

COMMITTEE ON EUROPEAN AFFAIRS

Date: 9th March, 2000

Venue: Committee Room ?1

Time : 9.30-12.30

Title: Implications and opportunities for Wales of Enlargement of the European Union

Purpose

1. To present the Committee with a discussion paper on the implications and opportunities for Wales of Enlargement of the European Union.

Recommendation

2. The Committee is invited to note the contents of the Report.

Background

3. The European Union is currently considering applications for membership from a number of countries in Central and Eastern Europe. The membership of the European Union will expand significantly over the next few years as these negotiations are completed. The European Communities were established during the 1950s by six countries; a further three joined in 1973; another three during the 1980; and a further three during the 1990s (Annex A). The European Union currently consists of fifteen member states. Thirteen candidate countries are now involved in the enlargement process.

- Negotiations with Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia began in 1998
- In 1999 the European Council decided to open negotiations with Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia
- In December 1999 the European Council decided that initial discussions should begin with Turkey.

4. Entry negotiations cover a wide range of issues, including economic development and political structures. A total of 31 economic sectors, known as Chapters, are discussed during negotiations. The Copenhagen European Council stated that "membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights, and the respect for and

protection of minorities". By the end of the negotiations applicant countries must demonstrate that they can adopt the *acquis communautaire*, or the body of European Community law.

5. As a pre-requisite for further expansion the European Union is considering its own institutional structure, and an Inter-governmental Conference will be held during 2000 to consider a number of changes. The European Union has agreed that the review must be completed by the end of this year, and any changes implemented by 2002. It is anticipated that some of the accession countries will have completed their entry negotiations by the end of 2002 and will be ready to join. It is likely that most of the accession countries will join the European Union over the next decade or so, but that there will be a number of phases, with countries joining as they are able to comply with the *acquis communautaire*.

Implications for Wales

6. Enlargement of the European Union will contribute to the political stability of Europe. It will create a new set of circumstances and opportunities - not just for the candidate countries but also for regions such as Wales. Potentially there are advantages for Wales from enlargement, but there are also dangers. The advantages are:

- As a block, the candidate countries have the most rapidly growing economies in Europe creating a great deal of potential for future benefits resulting from contacts forged now
- Welsh experience in economic, political and national regeneration over the past twenty years is relevant to the changes under way in the candidate countries
- Welsh expertise in a range of European Union instruments, such as the Structural Funds, may be of interest to partners in applicant countries.

7. But the consequences of enlargement may also be negative:

- Expansion to the East will tilt the geography of the European Union, and Wales' position on the periphery of the European Union will be exacerbated
- lower labour costs in East and Central European countries may steer foreign investment away from Wales
- As poorer countries join the European Union funding sources such as the Structural Funds and the Common Agricultural Policy may be redirected away from Western Europe in the future
- Wales will need an even stronger voice in Europe if its position is to be considered in a European Union with over twenty member states and hundreds of regions.

8. The Wales European Centre has recently undertaken extensive research to assess the implications of enlargement for Wales, and to identify a strategy to ensure that Wales benefits from this. The report will be published in the spring of 2000 and will be made available to Committee members.

Programmes to Assist Accession Countries to prepare for Membership

9. The European Union has set up a number of programmes to help countries in central and Eastern Europe to prepare for membership. The four main programmes are:

a. **Phare** - The aim of the Phare Programme is to assist the countries in Central and Eastern Europe to rejoin the mainstream of European development and build closer political and economic ties with the European Union. Phare provides grants to support the process of economic transformation and to strengthen newly created democratic societies. This programme is open to a range of organisations in the public and private sector.

b. **Twinning** – The Twinning programme is funded through Phare. It provides the framework for central government in the candidate countries to work with their counterparts in Member States to develop and implement projects that involve the transposition, enforcement and implementation of specific parts of the *acquis communautaire*. Projects are usually implemented by seconding staff from national and regional administrations to countries in applicant countries. The National Assembly for Wales has not participated in any projects so far, but will monitor requests for partners as they become available over the next few months.

c. **Special Accession Programme for Agriculture and Rural Development (SAPARD)** – this programme aims to help candidate countries deal with the problem of the structural adjustment of agricultural sectors and rural areas, as well as the implementation of the *acquis* concerning the Common Agricultural Policy.

d. **Instrument for Structural Policies for Pre-Accession** – Agenda 2000 made provision for a proportion of Structural Funds to be allocated to Central and Eastern Europe to assist them to modernise their infrastructure, thus boosting their economic development and help them prepare for membership of the European Union.

Compliance

10. Under Section 33 of the Government of Wales Act 1998 the Assembly may consider and make appropriate representations about any matter affecting Wales

Contact

European Affairs Division

Membership of the European Communities/European Union

Original signatories to the Treaty of Paris 1951 and the Treaty of Rome 1957

- Belgium
- France
- Germany
- Italy
- Luxembourg
- Netherlands

Countries which joined in 1973

- Denmark
- Ireland
- United Kingdom

Countries which joined during the 1980s

- Greece (1981)
- Spain (1986)
- Portugal (1986)

Countries which joined in 1995

- Austria
- Finland
- Sweden