have been the most important for our final steps towards accession. Of all the milestones — such as the Europe Agreement of 1991, the Commission Opinion of 1997, the beginning of negotiations in 1998 — I would point to the year 2000, when the European Commission decided that the negotiations with acceding countries would be completed at the end of 2002. Then the next turning points were the end of the negotiations themselves, which happened in Copenhagen in December 2002, and the signing of the Accession Treaty in Athens in April 2003. On the Polish side, the most important moment was definitely the final decision of the Poles to enter the EU, which was taken in June 2003. From that moment, when the majority of Poles took part in the European referendum and supported accession by a massive 77 per cent of the vote, the only remaining task was to actually enter the Union. That happened on 1 May 2004.

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Counting the Benefits of EU Membership

For Poland the decision on membership in the European Union was a strategic and fundamental choice. From that day on, Poland has been included — and had an influence on — the decision-making process in the European Union. Accession has also had an influence on the external perception of Poland, improving its image. As ratings of the Polish economy improve, they are converted directly into economic benefits — it is a signal to investors that Poland is a more secure place to invest in. The finalisation of our long road to the European Union was also accompanied by the consolidation of the transition to a market economy. In recent years we were obliged to combine necessary reforms, not only introducing adaptations to European standards but also choosing those solutions that had already functioned in the Member States. This was clearly visible in the case of Polish legislation, which was made compatible with EU legislation while being adapted by the Polish Parliament.

Poland as a Competitor in the European Internal Market

By entering the EU Poland becomes a part of the European Internal Market, which constitutes more than 450 million consumers and is one of the most competitive economies in the world. For Polish enterprises EU entry means benefiting from four European freedoms — the free movement of goods, services, capital and persons. One of the most important effects of enlargement for these enterprises is the opening of the market through the removal of all barriers to trade between the old and new Member States. This includes cancelling all anti-dumping measures introduced by the European Commission against former acceding states. Accession also means better access to capital and new sources of investments. The obvious result of the above actions is the possibility of increasing the presence of Polish companies both inside and outside the European Internal Market. This opportunity is possible due to the enhanced transparency of the environment, the reduction of transportation costs, as well as costs of banking and insurance.

Increasing Macroeconomic Stability

Accession also creates a better base for macroeconomic stability. Studies conducted by Polish research institutes have indicated that the growth of Polish GDP would be higher in the long term by one to two percentage points in the scenario of EU membership as compared to the scenario of staying outside the EU. Last but not least, membership represents the opportunity to benefit from financial transfers of the EU. During the first three years of membership, Poland will be a net beneficiary of EU transfers. It will receive approximately 14 billion euro, while the contribution to the EU budget will amount to about 6.5 billion euro — a net gain of 7.5 billion euro. Together with our domestic resources, which will be used for co-financing EU funds, this net gain will provide a vital boost to the development of Polish infrastructure, environment and enterprises.



The Future Challenges of EU Accession

EU accession creates many opportunities for enterprises, citizens and the country as a whole. How these opportunities will be used depends on us. We are aware that this is a genuine challenge. We can benefit a great deal, but we have to remember that the situation of Poland in the EU depends on various aspects. An intense effort is still needed. The Polish administration has to be capable of elaborating consistent Polish positions on EU issues and then presenting and supporting them in the EU forum. Accession also represents a great challenge for business: being able to compete in the Internal Market. Some social groups, such as farmers, have benefited immediately from the date of accession, as they have been granted additional income in the form of direct payments. Some others, for example customs officers, need to face various changes in order to adapt to a new situation, where Polish border controls will radically diminish. It is important to mention that the process of adaptation to EU standards has been costly and has demanded our most intense efforts. As Poland began negotiations in 1998 — already six years ago — our adjustments and preparations for accession have been spread over several years. Although this is not the end of the long “marathon”, we have crossed the finish line. We have been given some refreshment and awards for our efforts, but we notice that the road does not end here. This “finish line” — the moment of accession — is in fact “virtual”. The road of functioning in the EU leads endlessly, and it demands a continuous, day-by-day effort.

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► CROATIA'S DETERMINED PROGRESS TOWARDS EU MEMBERSHIP

Full membership in the European Union is a strategic foreign policy goal of Croatia, and the values underlying European democracies serve as principal guidelines for the internal development of Croatia. The Government's stance is that the sustainability of the process of adjusting systemic reforms, as well as the overall process of preparing for European integration, may only be guaranteed by the prospect of future EU membership.

Tamara Obradovic
Assistant Minister
Ministry for European Integration
Croatia



Accelerated Implementation of the Stabilisation and Association Agreement (SAA)

The Stabilisation and Association Agreement (SAA) between the EU and Croatia was signed in October 2001. Prior to the entry into force of the SAA, its trade and transport provisions were applied as from 1 January 2002 in accordance with the the Interim Agreement on trade and related issues, which was signed on the same day as the SAA and came into force on 1 March 2002.

Croatia intends to conduct all activities related to implementation of the SAA in the same dynamic manner. Croatia will take all of the steps that are realistically possible to ensure that the negotiation process is completed by the end of 2006 so that "virtual membership" can be achieved by January 2007. As early as 2001, the Croatian Government decided to simultaneously implement the obligations of the Stabilisation and Association Agreement and begin fulfilling the Copenhagen membership criteria. The commitments assumed have been carried out according to the Implementation Plan of the SAA, which was adopted immediately before the signing of the SAA and has been in force ever since. So far, more than 80 per cent of all measures envisaged for implementation under the SAA have already been realised. The main purpose of the Plan has been to ensure systematic adoption of a number of policies which encourage the implementation of reforms contained in the SAA. It has also encouraged the implementation of self-imposed measures which, although not expressly specified in the SAA, facilitate the adoption of European standards and procedures and therefore lead towards an accelerated meeting of the conditions for full membership. The Implementation Plan was incorporated in the National Programme for the Integration of the Republic of Croatia into the European Union (NPPEU), which had been based on the experience of the National Programmes for the Adoption of the *Acquis*. Since its introduction in 2003, the NPPEU has served as a governmental management tool for "European affairs", outlining yearly activities structured in accordance with EU membership criteria. Such an approach has enabled the NPPEU to list specific reforms to be carried out on a yearly basis, attaching equal importance to political, economic, legal and administrative reforms.

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Main Focus of Reforms since 2001

Since the signing of the SAA in October 2001, Croatia has focused on several reforms and adjustments, primarily the reform of the judiciary, adoption of harmonised legislation, and institution capacity-building.

Judiciary Reform: In terms of judiciary reform, several steps have been undertaken, such as recent amendments to the Courts Act, which have relieved overburdened municipal courts by allocating pending cases to other municipal courts. Significant efforts have also been made through the professional training, organised at the Judicial Academy, of judges and other judicial officials. To increase the efficiency of court case management, the establishment of an Integrated Case Management System is envisaged. The most challenging activity now in progress is the modernisation of the land registry and cadastre, a high reform priority as it is a precondition for the free movement of capital and foreign investments. Computerisation of the land registry is underway, with the goal of encompassing 30 courts with harmonised land registers and cadastre data by 2005. Several projects financed in co-operation with international donors are now being carried out, addressing this issue on a long-term basis.

Harmonisation of legislation: In terms of legislative alignment, Croatia has achieved considerable results. Voluntary harmonisation had already begun in 1999, but it assumed its obligatory context on the eve of the SAA signing. Obligatory adoption of the *acquis* was introduced in July 2001, following the priorities determined by the SAA and thereafter on a yearly basis in the framework of the NPPEU. By the end of 2004, Croatia will have harmonised nearly 200 legal acts. The framework laws in priority areas (consumer protection, data protection, industrial policy, technical legislation, competition, state aid and public procurement) have been adopted and the necessary institutions established. What now follows is the strengthening of institutional capacity to implement and enforce the harmonised legislation as well as to continuously apply any changes in the *acquis*. This year, increased focus is dedicated to the implementation of harmonised legislation through the adoption of implementing subordinate legislation, which has also been harmonised with the *acquis*. Some 223 subordinate acts — mostly in the area of agriculture, competition and technical legislation — will have been adopted by the end of 2004.

The overall assessment of the European Commission, as provided in its *Opinion* dated 20 April 2004^o, was that Croatia had made significant improvements in aligning its legislation with the *acquis*, especially with respect to the internal market and trade. According to the *Opinion*, it is the Commission's view that Croatia should not experience major difficulties in applying the *acquis* in the medium term in the fields of economic and monetary union, statistics, industrial policy, SMEs, science and research, education and training, culture and audio-visual policy, external relations and common foreign and security policy. Further efforts to align and implement legislation will be needed in such areas as the free movement of capital, company law, fisheries, transport, energy, consumer and health protection, customs union and financial control.

Considerable efforts, both legislative and administrative, will be needed in the areas of technical legislation, taxation, environment, free movement of persons, services, justice and home affairs, regional policy, etc.



Short-term recommendations stemming from the proposal of the European Partnership will be included in this year's NPPEU as concrete governmental activities. Although the NPPEU 2004 was prepared in January 2004, most of the European Partnership short-term recommendations have already been addressed in the NPPEU. Therefore, the adjustments made to the NPPEU 2004 to reflect the European Partnership will only encompass the period extending through the next six months.

Strengthening of institutional capacities: Another focus of reform efforts is the establishment or continuation of institution capacity-building. The number of public administration bodies, namely ministries, decreased from 19 to 14, which includes four newly-established central offices for strategy development, public administration, e-government, and state property. A key element of public administration reform is the creation of the Centre for Training of Civil Servants, which is due to become fully operational. Also, one component of public administration reform is the reform of local self-government, which is to be implemented before the local elections in May 2005 to allow for wider decentralisation of public works.

A Strong Political Consensus on EU Integration

Reforms can be neither agreed upon nor implemented without an overall political consensus. The consensus of all parliamentary parties at the 18 December 2002 session of the Croatian Parliament resulted in the adoption of the Resolution on Croatia's Integration into the European Union. This resolution underlined the strong commitment of all Croatian parliamentary parties to reach the strategic goal of EU membership and to carry out the far-reaching reforms required for the harmonisation with EU standards.

As for further steps, if Croatia is to catch the 2007 enlargement wave, the preferable date of the commencement of membership negotiations would be early in 2005, with these negotiations proceeding smoothly and swiftly towards conclusion by the end of 2006.

Furthermore, Croatia is aware that it is necessary to continue the above-mentioned reforms through all sectors, attaching equal dedication and importance to each and every one of them. It must also prove its readiness to address the three remaining political preconditions — full co-operation with the International Tribunal for the former Yugoslavia (ICTY), return of refugees, and judiciary reform. Apart from these political preconditions, Croatia also has to continue reforming its legislation in accordance with the Commission's recommendations, bringing it in line with the *acquis*. Last but not least, there is the issue of economic performance, where Croatia can already show a very good track record.

Activities undertaken by Croatia to implement the SAA clearly indicate the commitment and determination to accomplish its strategic objective — to become a full member of the EU. By becoming a member of the EU, Croatia wishes to ensure its own stability and welfare and to foster stability and prosperity across Europe. The candidate status received on 18 June 2004 has given additional wind to the sails of Croatian EU-ship!

Ms. Obradovic wishes to express her gratitude to Mr. Dario Mihelin, Advisor to the Minister for European Integration, for his kind assistance and contribution to the preparation of the above article.

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CO-ORDINATION OF EU AFFAIRS AND EU POLICY-MAKING

How will the institutional development of the co-ordination of EU affairs in new member states affect EU policy-making? What are the possible scenarios for further development of EU policy co-ordination, given the increasing interdependence of the EU as a multi-level system of governance?

These issues are addressed in the paper by A. Dimitrova and K. Maniokas, *Linking Co-ordination of European Affairs and European Policy: New Member States in the Decision-Making Process of the EU*, presented to the 12th NISPAcee Annual Conference held in Vilnius, Lithuania, from 13 to 15 May 2004, devoted to the topic "Central and Eastern European Countries inside and outside the European Union: Avoiding a new divide".

To access this paper please [click here](#)

N.B. The next issue of *Update* will be devoted to Policy-Making and Co-ordination at the Centre of Government.

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