

Institut für Europäische Politik



in co-operation with



The Trans European Policy Studies Association

ENLARGEMENT/AGENDA 2000-WATCH

Nice Update to No. 3/2000

issued in March 2001

Edited by the Institut für Europäische Politik in collaboration with the

Austrian Institute of International Affairs, Vienna
Centre européen de Sciences Politique, Paris
Centre of International Relations, Ljubljana
Danish Institute of International Affairs, Copenhagen
Estudios de Política Exterior, Madrid
Federal Trust for Education and Research, London
Finnish Institute of International Affairs, Helsinki
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ON THE PROJECT

The future development of the European Union will be determined by two processes: the accession of thirteen or even more countries, and the ongoing process of internal reform and deepening of European integration, known as Agenda 2000. Both processes are closely linked and will change the face of the Union in the 21st century.

T.E.P.S.A. – Institutes in the 15 EU-countries and the four associated partner institutes from Central and Eastern Europe initiated this semi-annual stock-taking in order to monitor the main features and problems of the accession and negotiation process as well as positions and bargaining strategies of the actors involved. A standardised questionnaire was used by all institutes. Due to the specific position of the applicant countries, country reports from the Czech Republic, Hungary, Poland and Slovenia are presented in a separate section of this survey.

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This survey was conducted on the basis of a questionnaire, sent out in December 2000. Most institutes replied until the end of February 2001. Issues of Enlargement-Watch are available on the World Wide Web (<http://www.tepsa.be>) and on the homepages of the T.E.P.S.A.-Institutes. The current update issue covers the time period between November 2000 and March 2001.

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The Institut für Europäische Politik is particularly grateful to the *Otto Wolff Foundation*, Cologne for supporting the IEP's work on the project. This issue was made possible also with the help of a grant by the *Federal Ministry of Finance*, Berlin.

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EDITOR'S NOTE

This update to No. 3 of "*Enlargement/Agenda 2000-Watch*" covers the events around the Nice summit and the debate on its outcome in the member states and four candidate countries, the Czech Republic, Hungary, Poland and Slovenia. Moreover, the country reports take a look into the future and inform us on the crucial reform agenda of the EU in terms of the next financial perspective for the enlarged EU, the probable reform of the Common Agricultural Policy and structural policy. Although most governments have not yet taken firm stances on the reform options, reflections and discussions on these issues are slowly evolving within governments, parties and academia. Due to the title of our project "*Enlargement/Agenda 2000-Watch*" we go on monitoring opinion building and policy formation in the member states and selected candidate countries.

Barbara Lippert

Institut für Europäische Politik, Berlin, March 2001

MAIN EVENTS FROM NOVEMBER 2000 TO MARCH 2001

8 November 2000	The European Commission publishes its regular progress reports on the 13 applicant countries and presents a Strategy Paper on the further enlargement process.
14 November 2000	The Committee of Regions holds, in Brussels, Belgium, a conference on enlargement, globalization and new forms of government.
23-24 November 2000	A European Union/Balkans Summit is held in Zagreb, Croatia.
7-11 December 2000	The European Council meeting is held in Nice, France. The Heads of State and Government of the 15 member states conclude the Intergovernmental Conference on institutional reform by reaching an agreement on the draft of a new treaty, eliminating the institutional obstacles for enlargement. They agree on a common position for the integration of 12 candidate countries into the institutions of the Union. The European Council adopts the Commission's strategy plan for enlargement as a framework for concluding negotiations. It further proclaims the Charter of Fundamental Rights.
1 January 2001	Beginning of the Swedish EU-Presidency. According to its work programme the Swedish Presidency will mainly focus on the issues of enlargement, employment and environment. With regard to the Enlargement Strategy Paper published by the Commission in November 2000 the Swedish Presidency will probably deal with the following negotiation chapters: four freedoms, including free movement of persons and capital, environment and social issues.
2 January 2001	Greece becomes the 12 th member of the Euro zone.
26 February 2001	Following the December 2000 European Council meeting held in Nice, a new Treaty amending the Treaty on European Union and the Treaties establishing the European Communities, is signed (Treaty of Nice).
23-24 March 2001	A special European Council is held in Stockholm. The meeting aims to evaluate the progress of the EU towards reaching its strategic objective, set out by the Heads of State and Government last year in Lisbon: „the creation within a decade of the most dynamic and competitive knowledge-based economy in the world with the potential of sustainable economic growth, more and better jobs and greater social cohesion“.

LIST OF ABBREVIATIONS

CAP	Common Agricultural Policy
CEEC	Central and Eastern European Countries
CFSP	Common Foreign and Security Policy
CIS	Community of Independent States
ECOFIN	Economic and Finance Council (of ministers)
ECJ	European Court of Justice
EMU	European Monetary Union
EP	European Parliament
ESDP	European Security and Defence Policy
FRY	Federal Republic of Yugoslavia
GD	General Directorate
IGC	Intergovernmental Conference
IMF	International Monetary Fund
ISPA	Instrument for Structural Policies for Pre-Accession
OECD	Organization for Economic Co-operation and Development
PCA	Partnership and Co-operation Agreement
PHARE	Poland and Hungary: Action for the Restructuring of the Economy
QMV	Qualified Majority Voting
SAA	Stabilisation and Association Agreement
SAPARD	Special Accession Programme for Agriculture and Rural Development
WTO	World Trade Organization

ANALYTICAL SURVEY BY EU-COUNTRIES

1. What is the reaction in your country (government, political parties, pressure groups, wider public) to the Nice summit with regard to

- **the new treaty provisions on the three leftovers of Amsterdam (Extension of QMV, weighting of votes in the Council, composition of the Commission)**
- **the likely impact on the enlargement process and on the**
- **the „post-Nice process“**
- **the implications for the accession negotiations (to be answered preferably by colleagues from Poland, Czech Republic, Slovenia and Hungary)?**

Considering the difficulties at the Nice summit and also the institutional provisions for new members from the CEEC, is there a new power constellation in the making between the EU-member states and with regard to the EU-institutions? What is the perception of your own country's future influence (gain or loss) and on Germany's future role and influence in the EU?

Austria

Austria's Positions Prior to the Nice Summit

Before reporting on the reactions in Austria to the results of the Nice summit and the inter-governmental conference Austria's positions on the main issues on the agenda shall shortly be summed up. The basic principles of Austria's positions were presented at the beginning of February 2000.¹

Size and composition of the Commission: Austria was interested in a strong and independent Commission which can effectively perform its main functions, namely defending the common interest, exercising the sole right of legislative initiative and monitoring compliance with

Community law. The position paper stated that „...Austria regards the right of every Member State to appoint at least one member of the Commission as vital. For Austria, this right to nominate a member is fundamental to the credibility and legitimacy of the Commission...“. Austria insisted also on the equal status of all the members of the Commission. According to the position paper, an effective Commission does not primarily depend on the number of its members but rather on its effective organisation and personnel management.

Weighting of votes in the Council: Austria's starting point was the „Protocol on the institutions with the prospect of enlargement of the European Union“ appended to the Treaty of Amsterdam. Austria was prepared to consider a modest adjustment of the weighting votes in the Council, if the largest EU Member States gave up their right to nominate a second Commissioner. The adjustment should be based on „objective, verifiable criteria that the European public can easily grasp“. A balance would have to be established between the proportional over-representation of smaller member states in the decision-making process - called in the position paper the „integration aspect“² - and the consideration of population size - the „democratic aspect“. Furthermore, Austria was ready to consider mechanisms to ensure that the majority of the population can not be outvoted by a minority in an enlarged Union. The qualified majority voting threshold of 71,6% should not be increased.

Extension of qualified majority voting in the Council: To avoid an increasing risk of blockages after enlargement, Austria supported the extension of qualified majority voting on principle. In practice, however, Austria insisted on unanimity in „certain particularly sensitive areas such as water resources, regional planning, land use and choice of energy sources, as well as in other areas still to be specified“.

In preparation of the European Council in Nice the main committee of the Austrian parliament held a discussion with the Chancellor, the Vice-Chancellor and the Minister for Foreign Affairs about the main issues of the European

¹ EU-Document CONFER 4712/00. The position paper was also published on the homepage of the Austrian Ministry for Foreign Affairs.

² Austria considers the relatively strong position of the smaller Member States in the decision-making process as a vital feature of European integration.

Council.³ Chancellor Schüssel presented the government's positions which had not significantly changed compared with the position paper of February 2000. Concerning the Commission, the Chancellor declared that a final decision would not necessarily have to be taken in Nice. It could be better to wait with a decision until enlargement is concluded successfully. After that an evaluation of the functioning of the Commission could be carried out. Mr. Schüssel supported the strengthening of the Commission president, especially that he should get the right to request the resignation of individual Commission members.⁴ Concerning qualified majority voting some „sensitive areas“ in which Austria insists on unanimity had been added such as visa, asylum and immigration policies and transport policy with a view to protecting the Alpine regions. On the initiative of the government coalition parties the main committee of the parliament adopted with the votes of the coalition parties (and in two points unanimously) a binding opinion which repeated the government positions.⁵

The opposition parties criticised the government mainly for attributing too much importance on the right to nominate a Commissioner. In the opinion of the opposition it would have been more important to concentrate on the weighting of votes in the Council because this is the institution where the decisions are made. The opposition also demanded the strengthening of the European Parliament with the extension of the co-decision procedure.⁶

Reactions to the Nice Summit

The representatives of the coalition government parties stressed in their reactions to the results of the Nice summit that national interests had been defended successfully. The Chancellor called the results „not perfect but acceptable“. He was satisfied that - in his view

- the Austrian government had put through its main priorities.⁷ Karl Schweitzer, spokesman of the Freedom Party for foreign policy matters, called the Nice summit a „full success“. In his view, it was essential that the extension of qualified majority voting remained limited. The heads of state and government, he said, had to realise that extended majority voting was not in the interest of the citizens. He regarded the decision to start a post-Nice process equally positive because it will deal with an important request of the Freedom Party: the division of competencies between the European, the national and the regional levels under consideration of the principle of subsidiarity.⁸

Mr. Khol, the leader of the parliamentary group of the People's Party in the Austrian parliament, was also satisfied that the government successfully defended the Austrian interests and fulfilled the mandate of the parliament.⁹ He called it especially satisfactory that the Austrian position concerning Article 7 of the EU Treaty was taken into account.¹⁰ Obviously, he observed, the 14 heads of state and government had learned from the sanctions against Austria.¹¹

Jörg Haider, governor of Carinthia and de facto leader of the Freedom Party, was also satisfied with the outcome and offered an interesting explanation: the Austrian delegation (which did not include members of the Freedom Party) was only successful because it was closely kept on the lead by Vice-Chancellor Ms. Riess-Passer (from the Freedom Party). He added that Mr. Schüssel was well known to sacrifice national interests for a little bit of international applause.¹²

Highly critical of the summit in Nice was the Green Party. Mr. Voggenhuber, member of the European Parliament, called the summit a complete failure. He criticised that the heads of state and government had only followed their narrow national interests and had completely

³ Parlamentskorrespondenz Nr. 734/2000 (6.12.2000).

⁴ Austria had always argued for some sort of „follow-up“ to the resignation of the Commission in March 1999 (see Enlargement Watch 2/1999).

⁵ Parlamentskorrespondenz Nr. 734/2000 (6.12.2000).

⁶ Parlamentskorrespondenz Nr. 734/2000 (6.12.2000).

⁷ „Der Standard“, 12.12.2000.

⁸ Press release of the Freedom Party, 11.12.2000.

⁹ He refers to the binding decision of the main committee of the parliament (see above).

¹⁰ Article 7 regulates the procedure in case of a serious breach by a Member State of the of fundamental rights or principles mentioned in Article 6(1) TEU.

¹¹ Press release of the People's Party, 11.12.2000.

¹² „Der Standard“, 12.12.2000.

forgotten the European perspective. The democratic deficit of the EU is most obvious and solutions are not in sight.¹³ In the parliamentary debate on the results of Nice the leader of the parliamentary group of the Green Party, Mr. Van der Bellen, conceded that not everything in the Treaty of Nice was bad. As a good example he referred to the simplified nomination of the president of the Commission. As negative aspects he mentioned the democratic deficit of the EU and the new provisions for the EU decision-making process.

Representatives of the Social Democratic Party were also not satisfied with the results of the summit in Nice. Mr. Swoboda, the leader of the Austrian delegation of the Social Democratic Party in the European Parliament, regretted that qualified majority voting had not been significantly extended and the decision making process is likely to become even more complicated. He called it very unskillful to postpone the reform of the size of the Commission until after the 27th country will become a member of the Union because it will then be clear that this country's accession will cost other countries the right to nominate a member in the Commission. He concluded that the summit was not able to establish the preconditions for a larger and stronger EU.¹⁴

The Chamber of Commerce called the Nice results positive because they had brought about the necessary preconditions for enlargement.¹⁵

The most important decision of the Nice summit for the employee's associations seemed to be the endorsement of the enlargement strategy proposed by the Commission and the road map for the next 18 months. Shortly after the summit both the Chamber of Labour and the Austrian Trade Union Federation renewed their positions on the free movement of labour and urged the government to develop a detailed Austrian position. Both organisations demand the protection of the Austrian labour market with extensive transitional periods in connection with the definition of specific criteria. Free movement of labour should not be possible until the wage levels in the applicant countries amount to 80% of the Austrian level. Transitional periods without additional criteria

are not considered sufficient because of the possibility that the situation does not improve in this time.

New Power Constellation

The question of a new power constellation was not mentioned in the reactions to the Treaty of Nice.

The consequences of the new treaty provisions for Austria were not discussed in the categories of a gain or loss of future influence. The government's top priority had been to retain the right to nominate a member of the Commission which was, according to the government, achieved. The government was also satisfied with the future number of votes in the Council and seats in the European Parliament. Many reactions to the results of the Nice summit have to be seen in the context of the so-called sanctions of the other 14 EU member states against the Austrian government last year. Especially the first debate about the Treaty of Nice in the Austrian parliament on January 31, 2001, was overshadowed by this issue.¹⁶ One consequence of the sanctions is that the Austrian government is distrustful of France and disappointed of Germany because France is seen as the main advocate of the sanctions and Germany, Austria's „natural“ ally, fully supported France in this respect. This might be the background that the leaders of the parliamentary groups of the government coalition parties, Mr. Khol and Mr. Westenthaler, called it a success of the Austrian government that it had prevented a Franco-German directorate and that the talk of a Franco-German avant-garde had stopped.¹⁷

¹³ „Der Standard“, 16./17.12.2000.

¹⁴ Press release of the Social Democratic Party, 11.12.2000.

¹⁵ „Der Standard“, 12.12.2000.

¹⁶ The debate took place on the first anniversary of the public announcement of the measures against the Austrian government on 31 January 2000.

¹⁷ Parlamentskorrespondenz Nr. 60/2001 (31.1.2001).

Belgium

General Appreciation of Nice

In general, the outcome of the Nice Summit is received as a weak result considering the high demands needed for the preparation of the Union for the coming enlargement. All parties agree that the Union is not yet satisfactory prepared for the enlargement. Still, as the expectations were rather low just before the summit started, the few results that were booked prevented the summit from being a complete failure.

The opinions about the final outcome of the summit are evidently depending on the source of the position. The opposition parties expressed themselves in clear terms as ‘a humiliation for Belgium and a defeat for Europe’¹⁸, and ‘disillusion’¹⁹. The PSC (Walloon Christian Democratic Party) stated that Nice was a lost chance concerning the leftovers of Amsterdam: „Europe once again lost a chance – Little progress was made concerning extension of qualified majority voting”. And, concerning the weighting of the votes at the Council: „(...) the Benelux, that had two votes more than the bigger countries (12 versus 10), equally loses this advantage, a loss that is presented by mister Verhofstadt as a victory as the Benelux now has at least the same number of notes as the bigger countries”²⁰. The Flemish Christian Democrats criticised the lack of progress made on the level of the reduction to use veto-right: „The veto-right will continue to establish a European policy in the fields of fiscality (...), of social affairs, in the sensitive field of asylum and migration, etc...”²¹. The Flemish Green Party’s youth division even stated that „it is not so obvious that the Treaty

of Nice will be ratified easily in the Belgian parliament”²².

One of the negotiators that, to a big extent, personally influenced the outcome of the Nice Summit, was without any doubt the Belgian Prime Minister Guy Verhofstadt. He found himself in the spotlights of the Nice-negotiations when he defended the smaller European countries, while even threatening to use his veto-right. A lot of newspaper articles were dealing with the real reasons of Verhofstadt’s harsh position in the last hours of the negotiations.

Depending on the source, different explanations are found. According to most of the Belgian newspapers, Prime Minister Verhofstadt basically defended the rights of the smaller countries in the future Union. The fact that the Netherlands would get more votes than Belgium, because the Dutch population counts 5 million people more, was „in principle” not acceptable to the Prime Minister. He did not want to accept the decoupling of the votes between Belgium and the Netherlands, especially not as long as the equality in votes between France and Germany (with Germany having 20 million more inhabitants) was maintained. Still, the decoupling came through, but the Prime Minister managed to achieve a more equal weighting of the votes for the candidate countries as well as a reduction of the difference in parliamentary seats (with the Netherlands being reduced) from six to three between Belgium and the Netherlands. As to the Prime Minister, the important thing was not „to receive one extra vote in the Council in order to weigh as much as the Netherlands, but to prevent the bigger states from expanding their influence in Europe”²³.

Some of the main criticisms Guy Verhofstadt got on his negotiation line in Nice were made on the point that the main efforts of the Belgian Prime Minister went to a ‘derby of the low countries’, focussing on the internal power-position Belgium – the Netherlands²⁴.

¹⁸ Press Release from the CVP (Flemish Christian Democrats), http://www.cvp.be/persbericht/2000-12/de_top_van_nice.htm and <http://www.psc.be/presse/p3108.htm> (Walloon Christian Democrats).

¹⁹ Press Release from Agalev (Green party – Flanders): http://www.agalev.be/code/nl/page.cfm?id_page=964.

²⁰ Communiqué de Presse: <http://www.psc.be/presse/p3108.htm>.

²¹ Press release of the CVP: http://www.cvp.be/persbericht/2000-12/de_top_van_nice.htm.

²² Press release: http://www.agalev.be/code/nl/page.cfm?id_page=964.

²³ Guy Verhofstadt as quoted in *Le Soir*, 12.12.2000.

²⁴ *De Standaard*, 12.12.2000. This article gives a brief overview of the main comments of the different political parties after the Summit. Especially the opposition-parties CVP (Christian

Still he was publicly praised for his efforts by Jacques Chirac, Gerhard Schröder, Romano Prodi and representatives of other smaller countries like Portugal and Finland.

As far as the „unexpected French present” of holding the European Councils in Brussels from 2002 onwards is concerned, nobody – not even the Belgian government – seems to have been able to measure that night the impact, financially as well as organisationally, of this decision on the Belgian situation and the situation of Brussels in particular.

Impact of Nice on the Enlargement Process and the Post-Nice Process

All parties agree on one point, and that is that the Union is not yet satisfactory prepared for enlargement but equally agree that Nice has put enlargement definitively on the map of the European reunification. Official documents state that the forthcoming Belgian presidency in the second half of this year „gives our country a unique opportunity to (...) start a debate on the future of the European Union”²⁵. In this fundamental debate on the finality of the European Union the already known post-Nice topics will be dealt with. Among these issues, touching the very foundations of the European construction, the debate on the ‘Kompetenzabgrenzung’, reorganisation of the treaties, the status of the Charter of Fundamental Rights are some of the topics that will be put on the agenda of the Belgian Presidency. The accession-negotiations will be a highly essential part of the Belgian Presidency, too²⁶.

New Power Constellation

In the media, the Nice-negotiations have been described as a struggle between bigger and smaller member states. By insisting on a stronger Commission (by means of direct election of the President of the Commission and

his ability to fire commissioners), the smaller countries tried to prevent the Council from gaining power²⁷. The Belgian delegation defended its position until it found itself completely isolated. Finally, the Belgian delegation gave in to the pressure and accepted the proposals (even if this included the decoupling of the votes in the Council as mentioned before). This was explained afterwards by pointing at the risks of completely blocking the negotiations, taking into account the fact that the Belgian presidency of the Council, in the second term of this year, might have been hampered from the beginning by a negative attitude towards the Belgian government. In that way, one could state that it preferred to ‘sacrifice’ Nice in order to safeguard the chances of Laeken²⁸.

Denmark

Assessment of the Nice Summit

Due to the ‘no’ in the Danish Euro-referendum on 28 September 2000 it was widely expected (both inside and outside Denmark) that the Danish Government would run into difficulties at the Nice Summit: How could the Danish Prime Minister return with a new Treaty (with more QMV and possibly the loss of the ‘Danish’ Commissioner) only a couple of months after the rejection of the Euro? This general perception was only strengthened by the fact that the Government (in the run-up to the referendum) had promised to veto QMV on tax and social affairs. As a curiosity it should be added that the Swedish and Finnish acceptance of QMV on social affairs did not play any role in the Danish debate. In other words: Why were Sweden and Finland of the opinion that QMV would not threaten the Nordic welfare state, when the Danish Government took the opposite view?

However, at the Nice European Council it quickly became clear that the Government was able to steer free from the most dangerous rocks. Indeed, since Denmark was in no way isolated on the most sensitive issues, it was

Democrats) and VU (Flemish Party) criticised the role of the prime minister in his ‘battle’ for equal treatment between Belgians and Dutch.

²⁵ Document of the Cabinet of the Prime Minister, Preparation for the Meeting of the Council of Ministers, 15 December 2000.

²⁶ Document of the Cabinet of the Prime Minister, Preparation for the Meeting of the Council of Ministers, 15 December 2000.

²⁷ Interview with former Prime Minister Dehaene, De Standaard, 12.12.2000.

²⁸ Guy Verhofstadt in Le Soir, 12.12.2000.

able to place itself in the slipstream of other countries and leave the tough bargaining to them. As a result, the Government returned from Nice highly satisfied. On the one hand, the Treaty of Nice had removed all the institutional leftovers - hence gearing the EU's institutions for enlargement. As a consequence, Prime Minister Poul Nyrup Rasmussen immediately labelled the Nice Treaty as 'the Enlargement Treaty'. In brackets it should be added that the Government was also very pleased with the 'road map' for the accession negotiations, which it hopes will speed up accession negotiations.

On the other hand, the actual reforms agreed upon were so relatively modest that they did not cause immense problems for the Government in the Danish Parliament or public. Denmark was able (at least for the next many years) to keep 'its' Commissioner, at the same time as QMV was avoided on tax and social affairs. Although one has to wait for the Ministry of Justice's final evaluation, the modesty of the outcome also implies that the Government is not legally required to hold a referendum. According to the Constitution's art. 20 referenda are only a necessity when 1) an EU-treaty contains a transfer of sovereignty (i.e. new competencies) and 2) when the Treaty is not supported by a 5/6's majority in Parliament. Since institutional reform (such as QMV) is generally not looked upon as a transfer of sovereignty, the Treaty of Nice failed to fulfil this first central criterion for referenda. Hence, the Government has (so far) taken the view that the Treaty will not be put to a referendum.

Unlike for instance the Benelux Countries or Finland, the modest results were not pictured as a potential threat to the efficiency of the enlarged Union. Indeed, the Prime Minister almost looked upon this as a positive development: „It will be a bit more difficult to reach decisions. But that is also necessary to secure a broader democratic backing in an enlarged union“.²⁹ Similarly, the Government (unlike other small countries) did not draw attention to the future (weakened) role of the Commission. The attitude of the remaining political parties and movements can be summed up as follows: The Liberal Party, the Centre Democrats and the Conservative Party generally shared the view of the Government - although the Liberal

Party regretted the limited progress on QMV. The Christian Democratic Party and the Socialist People's Party (which had both voted against the Euro) both supported the 'Enlargement Treaty', but argued that it should be put to a national referendum. This point was made clear by the Socialist People's Party on 67 January 2001, which argued that referenda should also be held when an EU-Treaty was of great importance. In other words, the above argument about 'transfer of competencies' was a too legalistic way of approaching the matter: „Seeing that it [the Treaty of Nice] is an enlargement treaty, which will have great significance for the future of Europe, the EU and Denmark, the Treaty is of such a great political importance that a referendum on Denmark's ratification should be held, independently of any formal transfer of sovereignty...“.³⁰

The Unitary List, the Danish People's Party, Freedom 2000 in Parliament and the two movements outside the Parliament (June Movement and the People's Movement against the EC-Union (Folkebevægelsen mod EF-Unionen) all opted against the Treaty. Several arguments were here put forward. Some referred to the danger of more centralisation due to QMV and the new 2004-IGC, i.e. that the Treaty was yet another slippery slope to United States of Europe. Others have claimed that the Treaty strengthened the power of the big member states - hence creating a *directoire*. Yet others questioned whether the Treaty was actually an enlargement treaty, since it did not prepare for instance the EU's agricultural policy for enlargement.³¹

In general, the Treaty did not stir a major debate among pressure groups. There have been no opinion polls in the media covering the attitude towards the Treaty. Polls on whether the Treaty should be put to a national referendum have however shown a majority against holding such a referendum.³² EU scholars and experts have generally been rather critical towards the Treaty, questioning whether the EU will be able to work efficiently after Nice. A

²⁹ Politiken, 11. December 2000.

³⁰ SF, Hovedbestyrelsen (Executive Council), 6-7 January 2001.

³¹ Information, 14 December 2000. Drude Dahlerup, 'Et skridt frem og mange tilbage', Politiken, 29 December 2000.

³² Berlingske Tidende, 18 December 2000. 54,7% were against a referendum, 27,7% supported it and 17,5% were undecided.

good example is here the former Secretary General of the Council, Mr. Niels Ersböll, who criticised the Heads of State and Government for not understanding how EU institutions function. His criticism was especially targeted at the QMV-discussion.³³ On first sight, one should expect that a member state which has always had a very pragmatic view upon the EU would have great difficulties in tackling the post-Nice debate, especially after the 'no' to the Euro. To be sure, Denmark has traditionally struggled to tackle the more ideological debates about 'union', 'federalism' and 'citizenship'. Following this line, some parties have already rejected the post-Nice agenda (and the possible 'constitution treaty'), since it - according to them - is a federal enterprise. The Government has however taken a more open stand - mainly supporting the idea of a catalogue of competencies. In Denmark this old German idea was launched by the leading opposition party, the Liberal Party, on the very night of the Euro-referendum. The catalogue was seen as a way to change the public's perception that the EU was a slippery slope to United States of Europe. Hence, the leader of the Liberal Party, Anders Fogh Rasmussen, framed the catalogue as a number of 'fence posts' against unnecessary integration. Both the Government and the Liberal Party prefer the term 'basic treaty' (grundtraktat) to constitution and have come out in favour of writing the Charter of Fundamental Rights into the Treaty.³⁴ In general, Danish parties are highly interested in measures which could make the EU more 'transparent' and 'democratic'. Attempts to involve national parliaments will probably obtain great support. To be sure, it is however one thing to be open to discussion; quite another to accept the final outcome of a 2004-IGC.

In order to prepare for the 2004-debate (and to discuss Denmark's position after the 'no' to the Euro), the Government has decided to prepare a White Book, which will be presented around May 2001. The Government has also indicated that it will arrange a number of public hearings on EU-matters.

³³ Information, 12 December 2000.

³⁴ See the Prime Minister's New Year's Speech and The Liberal Party, 'Venstre's Vision for the future EU', January 2001 (www.venstre.dk).

*New Power Constellation*³⁵

The government does not see a new power constellation emerging after Nice. Indeed, the point seems to be that there is no constellation as such, seeing that France and Germany have recently taken different views. Due to economic and political reasons, Germany's role in the EU has always been central - a centrality, which will only be strengthened by enlargement. In brackets, it should be added that the Danish Government supported that Germany should have obtained more votes in Nice. According to the Government Denmark came out of the Nice-conference with a satisfactory result 'influence-wise', i.e. it was satisfied with its new number of votes in the Council.

Finland

Amsterdam Leftovers

In general the reweighting of votes has been considered reasonable. The Finnish representatives are happy with the fact that decision-making still requires at least half of the member countries' support. Yet, the distribution of votes is not necessarily seen as based on objective criteria. Moreover, as to the efficiency and clarity of decision-making, the end-result of Nice cannot be considered good. One of Finland's main goals was to increase the use of QMV in trade policy. Here, the result was to a large extent satisfactory. A disappointment was, however, that QMV was not extended to taxation, coordination of social security or education. In JHA (Art. 67), Finland would have been ready to go further.³⁶ As to the agreements on the Commission, what is positive for Finland is that there will be, for a rather long time, still one representative of each member country, and that an agreement has already been made on an equal rotation of members in the future. That the president of the Commission will be nominated by QMV is consistent with Finland's general approach to nominations. Finland has been in favour of a

³⁵ This section is based upon interviews in the Danish MFA, February 2001.

³⁶ Speech of Prime Minister Paavo Lipponen for the Atlantic Council of Finland, 12 December 2000.

similar proceeding as to the Secretary General of the Council and the Deputy SG.

Agreeing to a rotation between countries in the Commission was, however, not necessarily easy. The Finnish position throughout its EU membership has been that an 'own' commissioner is vitally important. Just before Nice, on 5 December, however, the Grand Committee of the Parliament gave the prime minister the mandate to agree to the rotation of commissioners between member states „in case there is no other option”. This was revealed by the daily *Helsingin Sanomat* the next day, something that caused great debate; further discussion took place protected by confidentiality, and the same newspaper even told that the chair of the committee had discussed resigning. The 'revelation' was particularly problematic for the Centre Party (in opposition) that had been publicly against rotation,³⁷ requiring that Finland keeps the commissioner, and stating that the negotiating countries have their right to a commissioner, too.³⁸

Among the comments on Nice from the political lead, President Tarja Halonen argued that the Finns, more communitarian in their basic approach than most other member states, had had high expectations in terms of improved efficiency of decision-making for the Council and are, consequently, somewhat disappointed for the meagre results.³⁹

For Prime Minister Paavo Lipponen, the end-result can be seen as satisfactory even though the manner in which it was achieved was not very good; the effectiveness of decision-making in the EU was not improved. The distribution of votes in the Council can be perceived as satisfactory for all the parties, but temporary at best; there is need for further revision in an enlarged Union in the future.⁴⁰ Similarly, Foreign Minister Erkki Tuomioja pointed out that the decision-making innovations are not enduring solutions and they have

to be reviewed as soon as enlargement truly begins – by 2005 at the latest.⁴¹

Enlargement Process

It was widely seen that the Nice agreements made enlargement possible: The EU is ready to take new members by the end of 2002.⁴² Some trade unions, however, have claimed that it is imperative to make sure that there are long transition periods in order to ensure a smooth transition especially in the realms of free movement of labour and services within the enlarged Union.⁴³

Post-Nice Process

The idea that the work on the Union's future will continue has been welcomed. Prime Minister Lipponen saw Nice as a starting point for further reforms in the EU. He was especially happy that the need for broad-based preparation was acknowledged, and that the member states can now engage in a process that will result in a more simple Treaty structure together with a clear division of labour between the member states and the European Union.⁴⁴

The acting chairperson of the main opposition party, the Centre Party, Anneli Jäätteenmäki, has suggested that the government should give a comprehensive report to the Parliament during the autumn session where it would explicitly state the Finnish aims for the next IGC in 2004. According to her it is imperative that there is a broad and open public debate on these issues to make sure that in the future Finland can be more proactive instead of just reacting to propositions put forward by other member states.⁴⁵

There seems to be a certain amount of divergence in the Finnish positions as to the post-Nice process. Prime Minister Lipponen has

³⁷ *Helsingin Sanomat*, 6 and 8 December 2000.

³⁸ News from the home page of the Centre Party, <http://www.keskusta.fi/uutiset.phtml?id=557>, 7 December 2000.

³⁹ Interview of the President Tarja Halonen in *Kansan Uutiset*, 15 December 2000.

⁴⁰ Speech of Prime Minister Paavo Lipponen for the Atlantic Council of Finland, 12 December 2000.

⁴¹ Speech of Foreign Minister Erkki Tuomioja for the Paasikivi Society, 23 January 2001.

⁴² Prime Minister Lipponen, speech quoted above.

⁴³ AKAVA:n jäsenjärjestötiedote 1/2001, 11 January 2001; SAK (Työmarkkinoilla varauduttava EU:n laajenemiseen), 9 February 2001.

⁴⁴ Speech of Prime Minister Paavo Lipponen for the Atlantic Council of Finland, 12 December 2000.

⁴⁵ *Helsingin Sanomat*, 20 February 2001.

suggested that reforms should continue on a broad basis. President Halonen, however, has suggested that instead of making ambitious new plans for further reforms, it might be good to concentrate on implementing the decisions that have already been taken and ensure the success of enlargement and the launch of the Euro.⁴⁶

New Power Constellation

In January Foreign Minister Tuomioja criticised some of the older member states for having a tendency to think that, simply because they were there from the beginning on, they should be entitled to a privileged position in the Union in the future as well.⁴⁷

President Halonen also acknowledged that the larger member states gained increased power, something that was to be expected. However, for her, the end-result and the way in which it was achieved was a (negative) surprise for the Finns. The President has also noticed a tendency towards increased co-operation between the larger member states to the detriment of the smaller ones. This is a negative trend which should be resisted, as it is not good for the small and medium-sized members, and not good for the whole of the Union, either.⁴⁸

Also the Centre Party has reacted to the emergence of new dividing lines within the EU. The Centre Party sees as unfortunate that the Nice Summit witnessed an emergence of new dividing lines between larger and smaller member states where the smaller ones were clear losers. The way in which the agreements were achieved showed that the member states were engaged in horse-trading based on their respective national interests instead of looking after common European interests.⁴⁹

Prime Minister Lipponen also told the press immediately after the Council that the end-result was a setback for the EU in which inter-governmentalism was given a boost and which would result in a diminished actor capability

for the Union in the future.⁵⁰ In addition, for the Foreign Minister the events in Nice gave some „serious food for thought”. For him, the IGC as a forum for further institutional negotiations has come to its end. Yet, he wanted to stress that despite the events he saw no immediate danger of a permanent clash between the large and the small member states in the EU.⁵¹

AKAVA – the Confederation of Unions for Academic Professionals in Finland – issued a statement in early January commenting the Nice European Council. AKAVA noted that the EU decision-making structures were made more complicated. Moreover, as the nature of the dealings between the member states were turned into ‘power politics’ leading into a diminished influence of the Finnish government in the European Union, it is increasingly important for AKAVA to concentrate on direct influence, for example, on the European Commission instead of relying on the Finnish government any more.⁵²

France

Amsterdam Leftovers

The French presidency (President Chirac and Prime Minister Jospin) has presented the outcome of the Nice European Council as an overall success. Against the repeated attacks, for example by MEP Jean-Louis Bourlanges from the liberal UDF party, they have upheld that the agreements reached were the best possible solutions under the given circumstances.

On all three themes the government has argued that it was the best possible compromise. Given the harsh criticisms against the French Presidency in the international press and by many country delegations in Nice, this highly defensive attitude is hardly surprising. The defence of the reached agreements is not differentiated, i.e. there is no distinction between the three mentioned points.

Among the parties, the most critical reactions have come from UDF and the Green Party,

⁴⁶ Interview of President Tarja Halonen in Uutispäivä Demari, 1 February 2001.

⁴⁷ Speech of Foreign Minister Erkki Tuomioja for the Paasikivi Society, 23 January 2001.

⁴⁸ Interview of President Tarja Halonen in Kansan Uutiset, 15 December 2000.

⁴⁹ Keskustan työvaliokunnan arvio Nizzan tuloksista, 11 December 2000.

⁵⁰ Helsingin Sanomat, 12 December 2000.

⁵¹ Helsingin Sanomat, 12 December 2000.

⁵² AKAVA:n jäsenjärjestötiedote 1/2001, 11 January 2001.

who have criticised the lack of imagination and the intergovernmental character of the new treaty. It has to be emphasised, though, that the strongest criticisms came from Green or UDF MEPs and to a lesser extent from Socialist MEPs (e.g. Michel Rocard). Criticisms were much less radical among politicians *in* France. The explanation is simply that in a situation of *cohabitation* (right-wing president and left-wing government), European policy becomes a matter of consensus.

The opposition parties cannot criticise the Nice agreement and treaty without also criticising Jacques Chirac. This explains why there has been little comment by fellow gaullist politicians (members of the RPR). The relations among right-wing parties being very complex at the moment, liberal UDF members *in* France have refrained from voicing open criticism. Within the *gauche plurielle* (the government coalition of Socialists, Greens, Radicals, the *Mouvement des citoyens* of ex-minister Jean-Pierre Chevènement, and the Communists), criticism has been timid, too.

Enlargement Process

The enlargement has probably never had the same importance in France as it has, for instance, in Germany. Its importance becomes visible only with regard to specific issues such as the different policy reforms dealt with further on. The Franco-German „reconciliation meeting” near Strasbourg in February has been the occasion to restate the importance of enlargement by President Chirac.

Post-Nice Process

As to the post-Nice process, it has become very clear that large parts of the French public opinion do not share the satisfaction of Chirac and Jospin about the Nice Treaty. In his speech at the signing of the treaty on 26 February, President Chirac has admitted that the treaty did not come up to his expectations, that it was a „compromise”. He had not done so before.

Nonetheless, there have been little reactions to calls for a ‘revival’ of the integration process, such as the one launched by Chancellor Schröder. Calls from individual politicians, such as Michel Rocard on the left or EP-

President Nicole Fontaine on the right have had little follow-ups.

Germany

Extension of QMV

With regard to the extension of QMV, the German government is quite satisfied. About 40 out of 70 policy issues have been put under the rules of QMV. The German Foreign Minister Fischer stated, that in some policy areas the government was willing to go further, abolishing the veto power of the member states.⁵³ However, there had been no general agreement to do so. Chancellor Schröder pointed out, that it is not up to Germany to criticise those governments which blocked the extension of QMV in some issues, because Germany has done the same with regard to asylum and migration.⁵⁴

By this, the chancellor declared that the outcome represents the only feasible compromise with regard to the extension of QMV, but it is no optimum solution. However, the ability to act will be maintained, even in an enlarged Union. In this context, Helmut Hausmann of the opposition liberal party F.D.P. states that there had been only little progress in extending the QMV to important policy issues. By this, he was warning to agree on the enlargement of the Union without removing the veto power of the member states.⁵⁵

Weighting of Votes in the Council

In general, the new weighting of votes respects much more the size of population and there is a wider range in weighted votes between the small and the large member states. By this, the large member states are represented stronger in the Council than in the present system. Despite

⁵³ Frankfurter Allgemeine Zeitung, 16 December 2000, p. 2; Gunter Pleuger, Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse, in: *Integration*, 1 (2001), p. 3. Mr. Pleuger is under-secretary in the Foreign Ministry.

⁵⁴ Frankfurter Allgemeine Zeitung, 12 December 2000, p. 1.

⁵⁵ Frankfurter Allgemeine Zeitung, 16 December 2000, p. 2.

all this, the French presidency insisted on the parity with Germany in the number of votes, even with Germany's population being about 20 million higher. However, the German government accepted the parity with France. The chancellor argues that for Germany this issue had not been a question of prestige and that, by agreeing to the final compromise, it has avoided to spoil the relations with France. In the media and in the view of the opposition parties, the debate on the weighting of votes was seen as a struggle about national prestige and interests between Germany and France. In the political view, it became clear that the German government was open to all reform options without clear preferences or a precise fixing of its own ones. This strategy can be explained by the fact that the German government wanted to ensure the accession of new members to the Union without endangering the IGC as a whole.

However, by the demographic net which has been introduced in the QMV decision making procedure, Germany is favoured. Among the large members, Germany is the only country which can block decisions in co-operation with two other large countries, not by its 29 votes but by its proportion in population. France cannot do so.⁵⁶

In this context, it is worth to mention that the threshold for a positive QMV decision will be lifted to 73,4 per cent in a Union of 27 members (at present 71,26%) so that in proportion more votes are needed. Furthermore, at minimum the majority of member states must vote in favour for the decision. To this end, it will become more difficult to achieve a positive QMV decision than at the present system.

Composition of the Commission

With regard to the composition of the Commission, Germany as other member states failed in setting an general upper limit of 20 commissioners and in introducing a rotation system. Germany had favoured this option arguing that a more efficient body can be formed. However, the small member states

insisted on the principle that every member state should have one commissioner. Instead of an upper limit, the member states which delegate two commissioners to Brussels at present, will give up their second one by 2005. Only with the accession of the new members, this provision will be defined in operational terms or be re-negotiated. Hence, reducing the number of commissioners at that time needs an unanimous decision. Therefore, it will be questionable that a reduction of the number of commissioners will take place at all.⁵⁷

By 2005, the Council will nominate the President of the Commission by QMV. In addition, the President will be empowered. It will be him who defines the fields of competence of the single commissioners and who has the right to dismiss commissioners.

Given these changes, the German government argues that the composition of the Commission has to be seen in conjunction with the re-weighting of votes. To this end, the results of the Nice summit are reasonable, especially with regard to enlargement.⁵⁸

European Parliament

As far as the distribution of seats in the European Parliament is concerned, the demographic aspect has been taken much more into account now. In general, this is advantageous for Germany as out of the old members, only Germany and Luxembourg will not lose seats. However, in comparison with the other member states, the German population is still the most under-represented.⁵⁹

In addition, the German government stated that the role of the European Parliament has been consolidated, but it did not gain much more. This can be explained by the fact, that the QMV has not been extended largely which means that the co-decision procedure will not be used in many more policy matters. How-

⁵⁶ Gunter Pleuger, *Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse*, in: *integration*, 1 (2001), p. 2; *Frankfurter Allgemeine Zeitung*, 12 December 2000, p. 2 and 3; *Süddeutsche Zeitung*, 12 December 2000, p. 1, 2 and 6.

⁵⁷ *Süddeutsche Zeitung*, 12 December 2000, p. 6; Gunter Pleuger, *Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse*, in: *integration*, 1 (2001), p. 2-3, *Frankfurter Allgemeine Zeitung*, 12 December 2000, p. 2.

⁵⁸ Gunter Pleuger, *Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse*, in: *integration*, 1 (2001), p. 2-3.

⁵⁹ *Ibidem*, p. 4; *Frankfurter Allgemeine Zeitung*, 12 December 2000, p. 2 and 3.

ever, in the future it will be easier for the European Parliament to institute proceedings.⁶⁰

Enhanced Co-operation

The German government welcomes the new dynamic “enhanced co-operation” was given to. This will ease the use of “enhanced co-operation”: The single members states will have no more veto power to block a project of the enhanced co-operation and only 8 member states can build up a group using the enhanced co-operation. Even in the CFSP, enhanced co-operation can take place when no military or defence matters are concerned. Yet, the enhanced co-operation, established by the Treaty of Amsterdam, had not yet been used.⁶¹

Overall Assessment

For the German government, the end-result can be seen as satisfactory. With regard to the leftovers of Amsterdam, a compromise has been found and the institutional provisions open up the way for the accession of new members. Nonetheless, in some issues the government wanted to go further, e.g. in the extension of QMV respectively in the elimination of the veto power. But the mandate for the IGC had been limited to the leftovers and therefore, the result could not be far reaching. Chancellor Schröder emphasised that the large member states should have been more generous to the small ones.⁶²

In the German *Bundestag*, the reforms were received almost positively but with caution. The leader of the conservative CDU, Angela Merkel welcomed the out-come even though it was not very far reaching. However, she underlined positively chancellor Schröder’s will to compromise. The liberal F.D.P. disagreed with the new Treaties at first but confirms now its will to support the institutional provisions underlining that a correction will be necessary

to get the Treaty of Nice ratified in the German Parliament.⁶³

Enlargement Process

The Inter-Governmental Conference in Nice opened the way for the accession of new members to the European Union. The institutional changes necessary for the enlargement of the Union have been completed. As Chancellor Schröder stated in his speech before the *Bundestag* on 19 January 2001 the enlargement process reaches a new stage with the Treaty of Nice. After the financial provisions of the Agenda 2000, fixed in Berlin in March 1999, the new treaty fulfils the second precondition, the institutional one. Therefore, the accession of new members to the Union is no longer reduced to purely technical negotiations and abstract declarations. By 2003, after the ratification of the treaties concluded in Nice, the European Union will be ready for the accession of new members. Therefore, the government is satisfied with the outcome of the summit, even though it had been hard work to do so.⁶⁴ And, with regard to the criticism of the Nice summit, the Chancellor argues that the German government would have liked further reforms, but was not willing to endanger the enlargement process.

In this context, Foreign Minister Fischer emphasised that a European Union of 27 members cannot function in the same way as it does today. However, in his view, it is important to guarantee the further integration of Europe and to preserve the efficiency of the political system in an enlarged Union. Any other strategy, he stated, will be a step backwards, which the German government will not follow.⁶⁵ So, the German government will stand up for enlarging and deepening the European Union.

Post-Nice Process

In Nice, the German government together with the Italian government successfully pushed for

⁶⁰ Gunter Pleuger, *Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse*, in: *integration*, 1 (2001), p. 4-5.

⁶¹ *Ibidem*, p. 3-4; *Frankfurter Allgemeine Zeitung*, 12 December 2000, p. 2.

⁶² *Frankfurter Allgemeine Zeitung*, 12 December 2000, p. 1 and 2; Gunter Pleuger, *Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse*, in: *integration*, 1 (2001), p. 5-6.

⁶³ *Süddeutsche Zeitung*, 12 December 2000, p. 1.

⁶⁴ Gerhard Schröder, policy statement on 19 January 2001, see: http://www.bundestag.de/aktuell/a_prot/2001/ap14144.html; *Frankfurter Allgemeine Zeitung*, 20 January 2001, p. 1.

⁶⁵ *Frankfurter Allgemeine Zeitung*, 22 January 2001, p. 3.

fixing a new Inter-Governmental Conference in 2004, framing the post-Nice process. As stated by the German Chancellor in his policy statement on 19 January the IGC in 2004 will address constitutional questions, i.e. the precise delimitation of powers between the European Union, the member states and the regional level, the separation of powers between the institutions of the EU, the future status of the Charter of Fundamental Rights, the simplification of the Treaties and the role of the national parliaments in the European architecture. The Chancellor underlined in his statement that these questions are of major importance for Germany. Therefore, Germany insisted on fixing the next IGC as laid down in the “Declaration on the future of the Union” amended to the Treaty of Nice. The chancellor and Foreign Minister Fischer, but also the Prime Ministers of the *Länder* welcomed the declaration.⁶⁶ To this end, the German government favours the wide-ranging discussions about these items which will be encouraged in 2001 by the Swedish and Belgian Presidencies in co-operation with the Commission and the European Parliament. In addition, the German chancellor underlined that the candidate countries shall fairly be included in this debate, because it will be about the future of the Union.⁶⁷

From the point of view of the Federal Government and the *Länder*, the delimitation of powers between the different political levels (Europe, member states and regions) and the separation of powers between the institutions of the Union will be of major concern. For instance, Bavarian Prime Minister Stoiber, who had asked since long for a precise delimitation of powers between the EU, the Member states and the regions, pointed out that the IGC in 2004 will be an enormous step forward for the German *Länder* and their role in the federal system with regard to European matters.⁶⁸

Wolfgang Clement, Prime Minister of *Nordrhein-Westfalen*, mainly criticises that the prin-

ciple of subsidiarity which has been introduced on the European level by the Treaty of Amsterdam, has to be used strictly. To this end, a precise delimitation of powers will be helpful. Therefore, the IGC in 2004 will be reasonable and necessary.⁶⁹

In his policy statement, the Chancellor declared that the legitimacy of decisions shall be evident and it will not be necessary and reasonable to decide on all political issues in Brussels. However, there are policy matters which will better be managed on the European level, e.g. the BSE-problem. In close co-operation with the *Länder*, the German government aims at reflecting the principle of subsidiarity and re-defining the political responsibilities within the European Union.⁷⁰ The Declaration on the future of the European Union and the IGC of 2004, fixed in it, can be seen as a great success for the German government and the *Länder*.

However, one has to admit that the so called *Kompetenzkatalog* (the catalogue in which the competencies and the responsibilities of the European, the national and the regional level are fixed clearly) may not be regarded as a major issue in other members states, especially in those which are not organised in a federalist way. In addition, it is questionable that a precise delimitation of powers and a new separation of powers may strengthen the ability to act. In this context, it may be more reasonable to eliminate the veto power of the member states. And, fixing a *Kompetenzkatalog* does not seem to be adequate in an developing political unit, facing the challenge of enlargement.⁷¹

With respect to the constitutional aspects of the post-Nice process, the German government hands very ambitious ideas to the open debate about a European constitution. On a confer-

⁶⁶ Gerhard Schröder, policy statement on 19 January 2001, see: http://www.bundestag.de/aktuell/a_prot/2001/ap14144.html, Frankfurter Allgemeine Zeitung, 22 January 2001, p. 3; Süddeutsche Zeitung, 12 December 2000, p. 6.

⁶⁷ Gerhard Schröder, policy statement on 19 January 2001, see: http://www.bundestag.de/aktuell/a_prot/2001/ap14144.html.

⁶⁸ Süddeutsche Zeitung, 12 December 2000, p. 1.

⁶⁹ Wolfgang Clement, speech at the Humboldt University in Berlin, 12 February 2001, see: <http://www.rewi.hu-berlin.de/WHI/deutsch/FCE/FCE301/clement.htm>.

⁷⁰ Gerhard Schröder, policy statement on 19 January 2001, see: http://www.bundestag.de/aktuell/a_prot/2001/ap14144.html.

⁷¹ Dietrich von Kyaw, Weichenstellungen des EU-Gipfels von Nizza, in: Internationale Politik, 2 (2001), p. 9-10. Mr. von Kyaw is the former permanent representative of the Federal Republic of Germany at the EU.

ence of the Bertelsmann foundation in January 2001, the German Chancellor favours a European Constitution which should be the outcome of the simplification of the Treaties. In his speech at the Humboldt University in Berlin in May 2000, Foreign Minister Fischer argued for a European federation, built up step by step. This speech provoked broad reactions throughout Europe.⁷² In the context of this speech, the Foreign Minister pointed out in a speech in London in January 2001 that there will not be a European super state as the result of the integration process. However, the accession of new members has to be accompanied by further integration, so that the Union can secure its capacities to act. This means that further reforms of the institutional system and a delimitation of powers will be necessary. These reforms shall guarantee more democratic legitimacy. Despite of this, the Union will depend and rely on strong and powerful member states.⁷³

In the debate on the post-Nice process in Germany, the CDU/CSU opposition in parliament asked for a two-chamber-system of the European Union. The European Parliament shall be empowered and the Council shall be transformed into a second chamber of the legislative body. In addition, the Council shall sit publicly and the EP shall decide on the President of the Commission.⁷⁴

Summing up, the post-Nice process, which has been an German issue from the beginning on, is one of the major topics in the internal discussion about Europe. The debate on the institutional architecture of the enlarged EU is yet just beginning within the government and the opposition.

Accession Negotiations

The candidate countries regard it as a success that the Treaty of Nice has been concluded.

Otherwise, the accession of new members to the Union would have been slowed down. Now, it seems feasible and realistic, that the most advanced countries can enter the EU in 2004 and that they will participate in the parliamentary elections in spring 2004. To this end, the candidate countries are satisfied with the outcome of the IGC in Nice and they are pleased that they are already taken into account with regard to the re-weighting of votes in the Council and the distribution of seats in the Parliament. With the exception of the Czech Republic and Hungary which will re-negotiate the number of seats, given to them in the European Parliament, the candidate countries agree with the treaty provisions in that point.⁷⁵

Moreover, the European Council in Nice adopted the road map for the accession negotiations of the next 18 months, proposed by the Commission in November 2000. This will ease the way for further negotiations and enable those countries which are best prepared to progress more quickly.

Therefore, it can be stated that the summit of Nice gave an impetus to the accession negotiations. By this, the German government, which strongly supports the enlargement process, welcomes the out-come of the summit.

New Power Constellation

The Treaty of Nice provides for more decisions on European policy issues by qualified majority voting. However, there is little progress because only a few important policy matters are changed into QMV. Due to that, the veto power of the member states remains nearly unchanged and therefore, the institutional system gains only little efficiency.⁷⁶

With regard to the re-weighting of votes in the Council and the distribution of seats in the European Parliament, the demographic aspect has been taken much more into account, which is in general advantageous for Germany as a member state rich in population. However, in the case of Germany there is still a large gap between the proportion of population and political representation in both institutions. In the European Parliament, out of the old member

⁷² Joschka Fischer, Vom Staatenbund zur Föderation – Gedanken über die Finalität der europäischen Integration (speech held at the Humboldt University in Berlin, 12 May 2000), in: *Integration*, 3 (2000), p. 149-156.

⁷³ Joschka Fischer, speech in London on 24 January 2001, see: http://auswaertiges-amt.de/www/de/infoservice/presse/index_html.

⁷⁴ Frankfurter Allgemeine Zeitung, 21 March 2001, p. 6.

⁷⁵ Süddeutsche Zeitung, 12 December 2000, p. 2.

⁷⁶ Frankfurter Allgemeine Zeitung, 12 December 2000, p. 3.

states only Germany and Luxembourg will not lose seats by the new treaty provisions. But, in comparison to the other member states, the German population is still the most under-represented.⁷⁷

This is even more evident with regard to the number of weighted votes in the Council. With about 20 millions more in population, Germany has 29 votes like France. The French Presidency blocked any proposal that would have given more votes to Germany than to France but the German government never insisted on additional votes. The German Chancellor explained this restraint in the negotiations with the fact, that Germany does not seek a dominant status through formal pre-eminence over the other big member states. That is why Germany was ready to accept a real re-weighting of votes but also double majority options. However, Germany was not willing to endanger the conclusion of the conference and to this end the enlargement process of the Union. Moreover, the Chancellor stated that this issue should never affect the relations with France for which it had been a question of prestige. However, by the demographic clause (the qualified majority must comprise at least 62 per cent of the total population of the Union) an additional security net has been established to safeguard the influence of the large member states. In this context, Germany will take a special role in the decision making: It did not gain more votes than the other large ones, but Germany is the only one, which is able to hamper decisions by its demographic weight together with two other large member states. France, for example cannot do that.⁷⁸

But it should be pointed out that by establishing new and additional criteria for the QMV decision making, the power of the large member states will not be unlimited: A decision will require the majority of the member states, so that there will be no decision without a certain number of small countries. The threshold

for the adoption of a decision will rise from now 71,26 per cent to 73,4 per cent (in an Union with 27 members) which means that in proportion more votes are needed. By this, it will be more difficult to decide with QMV.

Today it is difficult to say what will be the dynamic of the new treaty provisions in terms of power constellations between the EU-member states and with regard to the EU-institutions. However, the impact that the Treaty of Nice will cause in practice, has to be seen when the provisions are in force and when new members have entered the Union. As the German chancellor stated in the aftermath of the summit, the government knows about that "lex Germania" caused by the demographic aspect. However, it should not be used for the detriment of the member states and of the functioning of the Union.⁷⁹

Great Britain

General Assessment

In the run-up to the Nice summit, debate about the EU in the UK still focused primarily on the single currency and the Anglo-French proposal for a European defence force. Opinion polls suggested that the general attitude towards the EU is sceptic, if not outright negative: 46% of Britons indicated they would be in favour of leaving the EU if asked to vote on the matter (43% would remain in and 11% did not know).⁸⁰ At the same time, there is a clear lack of information and awareness about the EU with only 2% of the population believing that the media provides fair coverage of European issues.⁸¹

The UK Government therefore seemed rather anxious to set a more positive tone and became more active and outspoken in attempting to

⁷⁷ Gunter Pleuger, *Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse*, in: *integration*, 1 (2001), p. 1 and 4; *Frankfurter Allgemeine Zeitung*, 12 December 2000, p. 2 and 3; *Süddeutsche Zeitung*, 12 December 2000, p. 2.

⁷⁸ *Süddeutsche Zeitung*, 12 December 2000, p. 1 and 3; *Frankfurter Allgemeine Zeitung*, 12. December 2000, p. 2 and 3; Gunter Pleuger, *Der Vertrag von Nizza: Gesamtbewertung der Ergebnisse*, in: *integration*, 1 (2001), p. 2.

⁷⁹ *Süddeutsche Zeitung*, 12 December 2000, p. 6

⁸⁰ MORI poll 2000 for *The Sun* (With all interviewees voting, the figure was 52% for 'out' and 48% for 'in').

⁸¹ This has obviously not changed. A MORI poll in February 2001 revealed that 84% of Britons feel that politicians have not given out enough information to let the public decide whether the EU should remain in the EU or not, with only 9% believing it is sufficient.

inform a wider public about the ongoing negotiations and challenge some of the prevailing Eurosceptic views expressed by the Conservative opposition and the 'Euromyths' spread by parts of the media. In a number of speeches, newspaper articles and information sheets published on the Foreign and Commonwealth Office's web site, Government members depicted the advantages of the EU and argued the need for the UK's active and positive approach towards and in the EU in an attempt to win over public opinion. In this context, the Government's aims for the Nice summit were also set out in quite clear terms in a number of speeches by Robin Cook⁸², the Foreign Secretary and Keith Vaz⁸³, the Minister for Europe in the run-up to Nice as being:

- Opening the door to enlargement
- More power for the UK through re-weighting of the votes in the Council
- A smaller and better Commission
- Extension of QMV where this is in the UK's interest and retaining of the veto where necessary for protecting the UK's vital national interests
- A more flexible Europe through new enhanced co-operation.

Despite the difficult and tough bargaining at Nice Prime Minister Tony Blair and Foreign Secretary Robin Cook returned claiming victory and arguing that their positive approach to Europe secured all their six objectives and was a success for the UK, the EU and Europe as a whole. In the words of the Prime Minister: „[...] the whole of this summit has been an exercise for us in getting the best out of Europe for Britain and I believe that we have succeeded in doing that. We have to move ourselves from the traditional mindset where every one of these summits was seen to be Britain versus the rest and realise that today, it is in Britain's interest to play a leading part in Europe and in the development of Europe. I think this summit has once again demonstrated that we can do that, that we can protect the

positions or our vital national interests and also advance those national interests in the European Union.”⁸⁴

The Foreign Secretary confirmed that Nice has delivered in respect of what the UK had wanted to achieve: A wider Europe, a safer Europe and a stronger Britain within that wider Europe.⁸⁵

Reweighting of Votes

In particular, the Government emphasised that the reweighting of votes addressed the unfair and unrepresentative bias towards the smaller Member States, that the UK's voting power has therefore been increased for the first time since it joined the EU. It also welcomed the fact that the UK has kept parity with France, Germany and Italy and will be able, together with two other big Member States, to block decisions.

Extension of QMV

On the extension of QMV, the Government admitted that they had come under pressure regarding their 'red lines' (tax, social security, border controls, defence and Treaty amendment and own resources), but did not budge and were able to win the argument and defend the veto in these vital national interests. The areas that were moved to QMV were presented as being positively in the UK's interest. Blair and Cook referred specifically to the Common Commercial Policy, the free movement of people and other policy areas crucial for the functioning of the single market where the UK actually pressed for an extension of QMV, to appointments where the abolition of the veto would avoid that only the lowest common denominator was chosen and to the ECJ reforms which would ensure more efficient and faster judicial proceedings.

Size of the Commission

The formula agreed on for the size of the Commission was welcomed but not discussed in great detail – the Government admitted that

⁸² Cf., for example, Keynote speech at 'Europe 2010' seminar at the Centre for European Reform, 13 November 2000.

⁸³ Cf., for example, Speech to the Midlands Network of Euro Info Providers, Loughborough, 1 December 2000.

⁸⁴ Tony Blair, Press Conference, Nice, 11 December 2000.

⁸⁵ Robin Cook, *ibid.*

it was a compromise, but argued that giving up the UK's second Commissioner was the right move in order to ensure an efficient and manageable institution. It was also 'compensated' for by the increased voting strength in the Council.

Accession Process

Regarding the accession process, the Labour government stresses that the EU enlargement has traditionally been a high priority for the UK and considered extremely important for all concerned: UK economy, business and consumers will benefit from the greater single market, the EU and Europe as a whole from the positive implications for peace, stability and security of a (re-)united continent in which common problems, such as cross-border crime, immigration and environmental problems, can be dealt with more effectively together and in which democracy and the respect for human rights are firmly entrenched.

The Nice Treaty is seen as removing all remaining obstacles to enlargement, with the institutional changes ensuring that EU will be ready to welcome new members from the end of 2002. The Government frequently presents itself as a champion of the candidate countries, by emphasising that it will continue to press for a speeding up of the process as well as a clear road map for the candidates and by ensuring that they will be involved in the post-Nice process and play a 'full and active part' in the IGC 2004, i.e. not limiting the status of those which will not have joined by then to that of mere observers. The Government expects, as envisaged in Nice, that the most prepared candidates will be able to conclude negotiations in 2002. It has also called for the first new members to take part in the next European parliamentary elections in 2004 and is confident that 'with efforts on both sides there is no reason why that should not be achieved.'⁸⁶

For the EU, this means that the Nice Treaty needs to be ratified as quickly as possible and the Swedish Presidency must set a realistic timetable for accessions. No more delays can be risked as this will only play into the hands

of nationalistic and chauvinistic forces in the Central and Eastern European states which could threaten their progress towards democracy, freedom and liberalisation. The UK Government will continue to press for target dates as for the implementation of the Commission's Enlargement Strategy Paper which also reaffirms differentiation - a principle that has also long been the UK's line. At the same time, the Government puts emphasis on its bilateral relations with the candidate countries at various levels.

Although the Government has consistently argued that this is not a necessary precondition for enlargement that Nice should have addressed (as the Berlin reforms are considered sufficient and leave enough headroom in the financial perspective to allow for enlargement), it is acknowledged - and some Labour MPs and Peers emphasise this even more fervently⁸⁷ - that both the CAP and the regional funds must be reformed in the policy process⁸⁸.

Post-Nice Process

Government

The 'post-Nice process' is, in principle, welcomed by the Government which argues that most of the issues for the debate leading up to the next IGC in 2004 are in line with the agenda Tony Blair set out in his Warsaw speech which is a people's Europe agenda.⁸⁹ Given the scepticism, or even fear, within the UK, particularly with regard to such constitutionalising matters such as a catalogue of competencies, possibly headed by a binding fundamental rights declaration, the Government obviously felt the necessity to clearly state that, in its view, this was NOT a super state agenda. Rather it is an opportunity to consult

⁸⁶ Baroness Scotland of Asthal, Parliamentary Under-Secretary of State, House of Lords debate, 7 February 2001.

⁸⁷ Cf., for example, Lord Grenfell, House of Lords debate, 7 February 2001 who also calls on the Government to do more to spark public enthusiasm for enlargement by conveying the perception that it is actually proceeding. Cf. also Lord Haskel, *ibid.*

⁸⁸ Tony Blair, Statement to the House of Commons, 11 December 2000.

⁸⁹ Cf. Baroness Scotland of Asthal, Parliamentary Under-Secretary of State, House of Lords debate, 7 February 2001 and Keith Vaz, Minister for Europe, Evidence to House of Lords European Union Select Committee, 12 December 2000.

widely about the future shape of the EU and thus ensure that these important decisions are not taken in a secretive, intergovernmental manner by EU leaders alone – a method which, as Tony Blair admitted after the marathon negotiations in Nice, no longer works. The Government leaves no doubts that what it wants – and is confident to get – out of this debate, is:

- a clearer delimitation of competencies between the EU and the Member States according to the principle of subsidiarity which would not, however, acquire final and binding status, i.e. be a written constitution for the Union.
- a more simple and accessible Treaty which would not, however, make any substantial changes or amendments to its meaning.
- a review of the Charter, but without prejudice as to its outcome, meaning that the UK will not allow it to acquire binding status
- a stronger role for national parliaments, possibly formalised in a ‘second chamber’, to ensure democratic legitimacy in a EU of nation states in which the Member States level will remain the main point of reference.

The Government also stresses that this agenda will not become an obstacle to enlargement and the candidates will be actively involved in the debate. However, although the Government claims to be in favour of this agenda and wider consultation and intends to be actively and constructively involved, there seems to be a reluctance to take the initiative in this debate. This can certainly – at least in part – be ascribed to the fact that the Government is aware that more integrationist or federal-minded Member States have rather different expectations and agendas for the post-Nice process than the UK where the great majority is opposed to further integration and constitutionalisation. Yet, this process which will require and cause debate – also in this country – of highly sensitive matters which might put the Government on the defensive. With a general election just around the corner, in which it hopes to focus its campaign on domestic issues, the Government does not seem too keen to face difficult questions and negative publicity about its European convictions.

Conservatives

The Conservatives, as was to be expected, fiercely attacked the Government’s record in Nice broadly arguing that the Treaty of Nice was not about facilitating enlargement – its original and sole purpose – but in reality about further integration leading the EU on a one-way road to a European super state. Although the Conservatives welcomed the institutional changes which genuinely lead to enlargement, they accused the Government of not being open and honest about this sell-out of national sovereignty, which, as the leader of the Conservative party, William Hague⁹⁰ argued, manifests itself primarily in, firstly, the signing away of the veto in even more areas, which will lead to even more unnecessary centralised regulation, secondly, in the EU Charter of Fundamental Rights, which will be used by the ECJ as a step to yet further political integration and, finally, the agreement on the European Rapid Reaction Force, which in reality was an independent European army (at least one in the making) separate from NATO.

In stressing their passionate commitment to EU enlargement⁹¹, the Conservatives reject the Nice Treaty as actually complicating and delaying it even further. In their view, the supranational EU institutions, i.e. Commission and Parliament, need to become smaller, rather than larger and Nice ought to have addressed what was not even on the agenda, namely the reform of the Common Agricultural Policy. Had the European Council been serious about swift enlargement, it should have set target dates for the accession of candidate countries. The aim at Nice should have been to reform the EU into a modern, flexible, multi-system Europe which takes subsidiarity seriously⁹². They believe that the transfer of sovereignty has reached its popular limits and the EU

⁹⁰ Cf., for example, House of Commons debate, 12 December 2000.

⁹¹ This is consistent with the traditional Conservative approach to Europe which has favoured enlargement, i.e. widening, over deepening. Although some commentators argue that this opposition no longer adequately reflects the reality of and debate on EU integration, both terminology and underlying concept still seem prominent.

⁹² Cf., for example, Francis Maude MP, Shadow Foreign Secretary, House of Commons debate, 12 December 2000.

needs to become more flexible and, possibly, aim at the repatriation of some policy areas, rather than more centralisation and integration. This is also in the interest of the candidate countries whose burden of taking over and implementing the *acquis* should be eased rather than increased.

If the EU wants to fulfil its commitment to the candidates to be in a position to welcome them from the end of 2002, they need to speed up negotiations and resolve remaining obstacles. The Conservatives regret that some of the more controversial issues, such as CAP, regional policy and justice and home affairs, are not scheduled until later this year or early next year. Candidates should not be expected to abide by 'the rigid straightjacket of legislation', the EU unreasonably demands them to accept - particularly in areas, such as social policy, which are, in the Conservatives' view, not essential for ensuring that candidates can compete in the single market. CAP also requires radical reform and repatriation of responsibilities.

The Conservatives have made it clear that if they formed the Government, they would not ratify the Treaty of Nice as it stands, but would re-negotiate it and put it to the British public to vote on in a referendum - a somewhat surprising move in view of the fact that the party is opposed to a referendum on the single currency as promised by the Labour Government should they win a second term in office.

This position has been heavily criticised by Labour as well as the Liberal Democrats who believe that it is irresponsible and inconsistent with the Conservatives' pronounced commitment to a speedy enlargement.

Regarding the 'post-Nice process', the Conservatives, despite their proposal to hold a referendum on the Treaty of Nice, they do not seem to be too excited about the prospect of wider consultation on the issues listed in the Declaration on the future of the Union. In any case, they do not appear to have a specific policy (yet) on the post-Nice agenda with discussion focusing on other issues, such as the European Rapid Reaction Force.

It is obvious, however, that the Conservatives, although committed to the UK's membership in the EU, want to see much looser, flexible co-operation between sovereign nation states and are thus opposed to a process that would,

as they suspect, lead the EU even more in direction of a 'federal super state' with a binding Charter of Fundamental Rights and (steps towards) a constitution. They see the EU at the cross-roads between a fully integrated super state, with national states and national veto disappearing and a Europe of nations combining in different ways for different purposes and to a different extent a network Europe.⁹³

More 'Europhile' Conservatives welcome 2004 as an opportunity for new thinking for a diverse kind of Europe - as opposed to one in which one size fits all - a Europe in which nation states will be more important than ever as for providing stability and identity. They believe that people cannot be bound together by forcing them to and that Europe does not have final - 'federal' - destination, but will turn out to be one of several structures. They support the simplification of the Treaties which are, in fact, already a kind of constitution, but warn about the possibility of a binding Charter whose standards would be difficult to meet, especially for the candidates.⁹⁴

Liberal Democrats

The Liberal Democrats are, in general, not particularly excited about the outcome of Nice, but acknowledge that something has been achieved which they judge as rather positive under these difficult circumstances. They are critical, however, of the Government - and indeed all other EU Heads of State - coming back from summits claiming great victories as they believe that it should be the common European interests that should be the winner rather than short-term national ones.

They appreciate that the Amsterdam left-overs were dealt with, but only in a rather bad, technical manner. On the reweighting of votes, the Nice Treaty is criticised for going back from Amsterdam, now allowing a 'directory' of three big Member States to run the show to the detriment of the smaller members. Although some have congratulated the Government on keeping the veto in the agreed areas, QMV should have been extended to more areas and

⁹³ 'Believing in Britain - Best Place in the World' Policy statement, <http://www.conservatives.com>.

⁹⁴ Lord Howell of Guildford, House of Lords debate, 7 February 2001.

been accompanied by more co-decision powers for the Parliament. The new provisions regarding the Commission are also considered insufficient to make the institution efficient and accountable. Liberal Democrats are also unhappy with the increased number of seats in the European Parliament. Overall, the outcome of the Nice summit is not seen as contributing to the quality of European integration and the efficiency and effectiveness of the Union.

The leader of the Liberal Democrats, Charles Kennedy⁹⁵, has criticised the fact that candidates are still waiting to join the EU over a decade after the fall of the Berlin Wall and has emphasised that the EU must be receptive of these new democracies which are making such an effort to join the EU and stabilise themselves. Yet, the manner in which the Nice negotiations were conducted lead some party members to question whether there is sufficient trust, agreement and long-term vision among EU leaders, particularly on the sensitive balance of power issues, for the EU to be politically prepared for enlargement.

Given the shortcomings of Nice and the inter-governmental bargaining method, the Liberal Democrats consider the post-Nice agenda of immediate and high importance. They believe that there is a need for an open and wide debate about the definition and determination of the roles and responsibilities at all levels of government⁹⁶ and in all EU institutions. And they call on the Government to take an active role in leading this public debate. As the Liberal Democrats are generally in favour of a European constitution, containing a declaration of fundamental rights, they want the European Council in Laeken to establish another Convention to prepare the ground for a new constitutional Treaty – with the drafts ready for the 2004 IGC. Such a constitution would justify and defend the EU's dual legitimacy as well as develop new sources of legitimacy, e.g. by enhancing European citizenship, enhancing the powers of the regions and incorporating the Charter into the Treaty. It would therefore

enshrine the values and objectives of European integration as well as its decision-making procedures⁹⁷ and clarify the question of jurisdiction.

Britain in Europe

Like the main political parties, the campaign organisation Britain in Europe⁹⁸ also sees Nice as a historic turning point for the EU which paves the way for enlargement. The enlarged EU will, in turn, provide new opportunities for UK business. Nice will streamline decision-making without weakening the UK's ability to look after its essential interests. QMV was extended to many areas where the UK will benefit, e.g. it will help open markets, improve financial controls, ensure more appointments on merit and speed up ECJ procedures. But the Government has also managed to retain the veto where this was considered necessary and vital. Nice was therefore clearly about member states defending their national interests, and not about creating a super state.

Confederation of British Industry (CBI)

Where the industrial partners are concerned, the employers, represented by the Confederation of British Industry (CBI)⁹⁹ note that Nice has fallen short of the Commission's ambitious agenda. Member states made minimal concessions in order to secure their core national interests. The small member states felt antagonised by the big states' unwillingness to budge on their bottom line positions. But, business can be pleased with the overall outcome as the veto on tax, environmental measures and social security was defended – areas in which the CBI believes that there is only limited scope for EU action. There could, however, have been more progress on CCP. The redistribution of votes in the Council reflects the increased power of the big four and makes blocking easier. In conclusion, the CBI welcomes the fact that the Treaty makes a political reality of

⁹⁵ Charles Kennedy, House of Commons debate, 11 December 2000.

⁹⁶ It is interesting that the Liberal Democrats immediately include sub-national - or devolved - levels of government, whereas the other parties seem more concerned about the delimitation of competencies between the EU and the member states, i.e. the national level.

⁹⁷ Andrew Duff, 'The Treaty of Nice: From left-overs to hang-overs.' Briefing, January 2001.

⁹⁸ Information is based on briefings available at <http://www.britainineurope.org.uk>.

⁹⁹ Information is based on CBI policy briefings available at <http://www.cbi.org.uk>.

enlargement and sends positive signal to candidates.

Trades Union Congress (TUC)

For the employees, the Trades Union Congress (TUC)¹⁰⁰ notes that the Government was keen to keep the Nice agenda to the Amsterdam leftovers which are a prerequisite to enlargement. In the TUC's view, the UK benefits from QMV and thus welcomes its extension. There is now a need for a wider and sustained debate about this and Europe in general. This is also the case in view of the general sense of unease around Nice and expectations of a minimalist outcome due to the intergovernmental approach.

Public opinion

As mentioned above, the general British public seems more concerned about specific issues, such as the European Rapid Reaction Force and the Euro, or, more broadly, the UK's general relationship with the European Union. Where these general attitudes are concerned, there has, according to a recent MORI poll, been a slight increase in positive views towards EU membership. Yet, 46% still want the UK to leave the Union (raising to 50%, if accompanied by an assurance that free trade would continue). There still is no specific general debate about Nice or EU enlargement. Despite pronouncements from various corners that the UK is, and has traditionally been, very pro-enlargement, the latest Eurobarometer survey contradicts this by finding that Britons are, on a European-wide basis, among the least favourable to Eastern enlargement. It has already been said that these negative results can, at least in part, be explained by the lack of awareness and knowledge about the EU. A matter which is certainly not helped by the rather selective and biased standard – with a few exceptions – of reporting in the UK press.

¹⁰⁰ Information is based on documents available at <http://www.tuc.org.uk>.

New Power Constellation

As some commentators¹⁰¹ state with a sense of regret, the British approach to European politics has for a long time been one of confrontation. Although the current Labour Government has undeniably helped to improve relations, European events are still often reported and analysed in terms of winners and losers in the struggle about power, vital national interests and the preservation of sovereignty and national pride.

The Nice summit, although possibly rightly deserved, was frequently depicted as a 'battle' and power struggles between the big and the small Member States with respect to the re-weighting of votes in the Council which necessitated the compromise deal on the size of the Commission in order to appease the smaller members. This managed to overshadow the UK's firm, but controversial position on retaining the veto in six 'red line' areas.

While some commentators emphasise the point that both small and big Members States were given safeguards, the majority of press reports conclude that 'big countries won big arguments' and the balance between big and small Member States has been disrupted. This causes concerns that decisions will in future be taken on a bilateral or multilateral basis by the five big countries and then, as a result of their increased voting power in the Council, imposed upon the other members. In reality, however, it is argued that members rarely split along the big-small lines. While some suggest that divisions happen more frequently between the original Six and the Anglo-Scandinavian bloc, much attention is also devoted to the Franco-German axis. It is argued that Nice has uncovered and sharpened the cracks in this important alliance¹⁰² and has further seen a shift in power

¹⁰¹ In answering this question, the following newspapers have been analysed: The Guardian, The Financial Times, The Economist and the Daily Telegraph.

¹⁰² Interestingly, recent commentaries tend to argue that Germany and France are trying to settle their differences and get the old 'motor of integration' back on track, thereby refuting hopes, in some corners, that there would be a closer Anglo-German relationship based on Blair's and Schröder's similar pragmatist, centre-left approaches and political beliefs or even a tripartite between Britain, France and Germany taking the lead in the EU. The UK Government's

towards Germany which has emerged as 'first among equals' both institutionally as a result of securing more weight in the Council due to the new population threshold and a more representative ratio of seats in the European Parliament as well as of getting agreement on the post-Nice agenda, particularly the catalogue of competencies¹⁰³.

Germany's role will further be altered by its geographical position and good trade links with the CEECs as well as by the country's new generation of political leaders which are more pragmatic and less motivated by the need for self-restraint and humility as a means of proving to its European neighbours its peaceful and honourable intentions and democratic credentials – it will be increasingly at the (political) heart of Europe and more confident that this is its rightful place.

Nice is also seen as a conflict between the integrationists and the intergovernmentalists – with commentators coming to differing conclusions as to whether the Nice experience will mark the end of intergovernmental bargaining by demonstrating that it is increasingly unworkable with the arrival of new members or whether, indeed, the opposite is the case and this method will prevail in the enlarged, less integrated EU to the detriment of the Community method.

As all political parties in the UK – possibly with the exception of the Liberal Democrats –

European – primarily intergovernmental – convictions and priorities are not all that compatible with Germany's more integrationist, federal approach; cf., for example, *The Financial Times*, 30 January 2001. The Government, on the other hand, is keen to point out its positive and constructive approach to the EU which has made Britain a leading player with the ability to promote its own interests and winning arguments in Europe. In its view, this is steering the EU away from the historically strong integrationist Franco-German agenda to a more flexible, multi-faceted arrangement; cf., for example, Rammell, House of Commons debate, 12 December 2000.

¹⁰³ While Germany hopes to achieve a clearer constitutional settlement of the balance of power between EU, national and regional levels of government resembling its own federal system, the UK Government favours a political, non-binding agreement delimiting EU and Member State powers.

are very intergovernmental-minded, there is little concern and discussion of the amended provision on the supranational institutions Commission and Parliament. Where it is mentioned, the Commission and its role as the promoter of the Community method and the common EU interest are presented as the losers of Nice. Moreover, the intention to make the Commission more efficient and effective seems to have been lost on the way, with the new arrangements being presented as part of the package deal to compensate the smaller Member States for either their loss of influence in the Council (small Member States) or to justify the increased weight of the big members by their giving up 'their' second Commissioner.

The power shift towards the Council is in line with the Prime Minister's call, in his Warsaw speech, for the strengthening of that institution. As a result of the UK's increased weight within that institution – seen in the context of its ability to get the other results it wanted in Nice – the Government does not seem to get tired of proclaiming its negotiation success in achieving this greater influence and power.

Nice has highlighted the underlying tension between supranationalism and intergovernmentalism and has made it more pressing to address it and make a choice. In this context, enhanced co-operation is presented as a way for like-minded Member States to push ahead with further integration in some areas. There is, however, also some concern that the use of enhanced co-operation might lead to a permanent inner and outer core.

Opinion is also divided when it comes to judging whether the Nice agreement will actually ease enlargement or whether it has created less transparent, legitimate, simple and efficient structures which will make decision-making more complex and difficult.

Greece

In Greece, the Nice Summit results have been mainly viewed through the eyes of the international media. To such an extent, that commenting on criticism by the main opposition party right-wing Nea Dimocratia, as well as the pat-

ently pro-European Euro-communist SYN, Prime Minister Costas Simitis (himself a long-time pro-European even in Euro-hesitant times of the governing Socialists/PASOK) saw it fit to remind Parliament in a rare show of sarcasm that exactly the fact that the press of big countries in Europe was critical to the Nice outcome showed that the smaller EU countries had got a more than fair deal. Within the Government, there have been those who criticized the fact that the Greek negotiating position was very much formed behind closed doors (by Prime Minister senior aide Nicos Themelis rather than the formal structures of the Foreign Affairs Ministry) but the outcome of Nice was deemed satisfactory.

The overall public opinion was notably cool, even uninterested about the Nice process until its very last stages. The debate on federal Europe/confederation of sovereign states, as well as the Joschka Fisher/Jacques Chirac papers were given only perfunctory coverage at the Press. The effort of the Sunday paper „TO VIMA” to initiate an open discussion – soliciting and publishing the opinion of Foreign Minister G. Papandreou on the Nice outstanding issues – failed to generate wider interest.

In the latest Eurobarometer that followed Nice, Greeks keep showing one of the highest approval rates of EU-participation: 61% vs. 50% for EU-15, with only Belgium, Spain, Italy, Ireland and Luxembourg showing higher rates. In the new fields touched upon by Nice and the overall negotiations leading up to Nice, both for Common Foreign Policy and Common Defence Policy Greece shows record approval rates (80% and 84% respectively) while enlargement is also at a record level (70% in Greece vs. 44% in EU-15)

Of the „Amsterdam leftovers” QMV voting and Council vote weighting have been little commented upon; the salvaging of a „full” Commissioner for smaller countries got quite a lot of attention but even more was given to the safeguarding of 22 Euro-MPs for Greece in the new share-out. „Form over substance” was prevalent in the public debate in Greece throughout the Nice process: whatever existed if interest in the real institutional „future of Europe” was willingly left for „post-Nice”.

In Greece enlargement is particularly viewed through the angle of Cyprus accession and of the conditions put to Turkey so that this coun-

try would continue its policy of rapprochement and eventual integration to the EU. In the context of Nice, the *acquis* of Helsinki (at least Helsinki’s reading by Greece and Cyprus) has been considered in Athens to be confirmed: it does not make the previous resolution of the Cyprus issue a condition precedent for accession negotiations to be concluded; it also puts pressure over Turkey to constructively approach issues of bilateral conflict with Greece. This has made for a positive assessment of Nice as a stepping-stone for enlargement.

In Greece it is increasingly considered that the Union which is to emerge from the enlargement process will be a German-dominated Europe. Both for the Government Socialist/PASOK party which has quite close ties with Germany and the Schröder administration and for opposition parties (or minority groups within PASOK) who have been voicing fears about Germany overstepping its role as an „equal” partner in the EU and flirting with a clear dominant position, German pre-eminence is considered a fact of life. Insofar as Greece is at least closely tied to Germany in economic terms it is considered to be benefiting from the increase of Germany’s traction within the 21st century European Union. But old memories die hard; almost parallel to the Nice process, Greek public opinion experienced a bitter controversy over World War II reparations being revived in Greek courts, letting back to the surface resentments of the deep past. Diverging reflexes in the Balkans (especially so concerning the West of the Balkans, most of all the Serbia issue) also make for Greek hesitations concerning the German prominence.

Ireland

The initial cross-party reaction was one of widespread support for Nice. There has been little or no negative reaction at this stage from politicians or indeed from the media.

The impact on the enlargement process is seen as positive and there is an awareness that decisions in Nice were clearing the way for progress on enlargement. It is widely accepted that there was a need to move ahead on enlargement.

Considering the difficulties at the Nice summit and also the institutional provisions the likely impact on the post-Nice process is being considered at a high level but there has been no public discussion amongst pressure groups or in the wider public domain. In the medium term there is likely to be quite a difficult debate on security and defence aspects especially if there is a referendum, although these issues are largely external to the Nice treaty.

The idea that there is a power constellation among EU member states would be rejected by the government and others. However, a new political constellation is not foreseen although with enlargement relations between member states will change. The influx of new smaller member states may counter-balance Ireland's loss of voting power and may be helpful to Ireland's interests. Ireland would expect to continue to play a positive role and would seek support for its votes based on the issues for discussion. As Ireland will be a net contributor to the EU from 2006 on, it may find itself allied with countries like Germany on a range of issues. There is a perception that Germany is more open to informal alliances with smaller states than other larger member states. There is considerable interest in the development of the Franco-German alliance, which is reported by the British media to be in a state of terminal crisis, contrary to reports in the German and French media.

Italy

Assessment of the Nice Summit

The European Council of Nice was a long and „convulsive” summit: after four days of difficult and sometimes exhausting negotiations, the 15 Member States finally came to a last-minute agreement on the necessary institutional reforms to prepare European Union decision-making for the forthcoming enlargement process. The Treaty of Nice, however, which was officially signed on 26 February 2001, is widely considered disappointing or unsatisfactory¹⁰⁴, particularly because of the

little progress made in fundamental areas, such as extension of the qualified majority voting system and the weighting of votes in the Council.

The overall Italian opinion on the outcome of Nice cannot be defined as entirely positive. On the whole, in fact, both the government and public opinion, including national press, consider the new treaty as a „good compromise”¹⁰⁵, and a substantial step forward in meeting future European challenges, but most remarkable reforms should have been introduced in some politically sensitive fields. Since the Italian position on European items has always been based on a strong connection between technical and institutional issues - „usually considered secondary technocratic details” - and a broader European vision¹⁰⁶, however, from this point of view, the Nice Council, in which Member States succeeded at least in establishing the indispensable criteria for facing the next adhesions in real terms, can be seen as an appreciable success.

If this summit was supposed to change the structures of the EU to permit Central and Eastern European candidate countries to join the Union, its aim was reached: the Italians are not the only ones who think that the Nice Treaty strengthens the EU's capacity to manage a larger Union. With the institutional innovations introduced, the Union is better equipped and able to start the enlargement process and to welcome the new members (the number of their deputies in the European Parliament and the weight of their votes in the Council have now been fixed)¹⁰⁷, moving

balement très critique”, Le Monde, 13 December 2000.

¹⁰⁵ Gerardo Pelosi, „Ciampi: e ora lavoriamo per la Costituzione europea”, Il Sole 24 Ore, 14 December 2000.

¹⁰⁶ See the 22nd Jean Monnet Lecture by Giuliano Amato, Italian Prime Minister, at the EUI, 20 November 2000.

¹⁰⁷ See Umberto Ranieri, Under-Secretary of State, Italian Foreign Affairs Ministry, „Ma l'Europa andrà avanti”, Il Mattino, 13 December 2000. On the consequences of the Treaty of Nice on the enlargement process and the state of negotiations, the opinion of candidate countries on the Nice summit and the institutional reforms and Italian bilateral initiatives in the prospect of enlargement. See also the Audition of the Under-Secretary of State for Foreign Affairs at the Committee for European Union Politics of the

¹⁰⁴ See „Madrid, Londres et les capitales de l'Est sont satisfaites” and „La presse européenne glo-

ahead more quickly also thanks to „enhanced cooperation”. The economic, social and political advantages the EU-15, including Italy, will enjoy as a result of the adhesion of the applicant members seem to be near at hand. Even though a larger extension of QMV to some important policy areas in view of enlargement and the consequent decision-making could have been one of the most qualifying political results of the summit.¹⁰⁸ But, despite some doubts that still persist in the public opinion about enlargement¹⁰⁹, the Italian government showed great solidarity with candidate countries, firmly believing in the positive impact that the new Treaty will have on the process under way. That is the reason why Italy promoted the insertion of the „hope that they could participate in the next elections of the European Parliament” into the Presidency Conclusions, that is, that they could become members before 2004.¹¹⁰

So, the general attitude in Italy after the conclusion of the Nice summit is to assess the reformed treaty mainly according to the instruments it will provide the enlarged Union with, including a particular view on what it will make possible in the post-Nice process. At the same time, reservations about the effective significance of the decisions taken in Nice are not totally unwarranted: both Mr. Giuliano Amato, Italian Prime Minister, and Lamberto Dini, Italy’s Foreign Affairs Minister, who represented the Italian government during the Nice negotiations, affirmed that the adopted reforms did not completely come up to Italian expectations, and they completely shared some questions on their extent¹¹¹ (for example in the case of the failed extension of QMV to tax policy or social security). But the consideration

that something more could have been done in some important fields, if the defence of national positions had not been so strong, do not undermine the Italian belief in the valuable and wider future prospects towards a more integrated Union opened up by the Nice summit.¹¹²

New Treaty Provisions

As concerns the new treaty provisions on the leftovers of Amsterdam, there is a general satisfaction with a lot of results. The Italian government went to Nice with a very ambitious position, supported by a strong parliamentary mandate coming from a „bipartisan” pre-summit resolution voted on by both the majority and the opposition.¹¹³ It is a common opinion, moreover, that Italy was one of the very few member states to start negotiations without a „sanctuary” to defend¹¹⁴, and without being „obsessed” with national self-interest¹¹⁵ or the safeguarding of unanimity in some fields. The Italian attitude has been portrayed as progressive and courageous, but realistic, and inspired mainly by the defence of a great

Chamber of Deputies on the Priorities of the Swedish Presidency Semester, 31 January 2001.

¹⁰⁸ Maurizio Caprara, „Amato: adesso l’Europa può camminare”, *Il Corriere della Sera*, 13 December 2000.

¹⁰⁹ On Italian public opinion attitude towards European matters see Eurobarometer No. 54 - Autumn 2000 (<http://www.europa.eu.int/comm/dg10/epo>) and „Sondage annuel réalisé par l’Institut Louis-Harris pour ‘Le Monde’, *Le Monde*, 16 January 2001.

¹¹⁰ See Enrico Brivio, „Varsavia ottiene la parità con Madrid. E l’allargamento a Est può decollare”, *Il Sole 24 Ore*, 11 December 2000.

¹¹¹ See also „Monti: perplessità sul dopo Nizza”, *Il Sole 24 Ore*, 21 January 2001.

¹¹² „In Nice we achieved a minimalist agreement: it is unsatisfactory, but it evaded the paralysis of European institutions and the failure of the summit” (Statement by Giuliano Amato, Italian Prime Minister, see the Press Conference of Mr. Amato on the conclusions of the Nice summit (<http://www.palazzochigi.it>)).

¹¹³ The „bipartisan” resolution was approved on 28 November 2000, by a wide majority of votes (501 in favour, 12 against), giving the government the mandate „to go on with the actions so far undertaken and to interpret – in Nice – the unitarian inspiration expressed by the debate”. The Refounded Communists were the only party in Parliament to vote against the government’s pre-Nice resolution and, at the end of the Nice summit, their leader, Fausto Bertinotti talked about „failure” (see Gerardo Pelosi, „Ciampi: e ora lavoriamo per la Costituzione europea”, *Il Sole 24 Ore*, 14 December 2000). Moreover, he strongly defended the groups of activists going by train to Nice to demonstrate against the summit and stopped by police at Ventimiglia (see Laura Collura, „The center-left’s two faces in Nice”, *International Herald Tribune - Italy Daily*, 9 December 2000).

¹¹⁴ Gerardo Pelosi, „Roma lega con Berlino”, *Il Sole 24 Ore*, 6 December 2000.

¹¹⁵ Patrick McCarthy, „Italy is still short of an EU leadership role”, *International Herald Tribune - Italy Daily*, 14 December 2000.

vision of a united Europe and the promotion of a high-profile final agreement.¹¹⁶ In Italy, there were some critics in opposition parties, who insisted that Italian negotiators had surrendered and not shown interest when they thought they were unable to defend national interests conveniently.¹¹⁷ The answer within Italian delegation in Nice was that they did not follow a „visionary” line, but rather an „egoistic” one: „Today Italy looks after its national interests in a European framework”¹¹⁸, that is to say that full achievement of internal benefits corresponds to fulfilment of European Union interests.

All these circumstances led Italy to obtain most of what it pursued, upholding, at the same time, important causes, such as giving strong support to the European Commission¹¹⁹ or defending the position of applicant countries. Consequently, the work done by the Italian negotiators, including the two important diplomatic goals achieved by Italy in agreement with Germany (the proposal on enhanced cooperation and the Declaration on the Future of Europe), were generally praised. The Italian proposals often gave orientation for the negotiations and were the basis of some significant results. A lot of European leaders, including Romano Prodi, President of the European Commission, applauded Italian efforts in pushing for a viable compromise, and the mediating and propulsive role played by Italians has been recognized by all partners as a decisive „value added” factor during all Council activities.¹²⁰

¹¹⁶ Ibid. See also Stefano Micossi, „L’Unione ora è in marcia verso una vera Costituzione”, *Il Sole 24 Ore*, 8 February 2001.

¹¹⁷ See „Polo critico: ‘Un nulla di fatto’,”, *Il Sole 24 Ore*, 11 December 2000, and Amedeo La Mattina, „Amato contrattacca: non siamo visionari”, *La Stampa*, 11 December 2000.

¹¹⁸ Statement by Umberto Ranieri, Under-Secretary of State, Italian Foreign Affairs Ministry (see Gianluca Luzi, „Tutti applaudono l’Italia ma la mediazione non basta”, *La Repubblica*, 11 December 2000).

¹¹⁹ Amedeo La Mattina, „Amato contrattacca: non siamo visionari”, *La Stampa*, 11 December 2000.

¹²⁰ On the decisive diplomatic capacities of the Italian delegation, see Michele Calcaterra, „Chirac: italiani, i più europei” and „Amato: europeisti ad oltranza per difendere i nostri interessi”, *Il Sole 24 Ore*, 11 December 2000; Gianluca Luzi, „Tutti applaudono l’Italia ma la

Enhanced Cooperation

On „enhanced cooperation”, or the possibility for eight or more countries to cooperate closely on specific issues, Italy obtained the insertion into the Treaty of Nice of some important changes proposed in a document drafted jointly with Germany. Italy had long called for this reform and for it to be inserted into the Nice agenda, insisting that it would be a precious flexibility instrument, helping to promote further integration among European partners. This turned out to be particularly true after the conclusion of the Council, since the summit failed to agree on abolishing the requirement of unanimity in some politically sensitive areas. Enhanced cooperation, considered an „open avant-garde”, has now been extended, even if within certain limits, to the second pillar and no Member State can veto it anymore. Probably, if the enhanced cooperation had also been extended to European defence matters, the summit would have represented another important defeat for the intergovernmental method, in favour of the communitarian one.

IGC 2004

The other great success obtained by Italy was the approval of the joint proposal, prepared by Italy and Germany in the weeks preceding the start of the summit¹²¹, to launch an intergovernmental conference in 2004 to look into the next phase of European integration. This conference should address a series of issues set down in the „Declaration on the Future of Europe”¹²², annexed to the Treaty of Nice. The issues include dividing up responsibilities and decision-making powers among different levels of government (European institutions, national and regional governments and the local authorities) and establishing the boundaries of the jurisdiction of national governments; sim-

mediazione non basta”, *La Repubblica*, 11 December 2000.

¹²¹ See, for example, „Europa, c’è un piano italo-tedesco”, *Il Corriere della Sera*, 5 December 2000.

¹²² On the „Declaration on the Future of Europe” see „EU’s 15 agree to Italy and German plan”, *International Herald Tribune - Italy Daily*, 11 December 2000 and Elisa Cecchi, „Nice deal marks success for Italy”, *International Herald Tribune - Italy Daily*, 12 December 2000.

plifying present EU treaties; reviewing the role of the national parliaments in the European decision-making architecture. The conference should also examine the future legal status of the recently drafted European Charter of Fundamental Rights.¹²³ This agreement on the „post-Nice process” was a very positive outcome for the summit, because the first important questions linked to the so-called „constitution-making” process have been clearly faced in a programmatic way¹²⁴, also bringing in civil society. And thanks to the common Italian and German initiative, the last resistances were overcome: „We can deal with post-Nice because something was started in Nice”¹²⁵. So, the debate on some fundamental aspects of the future structure of the Union that could not be solved in Nice will remain opened and in constant development during the next Presidency semesters.

Reweighting of Votes

The most difficult issues at the Nice summit were certainly the reweighting of votes in the Council and the extension of the qualified majority voting system. Both were grounds for some disappointment among Italian commentators. As concerns the first issue, at the end of innumerable attempts to agree on a new balance between large and small states, the final agreement was reached on the basis of a tentative proposal presented by Italy. The new decision system should have aimed at assuring more democratic legitimacy and greater representation, but it is undoubtedly difficult, despite two „safeguard mechanisms”. In any case, from now on there will always be the possibility of resorting to the faster and simpler system of enhanced cooperation. Moreover, this negotiation mingled with the one on the seats in the European Parliament, and some States, such as small States and Germany, had some compensations, gaining some more deputies.

¹²³ The Charter was approved as a political document on the first day of the summit.

¹²⁴ See also a comment by John Palmer, EPC, „The EU after Nice – One step forward, two steps back?”, <http://www.theepc.be>.

¹²⁵ Statement by Giuliano Amato, Italian Prime Minister (see the Press Conference of Mr. Amato on the conclusions of the Nice summit, <http://www.palazzochigi.it>).

Extension of QMV

As concerns the extension of QMV to the 75 areas foreseen, the results were undoubtedly modest and below expectations (QMV was extended to only 29), but they can be defined as acceptable.¹²⁶ In this field, the 15 member states „should and could have done more”¹²⁷, but for the first time some „minor moves”¹²⁸ in the most important fields representing national sovereignty, such as social and commercial policies or immigration, were made. Decisions will continue to be made in unanimity for questions regarding the constitution and sensitive political provisions, such as taxation and social security. When majority voting does not allow for effective decisions, however, enhanced cooperation could be the way to realise closer forms of integration.

Commission

The agreement reached on the number of Commissioners is a compromise between the large states’ proposals, in favour of a „reduced Commission” (with less Commissioners than members), working on the base of an egalitarian turnover, and the small States’ positions, against giving up their Commissioner, until there are 27 Member States. What was very important for Italy is that the Commission will have a stronger President, who will be designated by the QMV of the Heads of States and Government, and will have broader decisional powers over the internal organization of the body.

¹²⁶ Interviews with Italian officials, January 2001.

¹²⁷ Maurizio Caprara, „Amato: adesso l’Europa può camminare”, *Il Corriere della Sera*, 13 December 2000.

¹²⁸ Statement by Giuliano Amato, Italian Prime Minister (Ibid.).

Italian-German Relationship

The summit of Nice sanctioned not only the new rush given by Germany to the „European construction project” on a federal basis during last year, but also the similarity of opinions and aims between the Italian and German governments, which started some weeks before with the preparation of the joint documents presented during the Council negotiations.¹²⁹ The German delegation in Nice abundant in praise for the Italians, their credibility and their pro-Europe line, while the German press emphasized the Italian-German alliance.¹³⁰ A few days ago, moreover, this comprehensive understanding on European themes was reaffirmed during an informal bilateral meeting in Berlin, where Mr. Amato and Mr. Schröder referred back to the Nice agreements and tried to set down some organizing phases in order to fulfil them.¹³¹ So, while the Franco-German leadership is still an essential element for the future European development, it is not the only engine.¹³² In the last months, Italy has been carrying out a very important and peculiar task among the founding States and is, indeed, playing a more useful role than before, no longer demanding special treatment, but, on the contrary, strengthening its mediation role towards small states. However, it could be too strong to speak, at the moment, of a real new Rome-Berlin link.¹³³

To conclude, from a strategic point of view, with the results achieved in Nice, Italy gained

much in terms of „prestige”¹³⁴ and attained important objectives that will certainly have positive consequences in the future: successfully promoting the approval of important documents, such as the text on enhanced cooperation and the Declaration on the Future of Europe, Italy succeeded in remaining within the group of core nations¹³⁵, as well as in drawing closer to Germany, a position dominant in Nice. But, above all, it gained an important credit from international public opinion as a very European-oriented country.

Netherlands

Amsterdam Leftovers

Preceding the European Council in Nice the Dutch government presented quite clearly its position with regard to the leftovers of Amsterdam. Besides its annual report on the „State of the European Union”¹³⁶, four specific IGC-papers in which the Dutch position on the topics of the IGC-agenda were outlined, were published¹³⁷. At the end of September a Benelux-memorandum in which the three countries

¹²⁹ For the relaunching of Italian-German cooperation towards political unity in Europe, see also *Enlargement/Agenda 2000 Watch*, No. 3/2000, question no. 2.

¹³⁰ „Italians work to reach a Treaty that does not humble small states or invalidate the equality among large states, but that recognizes German aspirations” (See Michele Calcaterra, „Chirac: italiani, i più europei”, *Il Sole 24 Ore*, 11 December 2000).

¹³¹ Paolo Valentino, „Schröder-Amato, cena all’europea ‘Roma e Berlino avanti insieme’”, *Il Corriere della Sera*, 13 February 2001.

¹³² Gerardo Pelosi, „Dall’Italia una proposta sul ‘peso’ in Consiglio”, *Il Sole 24 Ore*, 5 December 2000.

¹³³ See also Gerardo Pelosi, „E l’Italia cerca nuovi spazi”, *Il Sole 24 Ore*, 7 December 2000.

¹³⁴ Statement by Mr. Ettore Greco, Deputy Director of the International Affairs Institute of Rome (see Elisa Cecchi, „Nice deal marks success for Italy”, *International Herald Tribune – Italy Daily*, 12 December 2000).

¹³⁵ See James Blitz and James Politi, „Italian backing for double majority plan”, *Financial Times*, 4 December 2000 and Michele Calcaterra, „Amato: europeisti ad oltranza per difendere i nostri interessi”, *Il Sole 24 Ore*, 11 December 2000.

¹³⁶ *De Staat van de Europese Unie-De Europese Agenda 2000-2001 vanuit Nederlands perspectief*, The State of the European Union, Ministry of Foreign Affairs, p. 28.

This annual report is published and presented to the Dutch Parliament at the presentation of the government’s budget in September. The report outlines the points of view and position of the Dutch government regarding the European policy areas and developments.

¹³⁷ *Eerste tot en met Vierde Notitie van de Nederlandse Regering over de IGC 2000*. See: <http://www.bz.buza.nl/OriginalDocuments>.

outlined their common view on the agenda of the IGC2000, was presented.¹³⁸

In all these documents the Dutch positions regarding the Amsterdam leftovers were as follows. First of all the issue about the size and composition of the European Commission: The Dutch government was strongly in favour of the principle of „one Commissioner per Member state”. As a compromise, a certain kind of rotating system was not excluded in the future, but only after the EU would contain more than 27 members.

The second issue was the reweighting of votes in the Council of Ministers. This most important issue on the IGC-agenda for the Dutch government stated that „the special position of the Netherlands, with its sixteen million inhabitants, must be expressed in the reweighting of votes”¹³⁹. According to the Dutch government the reweighting of votes should be based on the demographic size of each country. This approach, however, would lead to differentiation within the current clusters of countries with the same number of votes in the Council of Ministers. This principle would mean, for instance, that Germany receives more votes than France, and that the Netherlands receive more votes than Belgium.¹⁴⁰

With respect to the final leftover, the Dutch government wanted to extend the qualified majority voting to the following four areas:¹⁴¹

- asylum and migration („to a maximum extent”¹⁴²)
- environment („to a maximum extent”)
- social policy („quit a step forward, with some nuances”)

- fiscal policy („cautious steps forward”).

Outcome of the Nice Summit: Leftovers

Comparing the above-mentioned demands with the final outcome of the European Council in Nice, one can only say that the result for the Dutch is rather moderate. This is also the general feeling in the media.

In the aftermath of Nice no real debate on the new Treaty of the European Union took place in the Netherlands. Within a week time most of the discussions had already ceased.

Only during the European Council and the following days much media attention was set aside for two issues. First there was the „new power constellation within the European Union”. The Nice European Council was presented as the battle between the large and smaller member states in which both parties wanted to obtain as much power as possible.

The second issue was the dispute between the Netherlands and its Benelux partner, Belgium, concerning the reweighting of votes in the Council of Ministers. Based upon its demographic size the Dutch had argued for the right of more votes than the other small(er) member states. At first Belgium declared not to accept this, unless there would be a general reweighting of votes based on demographic size. In the end, however, Germany and France maintained the same number of votes. In the final hours of the Nice negotiations the Belgian Prime Minister, Guy Verhofstadt, finally agreed with one extra vote for the Netherlands. Verhofstadt declared that it „was in the best interest of the European Union” to agree with the proposal of the French presidency. After this emotional debate between the two „low countries” it looked as if there was a dispute between the Dutch and the Belgian government.

The Dutch Prime Minister, Wim Kok, was the first to comment on the final results in Nice. He stated directly after the final round of negotiations had been finished that „the outcome of the IGC 2000, and especially the new Treaty, are just a small step forward”. With regard to the dispute with his Belgian colleague the Dutch Prime Minister declared that the relation remained very positive and that the outcome of the Nice summit would not harm the relation between the two countries at all.

¹³⁸ Benelux-memorandum over de IGC en de verdere toekomst van de Europese Unie. See: <http://www.bz.buza.nl/OfficialDocuments>.

¹³⁹ De Staat van de Europese Unie 2000-2001, p. 28.

¹⁴⁰ Remarkably is that the strong point of view of the Dutch government with regard to the reweighting of votes is less apparent in the Benelux-memorandum. The confrontation between the Netherlands and Belgium in the final hours of the Nice summit can already be found in this compromise text.

¹⁴¹ De Staat van de Europese Unie 2000-2001, p. 28.

¹⁴² Europe on the threshold, address by Mr Dick Benschop, 13 September 2000.

A day after the Nice summit the Dutch Minister of Foreign Affairs, Jozias van Aartsen, informed the Parliament on the outcome of the IGC 2000.¹⁴³ He strongly emphasised that the EU was now ready for enlargement. In fact, he called the ending of the IGC „successful” because the leftovers were dealt with. Both politicians stressed that the EU is finally institutionally ready for enlargement and that from Nice onwards it is up to the applicant member states to fulfil the criteria for accession to the European Union. On 24 January 2001 the Dutch State Secretary on Foreign Affairs, Dick Benschop, stressed in his speech to the Ambassadors conference once more the official standpoint of the Dutch government on the results of the IGC 2000.¹⁴⁴ He emphasised that one of the most positive elements of the new Treaty is the settlement of the Amsterdam leftovers. Especially the outcome on the reweighting of votes in the Council of Ministers made the EU ready for enlargement. Progress on the extension of qualified majority voting, however, is disappointing.

In general, the Dutch political parties were less positive about the outcome of the Nice summit than the Dutch government. All parties spoke of a disappointing Treaty and of a missed opportunity to make a big leap forward in the integration process. Especially the dispute with the Belgians distressed many (opposition) members of Parliament.

Frans Timmermans of the social democrats (PvdA), the largest coalition party, gave the outcome of the Nice summit a „6- out of a possible 10”. He also said that the so-called dispute with the Belgian government should not be exaggerated. In the long run the good relation with Belgium had not been damaged at all, according to the social democrats.

The second coalition party, the Liberals (VVD), had the same opinion on the Nice summit. Spokesman Frans Weisglas regretted the way the reweighting of votes was reported in the media. He said „the reweighting had

nothing to do with Belgium. One should look at the total reweighting. It is important for the Netherlands to distinguish itself from the smaller member states, especially with a view to further enlargement. This was not an anti-Belgium policy. Perhaps Prime Minister Wim Kok should make this clear to his Belgian colleague while drinking together a cup of coffee or a Belgian beer”¹⁴⁵.

The third junior coalition partner, the social liberals (D’66), was mostly concerned about the stagnation of the extension of qualified majority voting. The image of the Netherlands only pursuing one extra single vote in the Council (on a total of 345 votes) is regrettable, according to D’66.

The spokesman of the main opposition party, the Christian Democrats (CDA), Maxime Verhagen spoke of „muddling trough” after Nice. Especially the marginal progress on the extension of qualified majority voting concerning the asylum policy made the CDA speak of the „disillusionment of Nice”.

The political leader of another opposition party, the Green Left Party (Groen Links), Paul Rosenmöller used the metaphor of „the worst Netherlands-Belgium [soccer] game in years”. He stated that the dispute between the Dutch and the Belgians should not have been the outcome of the IGC 2000.

Despite all this political rhetoric and criticism from the opposition parties, the ratification of the new Treaty will most probably be a formality. A large majority in both Chambers is supposed to be in favour of the Nice Treaty. Therefore, the Dutch ratification of the new Treaty will take place!

Lastly, the Dutch member to the European Commission, Frits Bolkenstein, showed his disappointment on the Dutch approach during the Nice summit. He stated that he „regretted the handling of the Dutch government in Nice”¹⁴⁶. The single extra vote did not counterbalance the arisen tensions with Belgium.

¹⁴³ Brief van de Minister van Buitenlandse Zaken aan de Tweede Kamer over de Europese Raad te Nice, 13 December 2000, see: http://www.europa-interactief.nl/nieuws/artikel_home.php?id=331.

¹⁴⁴ De Europese Unie na Nice (The European Union after Nice), address by Mr Benschop, 24 January 2001, see: <http://www.minbuza.nl>.

¹⁴⁵ Trouw, „Kamer bezorgd om relatie met bureu” („Parliament worried about relation with neighbours”), 12 December 2000.

¹⁴⁶ Bolkestein laakt houding Kok in Nice, 23 January 2000, ANP. See: http://www.europa-interactief.nl/nieuws/artikel_home.php?id=396.

Enlargement Process

The likely impact of the Nice summit on the enlargement process is fairly explicit for both the Dutch government and the political parties. The outcome of the IGC 2000, and especially the future institutional constellation, has made the European Union ready for eastern enlargement. In Nice the political leaders of the current member states took the symbolic and historic necessary decisions for accession of the applicant member states. This explains why some negative Dutch articles on the IGC 2000 stated that the only „winners” of the Nice summit were the candidate countries.

The Dutch government has reaffirmed its strong commitment to the enlargement process. It argued that the agreement of the future institutional structure was the main achievement of the Nice summit: the applicant states got their place in the future EU constellation. It is now up to these candidate countries to fulfil the well-known Copenhagen criteria for accession. The negotiations, led by the European Commission, with the twelve countries from Central and Eastern Europe must continue and must be deepened.

The EU enlargement, therefore, remains a main priority in Dutch foreign policy.¹⁴⁷ Prime Minister Kok has argued more than once that the first wave of accessions must take place as soon as possible. This point of view has gained momentum after the Nice summit.

Besides the EU approach the Dutch government wants to deepen its bilateral relations with (some of) the applicant states. These bilateral programmes strengthen the ties between the Netherlands and the countries in Central and Eastern Europe. State Secretary of Foreign Affairs, Dick Benschop, has stressed the vital importance for both parties of a successful cooperation, especially after the outcome of the Nice summit.

Post-Nice Process

The institutional agenda for the post-Nice process was set during the last European Council. In Annex IV of the new Treaty the four main topics for the IGC 2004 were defined. The Dutch government has already stated its strong commitment to the upcoming

debate on the future institutional developments within the EU. No specific point of view on the IGC 2004-agenda has been published so far. However, the Dutch State Secretary of Foreign Affairs, Dick Benschop, has already stated that the „Post-Nice agenda” must be broader than the four topics named in the Annex IV of the new Treaty.¹⁴⁸ According to Benschop both the Netherlands and the European Union should rethink their positions. Central themes must be legitimacy, democracy, efficiency and culture. These topics must colour the institutional debate on the future of the European Union.

Besides the institutional debate, more attention should be paid to the specific policy areas. The next couple of years some major decisions have to be taken on certain policy areas to keep the integration process going. Benschop argued that the „institutional agenda” should keep up with the „policy agenda”. Within the coming months the Dutch government will specify its view on the future of the European Union.

New Power Constellation

The IGC 2000 has produced a new power constellation within the European Union. This is no surprise because the institutional leftovers were the main topics on the agenda. The balance of power between the large and smaller member states has shifted in favour of the former. This was, however, to be expected. The large member states have become more powerful in the future constellation.

Dutch Prime Minister, Wim Kok, stated that the Dutch are confident with the shift of power. The position of the smaller member states is sufficiently secured. Some Dutch media argued that the „national interest won in Nice”.¹⁴⁹

According to some Dutch analysis a second shift of power has taken place: the intergovernmental approach gained momentum over the federal view on the future of the European

¹⁴⁷ De Staat van de Europese Unie, p. 68.

¹⁴⁸ Address by Mr Benschop, De Europese Unie na Nice (The European Union after Nice), 24 January 2001.

¹⁴⁹ Volkskrant, „Analyse: nationale belang wint in Nice”, 12 December 2000.

integration process.¹⁵⁰ The Dutch government, however, has stressed once more the major importance of the EU institutions in the European integration process. The Dutch are still in favour of a strong Commission and a European Parliament with more competencies.¹⁵¹

With regard to the future position of the Netherlands in the European Union, the Dutch government is pleased with the outcome of the Nice summit. On the one hand the Netherlands have given in absolute power both to the larger member states and in general as well (like all current member states), on the other hand they lost less relative power than the other smaller member states. The main priority for the Dutch government during the IGC 2000 was to get more votes in the Council of Ministers than its current cluster members (Belgium, Greece and Portugal). This main goal was more or less achieved with the single extra vote. The symbolic value of this extra vote made the government conclude positively on the final outcome of the conference. However, the government repeatedly stated that it fought for the position of all smaller member states. There is no real policy paper yet that has clearly positioned the Netherlands in a future European constellation. It is clear, though, that the Dutch position will change in the near future. The smaller member states have to do their utmost to retain a strong position in the EU. Furthermore, Benschop argued that „we must become as good as we have always dreamed we were” to attain a satisfactory position. Rethinking the Dutch position in the European Union will become one of the (new) priorities of the Dutch government concerning foreign policy.

Benschop also paid attention to the changes within the Franco-German relations. It is clear that the Germans lead the debate on the future of the EU. According to the Dutch government this is due to two ongoing processes: on the one hand the „continuation of the political emancipation of Germany” and on the other hand „the growing doubt in France on its position in the new Europe”. These two processes have led to a stronger German position within the European Union, which is backed by the

Dutch government. Benschop also argued that all member states should rethink both their own position and the position of larger member states like Germany. His main argument is that the future position of Germany and the future relations within the Franco-German-axis will settle in due time. The Dutch overall conclusion on the future constellation is that it is more balanced than before. Both the larger and the smaller member states will have a sufficient weight in the decision-making process.

Spain

Amsterdam Leftovers

Speaking to the parliament on 20 December 2000 to explain the results achieved by the Nice Summit, Prime Minister Aznar expressed his satisfaction both with the overall results of the Summit, which will, he said, allow the EU, its institutions and its decision-making procedures to meet the challenge of enlargement, as well with the particular results obtained by the Spanish government. According to Aznar, Spain should celebrate both the reweighting of the votes in the Council, which confirms Spain in the group of large countries, and the maintenance of the unanimity until 1 January 2007 for decisions concerning the cohesion and structural funds.

Other aspects positively assessed by the Prime Minister were the increased number of matters which will be dealt by qualified majority voting (he forecast that 80% of future decisions will be taken by QMV, whereas this figure presently stands at 60%), the new provisions on enhanced cooperation (which will much improve the results of cooperation in pillar II and III), and the design of the new structures for the CFSP, which are essential to meet the Helsinki agreement on the establishment of a rapid reaction force. The Prime Minister only regretted the agreement with respect to the number of members of the Commission, which he accepted, did not coincide with his government’s preference for a smaller Commission.

The leader of the socialist party (PSOE), Mr. Rodríguez-Zapatero, criticised the summit and its results for its lack of ambitiousness, questioned whether the reforms adopted would be

¹⁵⁰ For an overview of the Dutch reactions in the media on the outcome of the Nice summit, see: http://www.europa-interactief.nl/nieuws/artikel_home.php?id=324.

¹⁵¹ De Staat van de Europese Unie, p. 25.

enough to prepare the EU for enlargement, and complained of the lack of vision of the European leaders meeting in Nice concerning the needs of Europe and its citizens. Concerning the Spanish government, Rodríguez-Zapatero criticised the government for having adopted a too rationalistic attitude in Nice, said he and his party expected the government to play a much more constructive role in the European arena and proposed the establishment of a parliamentary subcommittee specifically devoted to the issue of EU enlargement.

The parliamentary spokesman of the Catalan nationalist coalition (CiU), Mr. Trías, said the results of the Summit were balanced for all the member states, and particularly satisfactory for Spain, but also complained about the lack of ambition and far-sighted vision showed by EU leaders, which had become too immersed in the details of vote and veto counting, and warned that the Commission might have been weakened by the member states's refusal to reduce its size. This view was similar to that expressed by the leader of the communists of United Left (IU), Mr. Llamazares, who accused the government and other EU leaders of having defended exclusively national interests at the expense of the interests of the EU as a whole. Concerning the future IGC, CiU and other nationalist parties' spokesmen which intervened afterwards encouraged the government to imitate Germany and take more into account the aspirations of the regions in the making of EU policies and treaties.¹⁵²

Enlargement Process

The prevailing view is that the Nice Summit will have a very positive impact on the enlargement process. The Union has fully addressed and solved the institutional issues and questions required to make enlargement possible. Therefore, the „internal condition“ set by the Copenhagen European Council in June 1993 has been fully satisfied and the Union is ready to accept new members.

Concerning Spain, the government noticed with satisfaction that its aims concerning the management of the accession process (i.e. its

preference for the „regatta approach“) as well as the agenda of the IGC 2000 (i.e. its view that the IGC should only deal with those issues which were fundamental to make enlargement possible) have succeeded.

Post-Nice Process

The government recognises that the discussion on treaty reforms (IGC 2000) has somehow slowed down the accession negotiations, but accepts this as a necessary toll in order to prepare the Union for enlargement and expects that the four incoming Presidencies of the Council will be able to speed negotiations up in order to conclude them in time.

Concerning the likely dates of accession, the Nice Summit confirms the feasibility of the Commission's road-map, envisaging the closure of accession negotiations with the candidates in 2002 and the first entries in 2004. Still, government officials note, it is too early to decide whether this scenario will fully or partly materialise and which countries will accede in a first round and which will do so in a later one.

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Accession Negotiations

It is still too early to envisage how and when the remaining chapters will be closed. For obvious reasons, the candidate countries want to close as many chapters as possible as early

¹⁵² Diario de Sesiones del Congreso de los Diputados, (DSCP), 2000, Plenary meeting no. 50, 20 December 2000, pp. 2484-2512, <http://www.congreso.es>.

¹⁵³ El Mundo, 23 February 2001, <http://www.elmundo.es/2001/02/23/europa/958499.html>.

as possible but, clearly, there will be linkages, trade-offs and compensations among the most problematic chapters and issues. However, it is also too early to anticipate the likely content of these compromise solutions.

The government has already started to prepare the Spanish presidency, to be held in the first half of 2002, but has not come up yet with a definitive picture of how will accession look like in the agenda of the Spanish presidency. First, officials say, the Spanish government will have to see how much progress the Swedish presidency is able to achieve, and, later, see what the outcome of the „orientative debate“ to be held by EU foreign ministers in Ghent in October 2001 is. Therefore, Spanish actions and moves concerning the presidency depend much on what the preceding presidencies achieve.

New Power Constellation

Government officials do not perceive or expect any tangible change in the institutional or policy-making capacities of any EU member-state. The new institutional provisions will not come into force before 1 January 2005. Even then, the Spanish government believes it has maintained its position among the largest and most influential countries so there are no reasons to worry.

This has been the subject of some domestic debates because Prime Minister Aznar and some senior officials have contended that – compared with both its Accession Treaty of 1986 and the status quo after the Nordic enlargement (the Ioannina Compromise) – the Nice Treaty improves the institutional weight of Spain, whereas the opposition party and other observers have criticised the government for not having been able to fully incorporate Spain into the group of big countries.

Javier Elorza, who has been the Spanish representative before the EU between 1994 and 2000 and is still very influential in shaping Spanish policy towards the EU, has evaluated the agreements reached in Nice in very positive terms for Spain arguing that Spain has multiplied its votes in the Council by 3.37, while the other big four countries have done so

only by 2.9, and the small countries between 2 and 2.4.¹⁵⁴

Concerning Germany, it has become commonplace among academic experts, policy-makers and media commentators to negatively stress Germany's attempts to relax EU competition regulations to the benefit of its *Länder*. Also, Spanish observers unanimously stress their preoccupation with the likely impact that the 2004 IGC proposed by Germany may have on Spanish domestic events, more precisely on the distribution of competencies between the Spanish state and its regions (Comunidades Autónomas). In both cases, Spanish observers perceive with preoccupation how Germany uses the European arena and seeks to adapt the Treaties to address problems related with its federal structure not taking into account the impact of these reforms on other member states.

Sweden

The Government

Prime Minister Göran Persson summarised the final results of Nice as follows: „We have reached all the way on all important issues. (...) I am very satisfied.“¹⁵⁵ The Prime Minister considered the reform of the Commission „reasonable“. The Government's opinion of the new weighting of votes in the Council is that it reduces the previous imbalances for Sweden especially in relation to the larger member states. Mr Persson concluded that Nice made it possible to welcome new member states by the end of 2002.¹⁵⁶ The possibility of a new power constellation after Nice was commented by the Prime Minister as follows: „Perhaps there were many people in Europe who had greater expectations that the decisions

¹⁵⁴ Elorza, J., „La UE después de Niza“, *Política Exterior*, no. 79, enero/febrero 2001; Elorza, J., „La batalla de Niza“, *El País Digital*, no. 1693, 21 December 2000 (<http://www.politicaexterior.com>; <http://www.elpais.es>).

¹⁵⁵ The Government newsletter EU-rapport, 10 December 2000.

¹⁵⁶ Prime Minister Göran Persson, session in Swedish Parliament, 14 December 2000, Statement 112.

would take a distinct step in direction of federative principles. They must have been disappointed by the Nice Treaty. In this view I believe that the IGC in Nice was a good IGC.“ The Prime Minister later continued by declaring that the foundation of the EU is intergovernmental and that this will be the case for a foreseeable future¹⁵⁷.

In Nice the Presidencies of the year 2001 (Sweden and Belgium) were called to prepare the debate on the future EU ahead of the IGC 2004. The Prime Minister mentioned that this will concern the competencies of the national and the union level, how the EU could be simplified, and that the idea of a European Convention, in which the candidate states will be able to fully participate, could be a favourable forum for such a debate. However, the PM is very sceptical about a constitution for the Union, because – as he said - he does not know „how that could be brought in line with what we do not want to see developing towards a federation.“¹⁵⁸

The Opposition

Generally, the centre-right opposition shares the government’s view of the Nice Treaty, of which the opening for the enlargement was seen as the most important accomplishment. Concerning the post-Nice process the common view of the centre-right opposition seems to be that Nice was the first real step that opened up for the enlargement. The next step should be, for the sake of the efficiency of the EU-27, a competence catalogue which defines the national and the Union levels of responsibilities. This will be authorised in a constitution which includes a charter of human rights. Anders Wijkman, Christian Democrat and MEP, expressed this common view as follows: „We should also be able to agree on the need of a EU constitution, which in a clear and simple way establishes the goals and principles, competencies and forms of decision-making which should guide the co-operation. Let this be the theme for the debate on the future of the EU

and let us also acknowledge that this is not about a one way street but a crossroad.“¹⁵⁹

The centre-right opposition is also very critical of the framework of the IGC with 15 Prime Ministers meeting behind closed doors to decide about the future of Europe. The proposal by the Finnish Prime Minister, Paavo Lipponen, of a European Convention with the task to decide upon a competence catalogue and the above-mentioned constitution seems to have a broad support. Here not only the Prime Ministers of the member states will take part but also MEPs and members of the Commission, members of the national parliaments and representatives from social movements/organisations.¹⁶⁰ It is obvious that the centre-right opposition has a more federative approach to the EU than the Government.

A reaction from the EU-negative opposition - the Greens and the Leftist Party - is that the large member states have increased their scope, and that the increased use of QMV is a route towards a federal state, a development of which both parties are very critical.¹⁶¹

Others

The democratic dimension has been more directly put forward by a group of scientists, who argue that the latest IGC shows that the intergovernmental decision-making process has very tight limits, that the results were meagre and democracy was set aside. The issues in the near future will be more closely connected to the core of the national sovereignty, hence the scope of actors should be much wider and the openness towards the public should be extended. The group states the following: „A realistic analysis of the recent decade must come to the conclusion that the europeanisation at least in some aspects has led to a deterioration of the possibility to democratically demand responsibility (from the politicians).“ The reason is that in several areas the EU has turned into a power centre with at least as much significance as the nation states, from the individual citizen’s point of view, while the democratisation-process has not been able to keep up with the European integration. Com-

¹⁵⁷ Prime Minister Göran Persson, session in Swedish Parliament, 14 December 2000, Statements 114 and 120.

¹⁵⁸ Prime Minister Göran Persson, session in Swedish Parliament, 14 December 2000, Statements 112 and 139.

¹⁵⁹ Anders Wijkman, SvD, 12 December 2000.

¹⁶⁰ Session in the Swedish Parliament, 14 December 2000, Statements 135, 138, 152.

¹⁶¹ Dagens Nyheter, 12 December 2000.

pared with the declared view of the Swedish Prime Minister that the foundation of the EU is intergovernmental and that this will be the case for a foreseeable future (mentioned above), the perspective of the group of researchers is different: „the nation state will last for a foreseeable future“ but side-by-side to the union level. The foundation of the EU is already based on a power division principle which should be clarified and simplified in a constitution, the group says.¹⁶²

Also the Swedish MEP, Charlotte Cederschiöld – EPP/ED, argues that from a democratic perspective the EU after Nice is beginning to drift away from a citizen’s Europe, and she says that her hope is that democratic demands from the citizens will grow stronger.¹⁶³

A comment in the liberal-conservative daily paper, Svenska Dagbladet, concludes: „The EU is going ahead with the enlargement without having attained the deepening that many considered necessary to avoid an action-paralysis. On the other hand, this was perhaps what some member states (Sweden?) had hoped for.“¹⁶⁴

To sum up the after-Nice debate in Sweden, there is a general consensus about the Swedish enlargement strategy and that Nice was an important step towards EU-27. Moreover, the future influence granted to Sweden in the EU was considered reasonably big (except for the opinion of the Greens and Leftist Party). However, the Government claims that the EU framework is (almost?) set for a functional EU-27, while others argue that Nice was the first step and a much greater step must be taken in the IGC/European Convention 2004 with efficiency and democracy as the main objects.

The Future Role of Germany

Concerning Germany’s future role, the Swedish Prime Minister claimed that hardly any QMV decision had been taken against what the Germans wanted. He also pointed out that the

double-majority vote, where not only 73% of the votes but also 62% of the citizens must be behind a decision, was a good solution.¹⁶⁵ An article in the Svenska Dagbladet claimed that the complication with the double majority voting in the Council would probably have been solved if Germany had been given one more vote than the other large member states. The Presidencies of Sweden and Belgium must form such a base for the IGC in the year 2004. „The need for restoration after Nice seems to become considerable.“¹⁶⁶

2. Given the perspective of enlargement around the years 2004/2005 and floating ideas on the post agenda 2000 period, which are likely positions of your country in view of:

- **Budget: Revisiting the own resources mechanism of the EU (in particular British rebate and further shift towards GNP based revenues)? Shall the EU continue with expenditures significantly below the ceiling of 1,27% of GNP in a wider EU?**
- **Regional/Structural policy: Stronger concentration of funds on beneficiaries (below 90% or 75% of average EU-GDP) based on national instead of regional wealth? What will be the consequences of the Nice decision to decide – from 01/01/2007 - on structural and regional policy with QMV provided that at that time the financial perspective for the period 2007-2013 as well as an inter-institutional agreement were adopted (new Art. 161 EC Treaty)? Should the funds become more involved in the EU employment policy?**
- **CAP: phasing out of direct payments for EU-15 farmers and/or introduction of national co-financing, or alternatively, additional EU payments to the new Member States for structural policies in**

¹⁶² Dagens Nyheter Debatt: Olof Petersson, Karl-Magnus Johansson, Ulrika Mörth and Daniel Tarschys, 28 January 2001.

¹⁶³ Dagens Nyheter, 21 January 2001.

¹⁶⁴ Mats Hallgren, Svenska Dagbladet, 12 December 2000.

¹⁶⁵ Prime Minister Göran Persson, session in Swedish Parliament, 14 December 2000, Statement 151.

¹⁶⁶ Bitte Hammargren, Svenska Dagbladet, 13 December 2000.

agriculture. Is there a likely preference in your country for one of the three models and what is the time dimension? Shall CAP expenditure decrease as a proportion of the EU-budget (in 2001 the means provided for the CAP are 45,79% of the total commitments of the EU budget) in a EU-27?

- **Public opinion: Which sensitivities with a view to public opinion and pressure groups must be taken into account by the government of your country when pursuing reform options under the three policies?**
- **Overall Assessment/Financing Eastern Enlargement: Would your country be prepared to accept lower inflows in a) Structural Funds and/or b) Agricultural Policy? Or is a larger EU budget the preferred solution?**

Austria

Budget

The positions to these questions have not yet been defined. However, the long-standing position of Austria as a net contributor to the EU budget to continue with expenditures well below the ceiling of 1,27% is most likely to remain unchanged.¹⁶⁷

Regional/Structural Policy

Concerning the new Article 161 EC Treaty, Austria hopes and expects that the technical aspects of the structural funds and the cohesion fund will be easier to negotiate. This is the reason why Austria supported qualified majority voting for Article 161 in the intergovernmental conference.

Concerning the other questions, an Austrian position does not yet exist. On the level of experts there seems to prevail a preference to strengthen the cohesion aspect and to support a national catching-up process. The question of

more involvement of the funds in the employment policy is not of any relevance at the moment. A general reorientation of the funds does not seem to be useful. The national development programs and their respective priorities should be decisive.¹⁶⁸

CAP

The reduction of CAP expenditure in percentage of the whole EU budget is likely to be supported. Direct payments should be reduced because they can lead to unjustified distortions. However, this question is closely related with the issue of quotas. The increase of national co-financing is a possible option, but it depends on the question of what will happen with the saved resources. There is a preference that these funds should not be spent but rather be used to reduce the overall budget. Structural policies in the applicant countries should be supported as well as projects to improve the state of the environment.¹⁶⁹ A certain percentage of the amount of direct payments in the current member states could be offered to farmers in new member states. Austria suggests that direct payments should decrease with the size of the farms. The funds saved by this measure should be used for the financing of rural development projects.¹⁷⁰

Public Opinion

Public support of the EU tumbled from an already relatively low level due to the so-called sanctions of the other 14 member states against the Austrian government. According to the Eurobarometer survey the proportion of Austrians that support Austria's membership has fallen by 9 percentage points, and the proportion that believes Austria's membership is a bad thing has increased by 7 percentage points.¹⁷¹ The support of enlargement is the second lowest in the Union (second only to France, where 26% of the population are in

¹⁶⁷ Interview with an expert in the Ministry of Finance.

¹⁶⁸ Interview with an expert in the Ministry of Finance.

¹⁶⁹ Interview with an expert in the Ministry of Finance.

¹⁷⁰ Position paper of the Ministry for Agriculture and Forestry, the Environment and Water Management.

¹⁷¹ Eurobarometer 53, p. 8.

support of enlargement; in Austria: 30%).¹⁷² The contributions of Austria to the EU budget are a very sensitive issue. It will therefore be very difficult for the government to accept higher contributions to the EU budget or lower inflows because of enlargement. Furthermore, it is the current top priority of the government to achieve a balanced budget by 2002 which means many austerity measures. In this climate it would be difficult to explain the public the need for more funds for enlargement.

Financial aspects of the Common Agricultural Policy are always disputed between the Ministry of Finance on the one hand and the Ministry of Agriculture and the agricultural interest organisations on the other hand. In this respect a political decision will have to be taken within the government because the agricultural interest organisations are closely connected with the People's Party.

Overall Assessment/Financing Eastern Enlargement

A position on these questions has not yet been worked out.¹⁷³

Belgium

Budget

The position of the Belgian government has not been adopted since the Berlin Summit concerning Agenda 2000. Officials at the government confirm this information. All positions that were taken in Berlin, still count as the official positions of the Belgian government.¹⁷⁴

Regional/Structural Policy

Belgium has not yet a final position on these issues. The 75% rule has already led to the phasing out of the only objective 1 area in Belgium during the present period 2000-2006. It seems unrealistic to think about new struc-

tural interventions in this field after 2006. What seems more important for Belgium is its contribution to the budget following enlargement. Therefore, from the Belgian point of view, the forthcoming discussion on these issues will be more financially than structurally oriented.

CAP

Following the more severe interventions against BSE, the agriculture expenses will increase in a way that was not foreseeable when the Berlin European Council in March 1999 fixed the agricultural budget for seven years at the level of some 41 bio. € on a yearly basis.

The Belgian position seems to be that the additional expenses for BSE have to be found inside the fixed agricultural budget which means that the money will have to be found by reducing expenses in other agricultural chapters. This will create problems for some farmers and consequently pressure will increase for a further and more fundamental reform of the CAP at the mid-term evaluation in 2002-2003, taking also into account the enlargement and the WTO-negotiations. In contrast to some recent rumours from Germany, the Belgian government does not seem to be in favour of a partial financing of the CAP by national subsidies, which could mean the end of a *common* policy in the agricultural field.

Public Opinion

Generally spoken, the Belgian public opinion is rather 'tolerant' with regard to European affairs and reforms. Reforms in the CAP might evidently raise objections from the powerful Farmers' Union. The sector of agriculture is already in deep problems, partly caused by national problems (overproduction of manure), national scandals (Dioxin-crisis) and international threats (BSE). The sensitiveness of the broader public and of pressure groups defending the case of the farmers concerning CAP-reforms should therefore not be underestimated.

¹⁷² Eurobarometer 53, p. 55.

¹⁷³ Interview with an expert in the Ministry of Finance.

¹⁷⁴ Information confirmed by an official of the government.

*Denmark**Budget*¹⁷⁵

The Danish Government does not consider it politically possible – nor desirable – to change the ceiling with unanimity before 2006. Whether this position will change in the future will depend on the development of the EU's policy and the impact of enlargement. Traditionally, Denmark is of the opinion that policies should steer the budget and not the other way around.

*Regional/Structural Funds*¹⁷⁶

The new member states should be given transition phases (on the same terms as the present member states) especially seeing that their BNP per capita is below the EU's average. The Danish Government hopes that the Treaty of Nice will enable the member states to continue the reform process launched in Berlin. In more concrete terms this implies that the Government is in favour of concentrating aid on the poorest regions (structural funds) and countries (cohesion funds) and to engage in a more thematic distribution in those areas where the needs are the greatest. The Government has not taken a stand on the 90% vs. 75% issue.

The Government is open to the suggestion that funds should become more involved in the EU's employment policies, although the overall demographical development in the EU could lead to scarcity of labour. Retraining of workers is however a possibility, i.e. to help people who were previously employed in successful sectors to move onto other sectors in order to avoid bottlenecks. It should be said that such aid already exists. In January 2001 the leading opposition party, the Liberal Party, issued a report, which argued that structural funds should be largely redirected from Southern to Central and Eastern Europe.¹⁷⁷

*CAP*¹⁷⁸

The Danish Government is of the opinion that CAP-reform will become necessary already in the nearest future, that is 2002. Further reform can therefore not be postponed until 2006, since this would mean that the EU's CAP budget would run out of money, due to enlargement and the BSE-crisis. The pressure for reform comes from different areas: The BSE-crisis, a future WTO-round and enlargement. The Government supports a further liberalisation of the CAP that makes it more market-oriented. In other words: the Government is in favour of lowering prices closer to the level of world market prices combined with transitional direct payments to farmers who lose out in this process. In that respect Denmark is closest to the first reform option. The co-financing reform is rejected out of concern that it could lead to a renationalisation of the CAP. New members must be accommodating within the CAP on the basis of appropriate transition arrangements on equal footing with the present member states, i.e. they should also obtain direct payments and aid for structural adaptation. Furthermore, the Government is in favour of enhancing the quality of food products, ecological production and food safety. In total, Denmark is favouring a relative decrease of the CAP expenditure's proportion of the EU-budget. It should be added that the Liberal Party, which traditionally has had strong backing among farmers, has argued along the same line as the Government.¹⁷⁹

Due to the wide public support for enlargement (and especially also the agricultural lobby's own support for a more liberalised CAP), the Government is not expected to come under severe pressure during the CAP-reform negotiations. However, this does depend on how the BSE-crisis develops. If farmers, already under pressure, would lose out severely in the CAP-reform, the opinion climate could change.

¹⁷⁵ This section is based upon interviews in the Danish MFA, February 2001.

¹⁷⁶ This section is based upon interviews in the Danish MFA, February 2001.

¹⁷⁷ The Liberal Party, 'Venstre's Vision for the future EU', January 2001 (www.venstre.dk).

¹⁷⁸ This section is based upon interviews in the Danish MFA, February 2001.

¹⁷⁹ The Liberal Party, 'Venstre's Vision for the future EU', January 2001(www.venstre.dk).

*Overall Assessment*¹⁸⁰

As already stated the Danish Government is of the opinion that the EU's policies should steer the budget and not vice versa. Hence, it does not - out of principle - rule out an increase (or for that matter a decrease) in the budget. Concerning Denmark's own inflows from the budget, Denmark is also quite flexible. In Berlin Denmark already accepted that it would obtain less aid from the structural funds and the CAP. If enlargement should make it necessary to embark upon such a course again, the Government would probably accept this. However, Denmark would not accept that it should obtain less aid than some of the present member states.

*Finland**Budget*

Increasing the budget is not appealing as there is still some room under the present ceiling. Thus, the 1,27% limit could be kept. Yet, it is acknowledged that Finland will pay more in the future and some decrease in present funds might be unavoidable.

Regional/Structural Policy

A Council of Ministers report from January 2001 argues that the current system of CAP and regional and structural funds is untenable in the future. It is also equally evident that with the introduction of new members the older members will lose their share of the funds. According to estimations, enlargement will raise the expenditure in EU budget by 40-50 per cent while the income will rise only by 5-7 per cent. In Euros this would translate to €500 million in net payment for Finland.¹⁸¹ Yet, Finland obviously stresses that even though there will be less funds for the existing member states, one should not forget the less-favoured regions of any member country.

¹⁸⁰ This section is based upon interviews in the Danish MFA, February 2001.

¹⁸¹ EU:n laajeneminen ja Suomi, the report is available (only in Finnish) at <http://www.vn.fi/vnk/suomi/vnk71f.htm>, here pp. 29-30.

CAP

The Ministry for Agriculture and Forestry is currently analysing this sector with a view also to enlargement and WTO. According to the Council of State's report it is unlikely that the present system of direct payments could be extended to the new member states as well.¹⁸² The starting point is that there exists only one category of members. Some kind of transition arrangements are considered possible.

One can assume that the special arrangements for Finland in CAP, agreed to in Agenda 2000, or equivalent, are still important – that is, sufficient attention paid to sparsely populated areas, long distances, border areas, areas of high unemployment, and, in general, the special conditions for agriculture in the country.

There has not been much discussion yet on enlargement in Finland; public debates are being organised, though. Public opinion in Finland is rather negative on enlargement. According to a recent survey made by the Centre for Finnish Business and Policy Studies (EVA) 40 per cent of the respondents opposed EU enlargement while 31 per cent were neutral and only 24 per cent were favourable. The respondents were especially worried about the possible inflow of immigrants from Eastern Europe due to the free movement of labour.¹⁸³

The trade unions have been among the most active participants in the debate. On the eve of Nice, the Confederation of Finnish Industry and Employers, the Central Chamber of Commerce of Finland and the Employers Confederation of Service Industries in Finland published a joint statement on enlargement. They confirmed their support to the enlargement process but pointed out that internal market regulations must be applied in their entirety from the very beginning of membership and that the applicants should also be able to take part in EMU as soon as possible. Moreover, they called for minimal and short transition periods in order to avoid any disruptions on the functioning of the internal market. The budgetary effects of the enlargement should be kept minimal. Moreover, even though the enlargement might result in diminished shares of structural funds and CAP funds for existing

¹⁸² *Idem*, p. 22.

¹⁸³ *Erilaisuuksien Suomi. Raportti Suomalaisten asenteista 2001*. EVA.

member states, this should be done in such a way that it shall not jeopardise the public support for the process of enlargement.¹⁸⁴

Also MTK, The Central Union of Agricultural Producers and Forest Owners, has issued a statement on enlargement. According to MTK, there are three important issues which should be dealt with before the enlargement can take place: food safety, preparing for the cost of enlargement and ensuring the permanent support for agriculture in Southern Finland.¹⁸⁵

As was mentioned in the last issue of Enlargement Watch, the debate on possible negative effects of enlargement on Finland might have been pushing for the preparation of an official governmental report on the topic. In the report, published in January 2001, the Council of State seeks to address the main fears put forth especially by the Central Organization of Finnish Trade Unions, SAK. The report sends a soothing message arguing that the impacts of the enlargement on Finland can be seen as mainly beneficial. Even those aspects, which could be potentially harmful (such as uncontrolled flow of workers from Eastern Europe to Finland), are said to be marginal at best. According to the report, 80 per cent of migration shall go to Germany and Austria whereas Finland should receive only around 5000 people a year resulting in a net flow of 43 000 people in 30 years.¹⁸⁶ Despite the report, the controversy concerning the flow of immigrants is not subsiding as SAK and its biggest member, the Metalworkers' Union, keep arguing that the official estimates are based on flawed logic and that long transition periods of 7-10 years will be required in order to solve and alleviate the problems.¹⁸⁷

¹⁸⁴ Suomen elinkeinoelämän näkemys EU:n laajentumisesta, 23 November 2000.

¹⁸⁵ Suomen on valmistauduttava EU:n laajenemiseen, 15 December 2000.

¹⁸⁶ EU:n laajeneminen ja Suomi, the report is available (only in Finnish) at <http://www.vn.fi/vnk/suomi/vnk71f.htm>.

¹⁸⁷ Helsingin Sanomat, 10 March 2001.

France

Budget

The French call for EU compensation for BSE-related losses of European farmers may have sounded like a French call for a budget increase. Nothing such has, of course, been proposed. Florence Parly, state secretary for the budget, has indicated in her speech at the European Parliament on 12 December 2000 that BSE tests may require further additional funding. The Agricultural Council this week was supposed to find some sort of European answer to the current crisis, but clearly failed to do so, by leaving it to national governments to cope with the financial consequences of the crisis.

There has been little or no change in the attitude of the French government towards the European budget:

- The own resources decision is unlikely to be rediscussed.
- The strengthening of a GDP-related element in these own resources is still on the table, but there has not been any new development or declaration on this topic recently.
- Ceiling of 1.27 per cent: the crisis in agriculture leads to some speculations, but after the failure of the Council of 26 February to take common measures, any additional subsidies will be arranged at the national level; no change, then.
- Stabilising expenditures: same problem as above; the current agricultural crisis is using up the CAP-budget, but no formal change is in sight.
- Abolition of UK rebate: France continues to be opposed to any rebate.
- And opposed to any general correction mechanism in the name of the *esprit communautaire*.
- Eastern enlargement and its financing have not been in the headlines recently in France. It is therefore difficult to know. There seems to be an overall resistance towards lower returns, not openly voiced, though.

- The increase of budget for this matter, as for any other (see above) would be a very difficult matter.

CAP

A few days before the meeting of the Agricultural Council of 29 January, Jean Glavany, the French minister of agriculture made the French position very clear:

- An overall reform of the CAP is necessary: the main reason is the crisis of the model of agriculture that has dominated CAP officially until 1992 and, in fact, beyond. Another reason is the danger of WTO sanctions against direct subsidies.
- Guarantee prices are not publicly attacked under the current circumstances, but there is no reason to believe that the French position has changed on this.
- The milk quota system should not run out.
- As to the co-financing of direct payments, it is still clearly disapproved of, even if, after the failure of the Agriculture Council of 26 February, minister Glavany has announced a series of nationally financed measures (cost > FF 1 Bn).
- Degression of payments is now being put forth by the minister¹⁸⁸ as the central measure to counter the excesses of „productivist” agriculture; it is clear, though, that FNSEA, the major farmers’ association, strongly disapproves of this.
- Extension of direct payments is at the same time increasingly envisaged as an alternative – at least transitionally, even if Glavany accepts, that these payments have to be reduced in the long term, because of possible WTO sanctions.
- Increase of structural policies in agriculture to new members: no clear statement found.
- Rural development: the criticism of past CAP priorities clearly points to this kind of measures. However, even if this could become a new priority of French agricul-

tural policy very quickly, there is no conclusive evidence yet.

- Finally, the reduction of the CAP proportion of the EU budget continues to be a very slippery subject. It is not a topic of debate at the moment. It is clear that it would worsen the relations between the socialist government and the traditionally rather right-wing majority of farmers.

It is clear that the main agricultural pressure group continues to be firmly opposed to any major reform of CAP. The FNSEA fears that any change will mean less money for the whole sector. The *Confédération paysanne* (led by José Bové) instead favours a less „productivist” CAP, but continues to be a minority group as the recent elections to the agricultural chamber confirmed.

Regional/Structural Policy

The crisis in agriculture and the Nice Council have captured attention and caused public debate in the past two months. There has been little discussion on the future of regional and structural policy. One could expect that these policies might return to the forefront of debate once the agricultural crisis is ‘under control’. It has to be said, too, that the ministry for spatial development („*aménagement du territoire*”) has been merged with the ministry for the environment. The current minister, Ms Dominique Voynet from the Green Party, has clearly made less declarations on the former than on the latter. Increasingly, though, the current crisis has led to a stress on the ‘landscape-preserving’ aspect of agriculture in the context of ‘sustainable development’ or ‘sustainable agriculture’.¹⁸⁹

- To start with, there have clearly been no signs of an increased enthusiasm about cohesion funds.
- The limitation of structural expenditures has not been contradicted, either.
- As to the stronger concentration of funds on beneficiaries, no precise information can be given, even if the likely changes in agricultural policy might affect pref-

¹⁸⁸ Press conference 26 January 2001.

¹⁸⁹ Cf., for example, speech of D. Voynet at the ‘Salon de l’agriculture’, 21 February 2001.

erences especially with regard to regional concentration of funds.

Public Opinion

The newspaper *Le Monde*¹⁹⁰ has conducted a comparative poll (in 8 EU countries, realised in the days after Nice) showing that „even if Chirac calls Nice a success, he has not managed to convince French or European public opinion”. However, this does not question the integration process itself. The same poll shows that 69 per cent of the French respondents are in favour of an EU army (the EU average being 57 per cent). There is still a majority in France in favour of a ‘European government’.

However, the same poll reveals that enlargement is considered less and less a priority: from 53 per cent in Mai 1999, the number of those in favour came down to 46 per cent in the days after Nice.

Summing up, it must be said though, that there is no general anti-European mood in France at the moment. As to the three policies reviewed, the following can be said:

- Budget: government possesses a rather large freedom of action in this area. The general public opinion would not *a priori* disapprove a contribution beyond 1.27 per cent. The ‘sovereignist’ parties (*Pasqua* – now without de Villiers), Chévènement and the extreme right), however, would do so loudly.
- Regional, structural policy: here, of course the regions that have lost subsidies may of course constrain government action, but, for the time being, political resistance does not appear to be voiced openly. A more general explanation for this may be the lack of publicity of some EU funding programmes.
- CAP: FNSEA, the most important farmers’ association is opposed to any major reform of CAP, even though it is beginning to acknowledge that French agriculture needs to be restructured. *Confédération paysanne*, the smaller association, has become famous with its nation-wide campaign against „bad food” (*mal bouffe*) under the leadership of

McDonalds-and-GMO-destroying José Bové. The audience of the *Confédération* appears to be much stronger outside agriculture than inside, as the elections to the agriculture chamber have shown. FNSEA did not incur major losses and the gains of *Confédération paysanne* have been small. Public opinion, on the other hand, would favour a change of priorities in agriculture towards better and secure production and food.

Overall Assessment

It is difficult to give an overall assessment. In a traditional public-choice approach, the most likely outcome (and the worst) is to maintain the current budget, with a certain number of transitional measures and public subsidies to make up for losses in certain sectors of society, due to the restructuring of CAP and structural funds.

French society appears to be attached to its farmers (as most polls show) and unlikely to accept a reform that would endanger French agriculture as it exists. Changes will be very slow in this area and French governments are and will be constrained by this.

As mentioned above, enthusiasm of French public opinion about enlargement is rather limited.

Lower inflows will be very hard to accept in agriculture and less so in structural funds. A larger budget does not appear to be an option at the moment.

Germany

Budget

Indeed, no decisions or official positions on most of the issues dealt with under this set of questions haven been taken so far by the government. However, with regard to the budget and the finance system of the Union the German government is strongly interested in a foresighted reflection on and an preparation of the new reform package. The overall strategy of the government will likely be not to fix tactical options, so that any concrete proposal will

¹⁹⁰ *Le Monde*, 15 January 2001.

not be lacking support of other member states from the beginning on. Given the accession of relatively poor countries, it will be questionable that the German government will put the reduction of its net contribution in the centre of the debate. Yet, the relative net contributions of other net payer countries (i.e. France, United Kingdom, Italy) will be a point of reference in this context. Without any doubt, the German government still favours to stabilise the expenditures of the Union and to fall below the ceiling of 1,27% of the GNP.

Regional/Structural Policy

The regional and structural policy might turn out as a controversial and sensitive issue for German policy-makers. Through enlargement, the older members will lose their present share of regional and structural funds. Therefore, the German government might stand up for fair and well defined interim regulations, supporting the phasing-out of the funds for the regions concerned. In this context, the eastern part of Germany should remain a beneficiary of the European structural and regional aid. This represents a major request for the government and the *Länder*.

Caused by the accession of new members, another specific issue of regional aid has been raised by Germany and Austria: the subsidies of the European Union for the regions along the border to the new member states. In Germany the *Länder* exert pressure on the Federal Government in this point, well knowing that the Federal Government depends on them to get the accession treaties ratified.

In 1999, the German government took up a negative position with regard to the continuation of the cohesion payments to those member states which enter the Euro zone. During the negotiations of the Agenda 2000, other member states supported this request only modestly. Currently, no point of view can be identified.

In short, the future orientation of the European regional and structural policy will depend to a large extent on enlargement and the accession negotiations. With a view to East Germany it may be difficult for any German government to stand up for a structural and regional policy that only provides net payments to the poorest countries of the enlarged Union.

CAP

Today reform of the CAP is a top political concern in Germany. The main reasons could be seen in the BSE crisis and its effects on politics, consumers, producers and lobbying organisations. There is a huge public and media interest. Given the crisis and the losses of income, even the farmers and their national interest organisations are now more open-minded towards reforms and consumers interests. This positive reform will be supported by the new Minister of Agriculture, Renate Künast who favours a re-orientation of the CAP. The substance of reform is fairly unclear, but economic and ecological aspects shall definitely be given more weight. However, the time horizon for a real change in farming and the effects on the budget cannot be assessed yet.¹⁹¹ In this context, it should be emphasised that German agriculture falls structurally into two pieces: the small farms (mostly in the south of Germany) and the more industrial farming sector (in the north-eastern part of Germany). Both are confronted with different problems while reforming the agricultural policy. So, the reform has to be adequate to the needs and the capacities of both of them.

Apart from the general view on reforms in agriculture, the government still approves national co-financing and probably a system of phasing-out (degressivity) of the direct payments for the EU-15 farmers. Furthermore, the government rejects to pay direct subsidies to farmers in the new member states. Hence, since the Agenda 2000 negotiations, the government has not revised its point of view. No position has been fixed yet on additional EU payments to the new member states for structural policies in agriculture. It is likely an option which could be pushed as an alternative to all the models of direct payments.

As chancellor Schröder stated at the Nice-summit, the budget for the CAP is fixed until 2006 and any changes or re-negotiations of these settings will be taboo.¹⁹² But for the new financial framework for the period from 2007 on, the German government will likely stand up for the principle of stabilising the expendi-

¹⁹¹ Frankfurter Allgemeine Zeitung, 8 December 2000, p. 3; Financial Times, 19 February 2001, p. 4.

¹⁹² Frankfurter Allgemeine Zeitung, 8 December 2000, p. 3.

tures of the Union and by this limiting the budget of the CAP. However, whether the proportion of CAP budget will then be below the present share will depend on the reform of the CAP and its financial impact.

Public Opinion

First it should be pointed out that at the present stage the respective ministries develop and discuss the reform options in their proper fields of responsibility. Inter-ministerial co-ordination has not taken place yet. Therefore, an overall picture of the reform options cannot be identified.

Publicly the Chancellor and the Foreign Minister focus on the issues raised by accession negotiations, e.g. free movement of labour.

With a view to public opinion, the most sensitive item will be free movement of labour and the impact on the labour market. Related to that, the *Länder* and the Federal Government are highly interested in interim regulations and special funds and programs for border regions on the European level. In the field of funding for the frontier regions, the *Länder* can exert pressure on the federal government by their role in the ratification procedure of the accession treaty.

As in the past, reforming the CAP will be difficult because of the lobbying of the farmers association. The federal government has to take this into account.

Overall Assessment/Financing Eastern Enlargement

Considering the information given above one can assume that an increase of the EU-budget will be rejected by the German government. It still favours to maintain or even to reduce the ceiling of 1,27% of the GNP for the budget of the (enlarged) Union. It stands up for stabilising the expenditures in the different fields of European policy like the CAP and the structural funds which take a good part of the total budget. This does, however, not automatically mean to accept lower inflows in structural funds and/or agricultural policy. In view of the CAP, it will highly depend on the future reform of the policy and its financial impact on the single member states. Despite all possible and foreseeable changes in the structural pol-

icy which may reduce the inflow, the government is highly interested in further payments from the EU to the eastern *Länder* of Germany and probably in additional aid for the border regions.

Great Britain

Reforms of the CAP, the structural funds and the budget are considered very important and pressing issues in view of enlargement – especially as there is concern that the UK will end up paying more while getting an even lower return, e.g. less or no regional aid for Britain's structural 'problem areas'. Yet, the debate consists largely of general statements rather than the discussion of specific details.

The Government, while acknowledging the need and promoting for these reforms, is eager to defend the fact that the issues were not addressed at Nice by arguing that they can and should be changed in the policy process. Moreover, it points out that the Berlin decision on the financial perspective was agreed with a view to enlargement and is thus sufficient, leaving enough headroom to accommodate the new members without having to break the current ceiling.

There is still very little discussion of these reform issues and where official Government positions are publicly available, they are very general rather than addressing specific policy details or, indeed, their connection with enlargement. While this suggests that there has probably not been any significant change in the Government's views since the Berlin Summit, it also shows the Government's reluctance to engage in public debate about the costs involved as this could very well turn public opinion against enlargement.

Given the serious situation livestock farmers in particular currently find themselves in after BSE, swine fever and now the outbreak of Foot and Mouth disease, it is not surprising that the Government is preoccupied with the costs of saving farmers' livelihoods and not well-disposed to enter into discussion about financing the extension of the CAP to prospective members. Beyond the need for short-term solutions for UK farmers this string of scandals

might well, however, be an additional trigger for a comprehensive structural reform of the CAP.

CAP

To recapitulate the UK's position on CAP reform: The Government primarily wanted to see a cut in artificially high farm prices and farmers to be compensated with cash payments. These should, however, be phased out over time ('digressively'). As a net contributor, the UK supported plans to 'co-finance' the CAP. With respect to enlargement, a House of Commons paper criticised proposals suggesting to pay income support to farmers in existing Member States, but not proposals to new entrants. The two main objections are, firstly, that income support has not simply been paid as compensation for price cuts and, secondly, that a situation where only farmers in the EU-15 countries would receive the payments from the EC budget was completely paradoxical and only justifiable if the support came from national policies – with the level of support being chosen by national governments (limited by the single market competition rules).¹⁹³

The Conservatives, in a generalised attack on the current CAP, describe it as being completely 'indefensible socially, economically, environmentally and morally' and thus a huge obstacle to enlargement. They regret that this important reform issue will be left to the end of the accession negotiations. Conservatives demand greater national responsibility and the (re-) allocation of decision-making competencies in line with the principle of subsidiarity, i.e. re-nationalisation.

Structural and Cohesion Policy

Regarding the reform of the structural and cohesion policy, a House of Lords report concluded 'that the decisions taken in Berlin on the future of the Structural and Cohesion Funds are „accession-friendly“. Yet, as mentioned above, it is feared that more deprived regions will lose their 'objective' status after enlargement.

¹⁹³ 'EU Enlargement: The Financial Consequences.' House of Commons, Research Paper 98/56.

Budget

On the budget, the Lords' report expresses concern that the Member States might not make sufficient funds available for enlargement. While they agree with the Government that the own resources ceiling is considered adequate for the time being, they 'are less convinced that the new financial perspective will provide sufficient resources, and [...] urge that it should be reviewed before 2006 if necessary so that adequate provision can be made in annual budgets for the costs of enlargement.' At the time of the Agenda 2000 reforms, the Government took the position that the British rebate was non-negotiable. A budgetary system basing contributions on the size of GNP was considered beneficial for the UK.

Greece

Greece considers that ever since the Agenda 2000 settlement in 1999, the own-resources of the EU are anchored to levels that will allow for „continuing“ financing of structural policies – which is for Greece the major point of interest.

- The fact that one more regional/structural financial „package“ will be decided by unanimity before shifting to QMV on 2007, along with the experience from a tough Spanish negotiating position in the Nice process (as well as Portuguese negotiating assistance), has come as proof that structural finance of some level will be available to Greece until the end of the decade and beyond (while public opinion was resigned to structural aid being limited to a 2006 time-horizon). Although GDP catching-up provided for by the stability and growth Programme of Greece pursuant its joining EMU third stage – as of 1 January 2001 – would bring Greece over the 75% hurdle, it is considered a safe bet both in public opinion and in political consensus that at least several of the country's regions will keep benefiting from EU aid.
- CAP reform is not really part of public debate, at least in a way more rational than sloganeering. The equilibrium achieved under Agenda 2000 for the period up to

2006 is considered satisfactory and has pushed questions away to a distant future. National co-financing of CAP measures is political anathema, but not on an analytical basis – more as a political reflex.

- Agricultural pressure groups are the only focused segment of public opinion that will be awakened with a shock, if future options at an EU level lead to a significant decrease in subsidies. It is only to this segment that future reform decisions will have to be „sold”.
- Lower inflows of EU funds is overall anathema for Greek public opinion. Greece will be always a supporter of a larger EU budget

Ireland

Budget

There is little feeling that there is a need for revisiting the financial perspective after 2006. There is no feeling of crisis with regard to the budget in general. It has been pointed out that no member state has, as yet, developed in-depth thinking on revised budgetary arrangements. There is a sentiment that the overall resources are sufficient up to 2006.

Regional/Structural Policy

Ireland accepts that its relative position has changed because of its economic development, but official sources would say the post 2006 situation cannot be considered five years in advance. With regard to the candidate countries, it is noted that structural funding is in place up to 2006.

CAP

Ireland does not favour the removal of direct payments for the fifteen member states nor would national co-financing be favoured. With regard to the future it is noted that SAPARD is now in place and functioning. There is generally a favourable sentiment to extending direct payments to the candidate countries. Apart from enlargement a critical situation may arise

due to the BSE crisis and a review of CAP expenditure may be necessary in that regard. As to whether CAP expenditure should decrease as a percentage of the budget, it appears that an analysis has not yet been carried out but it is likely that the attitude would be negative and that CAP, albeit in need of refinement, remains an essential policy.

Public Opinion

The farming community in Ireland is well organised and vocal and the agricultural sector is politically sensitive. The agricultural community will be alert to any question of financing aspects of enlargement, for example direct payments being funded through savings on the Agricultural budget of the 15.

Overall Assessment

There is a widespread recognition that Ireland can not continue to benefit as before. There is a minor realisation that Ireland will become a net contributor depending on economic developments. Since there is some minor public awareness that we will become net contributors, there is a corresponding acceptance that there may be a lower influx from the Structural Funds than is currently the case. In regard to the post-2006 budget, official sources regard it as terra incognita at this stage as it depends on many unforeseeable developments. Nobody is prepared to comment on the possibility of a larger budget.

Italy

Budget

Given the general trend on which Agenda 2000 and the financial framework defined in 1999 were based, the Italian attitude towards the own resources mechanism of the EU does not reveal a pressing need to review it.¹⁹⁴ The same is true for the ceiling of 1.27% of GNP. Even though the expenditure commitments linked to the enlargement process were foreseen in the perspective of a previous target date for first

¹⁹⁴ Interviews with Italian officials, January 2001.

admission and for only a few candidate countries, the current budgetary framework should not lead to financial difficulties. That is why for the moment the Italian government does not envisage any revision of Agenda 2000 before the end of 2006 or any reform of the present funding system of the EU budget from member states. Of course some minor corrections could be made when some important items such as agricultural policy or regional funds are regulated in view of future adhesions, but the ceiling of 1.27% of GNP should remain unchanged, and Italy will probably propose to continue using it also in a wider EU.¹⁹⁵

Regional/Structural Policy

As regards regional/structural policy and the question of the revision of funds after 2006, the Italian official position is in favour of finding a correct balance between the requirement of supporting candidate countries and their territories, all eligible according to the current funding structure, and the demand for the continuity of structural interventions in some regions of the member states.¹⁹⁶ This new kind of balance will depend on both future allocations and the new use of the rules of the funds. Turning to the Nice summit, the Spanish position was really intransigent on the extension of qualified majority voting to structural and cohesion policies: thus, the reform has been deferred to 2007 (when some member states, including Spain and Italy, will have used up their funds). Although a supporter of QMV in this field, Italy did not interfere on this item because of a quite clear national interest: the possibility of an adjournment gives some Italian regions an important chance to accede to existing funds.¹⁹⁷ The consequences of the passage to QMV on structural and regional

policy as of 1 January 2007 are quite difficult to describe at the moment, also considering that in the meantime member states, still using their right of veto, will have adopted the financial perspective for the period 2007-2013.¹⁹⁸ But should some funds become more involved in other EU policies (such as employment policy), depending on both the new necessities of an enlarged Union and the real enlargement impact on national economies, Italy would be prepared to accept lower inflows in structural funds in deference to the widespread idea that the „costs” of the enlargement will be properly distributed.¹⁹⁹

CAP

Looking at the Common Agricultural Policy, the Italian approach to its reform has always been to move gradually away from a price support-based system. Since the extension of the present CAP mechanisms to the new members would cause damaging effects, the CAP reform should involve, above all, the liberalisation of the quotas and price system and the rationalisation of direct aid to farmers.²⁰⁰ The reluctance still existing with regard to these issues was reflected in the programme of the Swedish Presidency: The agricultural chapter will not be discussed during the first half of this year. Italy's current position, however, is very close to the working hypothesis considered by Agenda 2000 provisions, that is, partial application of the CAP to candidate countries, without direct aid. If this consideration remains valid until the conclusive stage of the accession negotiations, it will be possible to estimate exactly the concrete proportion of the EU budget assigned to CAP expenditure in the future after the enlargement impact on the European agricultural system has been analysed more precisely.²⁰¹ Today it is still not possible to say which solution – a lower

¹⁹⁵ Ibid. See also Enlargement/Agenda 2000 Watch, No. 3/2000, question no. 3.

¹⁹⁶ See the Audition of Umberto Ranieri, Under-Secretary of State for Foreign Affairs, at the Committee for European Union Politics of the Chamber of Deputies on the Priorities of the Swedish Presidency, 31 January 2001.

¹⁹⁷ See the Audition of Giuliano Amato, Prime Minister, at the Foreign and Communitarian Affairs and European Union Politics Joint Committees of the Chamber of Deputies on the European Council of Nice, 13 December 2000.

¹⁹⁸ Interviews with Italian officials, January 2001.

¹⁹⁹ Interviews with Italian officials, January 2001.

²⁰⁰ Ibid. See also Address by Lamberto Dini, Foreign Affairs Minister, at a public meeting on „Agenda 2000 and the European integration process”, 8 March 1999.

²⁰¹ See the Audition of Umberto Ranieri, Under-Secretary of State for Foreign Affairs, at the Committee for European Union Politics of the Chamber of Deputies on the Priorities of the Swedish Presidency, 31 January 2001.

amount of funds for agricultural policy or a larger EU budget – is preferable²⁰², but each member state, including Italy, will certainly take into account the interests of the most important local pressure groups when pursuing reform options.

Netherlands

Budget

The Dutch government has not changed its position on the EU budget. It is still satisfied with the outcome of the Berlin summit in 1999, since the Dutch contribution has been reduced relatively. Because of this, the net-payment position of the Netherlands will improve in the period 2001-2006.²⁰³ The Dutch government wants to cling to the decision for its reduction of the payments for the British rebate and still considers the 1,27% of GNP the ceiling for future expenditures. Most probably the Dutch government is in favour of a ceiling even below the 1,27% GNP. The Nice outcome has not changed this perception.

Regional/Structural Policy

During the entire IGC 2000 the topic of Structural Policy did not play a significant role in the Dutch discussions. The Structural Policy did not have priority on the Dutch political agenda.

This passive attitude is due to the fact that the Dutch government is strongly committed to the decisions made during the Agenda 2000-negotiations. So far, it has not given any comment on the extension of qualified majority voting on the Structural Funds (Article 161TEC). In the future, however, the Dutch government wants the Structural Policy to be changed. It states that „in the light of the enlargement, the regional approach to structural policy needs to be reviewed: The differences in prosperity at national level will be so much greater after enlargement that the emphasis on the regional level will lose its relevance. A new Structural policy must therefore

be based primarily on national prosperity criteria. Experience of such an approach has already been acquired with the Cohesion Fund”²⁰⁴. The government wants a complete overhaul of the Structural Funds because of the complex problems in the applicant member states and the economic disadvantages. „Structural support for the EU-15 can be reduced, thereby freeing up funds to support the new member states. Focusing the use of structural funds explicitly on new member states will enable them to catch up economically.”²⁰⁵ The Dutch government recently decided to start an Interdepartmental Research Unit on the implications of enlargement on the Structural Policy. Ways of putting Structural Fund resources to effective use in this area will have to be examined. The results will be sent to parliament in the first half of 2001.

CAP

On 17 November 2000 the Dutch government published a report in which it presented the Dutch views and approach on the upcoming enlargement of the European Union. The report was called „Moving towards accession – A new phase in the process of EU-enlargement”. Both the Common Agricultural Policy and the Structural Policy are considered of great importance in the Dutch European policy. The Ministry of Foreign Affairs stated that both policy areas „can help to make the enlargement a success”²⁰⁶. Enlargement will have repercussions on both policies.

The CAP may not create any obstacles for the MacSharry reforms (1992) and the Agenda 2000-reforms as well as for the negotiations in the WTO.²⁰⁷ Reducing protection and increasing the role of market forces will offer the best long-term guarantee for the development of a sustainable European agriculture sector that is strong enough to compete with the world market. The Dutch government believes that „the CAP requires further reform to supplement the

²⁰² Interviews with Italian officials, January 2001.

²⁰³ De Staat van de Europese Unie, p. 68.

²⁰⁴ Moving towards accession – A new phase in the EU enlargement, Policy paper of the Netherlands Government, Ministry of Foreign Affairs, The Hague, November 2000, p. 23.

²⁰⁵ Ibidem, p. 23.

²⁰⁶ Moving towards accession - A new phase in the process of EU enlargement, p. 20.

²⁰⁷ De Staat van de Europese Unie 2000-2001, p. 46.

reforms already achieved in Agenda 2000²⁰⁸. Reforms should therefore take place in 2003 and not in 2006 as was agreed upon during the Berlin summit.²⁰⁹ With regard to the WTO, reforms are also needed, especially on products that still exhibit a significant price difference between the EU and the global market. Further reform of the CAP will strengthen the EU's negotiation position in the WTO. The Dutch government has stressed that the Netherlands have ambitious aims for both the WTO and the EU.

In short, the Dutch position with regard to the CAP is as follows: „The Netherlands would like the use of classical CAP instruments – import protection, domestic support and export subsidies – to be reduced rapidly over the next few years (2003). In the long run, the reformed CAP must be the same for all EU residents. The reforms to date have made a start on replacing production-linked price support with direct income support. In the next few years, income support should be attached to production as far as possible and gradually phased out. Cofinancing, with member states bearing the cost of the reduction in income support (or part of it) is certainly an option, provided that it does not disrupt the reform of the CAP. This is the only way to achieve the long-term aim of making European agriculture sustainable, competitive and affordable (...). The government thinks that the accession negotiations must focus on a reformed CAP, not on the continuation of present policy. Granting income support to candidate countries would make it more difficult to gradually phase out. While reforms are in progress, the EU should therefore be very wary of granting direct income support to farmers in candidate countries (...). The agricultural sectors in the candidate countries will benefit more from structural support than from direct income support in the long term. The Dutch government therefore believes it would be wiser to use the funds available to strengthen the structure so that the

structural adjustment of agriculture can be accelerated.²¹⁰

The Dutch government recently decided to start an Interdepartmental Research Unit on the implications of enlargement on the Common Agricultural Policy.²¹¹ This unit will, just like the Unit on Regional and Structural Policy, mainly do some research on the consequences of the CAP-expenditure within the different models of accession. The results will be sent to Parliament in the first half of 2001.

Public Opinion

As was mentioned in earlier editions of the Enlargement Watch, a striking contrast occurred between, on the one hand, the active role of the Dutch government concerning EU enlargement and, on the other hand, the passive attitude of the Dutch population regarding this topic. The Dutch government is continuously publicly reaffirming the high priority of EU enlargement on the political agenda. For many Dutch citizens, however, the enlargement of the European Union is not an issue they pay much attention to. In fact, there is a tendency of decreasing support for the enlargement process. More than half of the Dutch population (57%) think enlargement should not be a policy priority. The percentage of the Dutch in favour of the enlargement process as a whole is, however, still higher than the EU-average.²¹² Almost half of the Dutch (49%) remain in favour of the enlargement of the European Union. The EU-average is just above 38%.

This more general lack of interest in the enlargement process was also apparent in the newspaper reports during the IGC 2000. There was relatively little attention for the developments during the IGC and in particular for the developments in the applicant countries. The

²⁰⁸ Moving towards accession - A new phase in the process of EU enlargement, p. 21.

²⁰⁹ The Dutch position is extensively laid down in a report of the Ministry of Agriculture called „Voedsel en Groen - Het Nederlandse agro-foodcomplex in perspectief”, which is also available on the internet at <http://www.minlnv.nl>.

²¹⁰ Moving towards accession - A new phase in the process of EU enlargement, p. 22.

²¹¹ This information was given by the Dutch minister of Agriculture, Mr Brinkhorst, in a letter „Enlargement EU-progress on agricultural policies” to the Dutch Parliament on 12 December 2000. See: <http://www.minlnv.nl/infomart?parlemnt/2000/par00323.htm>.

²¹² A more detailed survey on the Dutch view on European affairs is given in the Eurobarometer, No. 53, October 2000. Also available on the internet at <http://europa.eu.int/comm/dg10/epo/>.

apparent lack of public support for the enlargement process is the main concern for the Dutch government. In order to increase the awareness of the Dutch population for the EU enlargement and to give the citizens more information on the Dutch policy, the Ministry of Foreign Affairs has started some information campaigns. With regard to a multiyear public debate and information campaign, the government has mapped out a general strategic approach. This campaign has been launched in accordance with an introductory memorandum.²¹³ Most important resources include a website on the internet on the enlargement process: *Europa-interactief* (Europe interactive)²¹⁴ and a newsletter.

With regard to the three policy areas mentioned above (Budget, Regional/Structural Policy and CAP) public opinion will not strongly be affected in the Netherlands. The only issue that could lead to protest from the pressure groups is the CAP. LTO Nederland, the main interest group for the Dutch agricultural sector, declared that the point of view of the Dutch government on reforming the sugar and dairy product sectors already in 2003 (instead of 2006, as was agreed upon in Berlin) is not acceptable.²¹⁵ The outcome of the IGC 2000 has not changed this view.²¹⁶

Overall Assessment/Financing Eastern Enlargement

The framework for financial support from 2000 to 2006 to the applicant states was agreed upon during the Berlin summit in 1999. This framework is part of the overall financial perspectives 2000-2006. The financial EU-support will gradually increase to finally 17,5 billion

Euros by the end of 2006. These decisions were based on three assumptions:²¹⁷

1. that the first new member states would join in 2002,
2. that they would number no more than six, and
3. that the farmers in the new member states would not be entitled to direct income support in this period.

After the Helsinki summit, however, it became apparent that the first two assumptions needed to be amended. The Dutch government expects that the accession of *more* member states at a *later* date than foreseen will balance the Berlin Financial Perspectives, which means no more money is needed. However, the third assumption – no direct income support – remains valid. The government „thinks that the application of the current system of direct income support in the new member states is undesirable (...). The government sees no reason to adjust the Berlin agreements“²¹⁸.

The outcome of the Nice summit has not changed the Dutch position. In fact, the government has stated that it is not possible to give any predictions on the issue for the period after 2007. Against this background the government is „currently exploring alternative ways of guaranteeing the viability of the EU finances in the long term while allowing adequate support for new members“²¹⁹. No specific policies have been proposed yet. There are no indications that the Dutch government is willing to accept lower inflows than the current agreements on either Agricultural Policy or the Structural Funds.

Finally, some general remarks on the process of financing the eastern enlargement of the European Union: The Dutch government gives more and more priority to bilateral relations. This development can be seen in the Dutch approach towards EU enlargement as well. Besides the EU-budgetary policy, the Netherlands have started some supplementary pre-accession policy programmes. These bilateral programmes PSO (economic) and Matra (social) complement the European pro-

²¹³ Activiteiten voorlichting uitbreiding Europese Unie, see <http://www.minbz.nl>.

²¹⁴ The internet address of the site is <http://www.europa-interactief.nl>.

²¹⁵ This is the response of LTO Nederland on the report „Voedsel en Groen – Het Nederlandse Agro-foodcomplex in perspectief“ of the Dutch Ministry of Agriculture published in July 2000. For the entire response of LTO Nederland see <http://www.lto.nl>.

²¹⁶ For more details see Enlargement/Agenda 2000-Watch, No. 3/2000, p. 29.

²¹⁷ Moving towards accession - A new phase in the EU enlargement, p. 23.

²¹⁸ Ibidem, p. 24.

²¹⁹ Ibidem, p. 24.

grammes.²²⁰ In some respects both programmes are more flexible than their European counterparts and more geared to the specific needs of the applicant member states and, of course, to the interests (and capabilities) of the Netherlands. The financial resources for both programmes have been increased. For 2001 a total of 47 million guilders have been allocated to the bilateral programmes.

Spain

Budget

The government reaffirms its opposition to any revision or negotiation of the 2000-2006 financial perspectives. The government holds the view that with the Union's present expenditure standing at only 1.09 of its current 1.27% ceiling and if the European economy continues growing at a 3% rate, this will generate additional resources to make possible the application of CAP and cohesion and structural policies in the candidate countries. Being unlikely that the Union welcomes more than five members before the year 2006, the government argues, there will be no shortage of funds so it does not make sense to revise the financial perspectives. The opposition, however, holds a different view. The spokesman of the Socialist Party in the parliamentary Committee for EU affairs, Mr. Estrella, said on 26 October that if the change of scenario originally envisaged by the Commission in Agenda 2000 materialises, and from six countries being accepted in 2004 we end up in a „big-bang“ scenario of ten countries being accepted in 2005, Spain should ask for a revision of the financial perspectives for the period 2003-2006.²²¹

²²⁰ Moving towards accession - A new phase in the EU enlargement, p. 20.

²²¹ See, Diario de Sesiones de las Cortes Generales (DSCG), Comisión Mixta para la Unión Europea, 26 Octubre de 2000, comparecencia del Secretario de Estado de Asuntos Europeos, Ramón de Miguel, p. 262; DSCG, Comisión Mixta para la Unión Europea, 28 de noviembre de 2000, comparecencia del Secretario de Estado de Asuntos Europeos, Ramón de Miguel p. 399, 410, 413-4; and DSCG, Comisión Mixta para la Unión Europea, 19 de diciembre de 2000, com-

Concerning the next financial perspectives and the post agenda 2000 period, the Spanish government is very satisfied with the fact that the financial period 2007-2013 will still be approved by unanimity. Afterwards, the Government expects that its present economic policies may have risen its levels of wealth around 90% of the EU average, and therefore Spain will not qualify any more for cohesion funds. Officials stress however that the government will defend the right of the country to benefit from cohesion and structural funds as far as it qualifies for them and will not accept statistical or legal subterfuges aimed at excluding the country from the list of beneficiaries.

Regional/Structural Policy

For evident reasons, both government and opposition are very satisfied with the decision adopted in Nice to maintain the Cohesion Fund and the Structural Policy subject to the rule of unanimity until 2006. This assures the Spanish government that its views concerning cohesion and structural principles and policies will be duly taken into account when designing the 2007-2013 financial perspectives.

CAP

There are no definitive points of view on this issue. The reform of the CAP and Regional/Structural Policies are obviously linked with the own resources system and the financial balance of each member state. The government will always look for a balanced agreement concerning its interests in these areas. With respect to accession negotiations, the government questions the majoritarian view that the application of the CAP to the candidates will be impossible. In a public hearing on the Committee on EU affairs of the Spanish Parliament in October 2000, the State Secretary for EU affairs, Mr. Ramón de Miguel, said that despite his government's insistence, nobody has come up yet with a study showing that the CAP cannot be applied to the candidates. Would it be fair, he argued, to apply the CAP to Denmark, with an average income of \$ 36.000, and not to Poland, where

2000, comparecencia del Ministro de Asuntos Exteriores, p. 464, <http://www.congreso.es>.

40% of the population is dedicated to agriculture?²²²

Public Opinion

Eurobarometer surveys further confirm that, in contrast with other EU member states, Spanish public opinion continues being in favour of enlargement.²²³ The latest issue (EB 54, Autumn 2000) shows Spanish public support for enlargement to be 14 percentage points above the average. Only 18% of Spanish interviewees oppose enlargement, whereas this figure is 50% in France and Austria, 43% in Germany, and 39% in Belgium and the Netherlands.

Enlargement is perceived neither as a threat nor as a problem, it is seen as a natural consequence of the democratisation process undergone by these countries. As this perception of enlargement is shared by all the political parties represented in parliament, the government does not determine its enlargement policy in terms of appeasing or convincing its public opinion or in terms of inter-party electoral competition.

Overall Assessment/Financing Eastern Enlargement

The government has frequently stated its view that the question is not so much whether one country accepts to receive more or less inflows of funds or to contribute more or less to the budget, but whether financial policies are established around fair, sound, transparent and predictable principles and also whether financial decisions adequately balance the different interests of the parties involved.

Sweden

Budget

The British rebate on the resources to the EU budget (including from the year 2002 the Swedish, German, Dutch and Austrian rebate on the British rebate) is a serious step away from the solidarity principle. Generally, the Swedish position is to replace the rebate-system with a general mechanism, similar to the proposal from Germany, the Netherlands, Austria and Sweden before the European Council in Berlin. Such a mechanism should be directly connected to the member states GNP based revenues, not the net-position. However, there could be an opening for the new member states to have some form of rebate or other compensation during a transition period, before the inflow from EU funds has started. This should be financed by the EU15.²²⁴ The Berlin agreement with the own resource ceiling of 1,27% will remain.²²⁵

Regional/Structural Policy

Generally, the Swedish Government fully stands by the agreements reached in Agenda 2000 and would not react favourably to amendments or revisions, and the basic position on the item of concentration of regional funds remains unchanged. Although, on the question in case the beneficiaries should be based on national instead of regional wealth there is no Swedish standpoint.²²⁶

The question about the consequences of structural and regional policy with QMV is rather speculative and has not been evaluated. Yet, the custom of the decision-making process in summit meetings irrespective of the official voting procedure is unanimity, which will probably be the future practice, too.²²⁷

The complex issue of balancing the objective of equalisation policy with other EU policy

²²² Diario de Sesiones de las Cortes Generales (DSCG), Comisión Mixta para la Unión Europea, 26 Octubre de 2000, Comparecencia a petición propia del Secretario de Estado de Asuntos Europeos, Ramón de Miguel, p. 258, <http://www.congreso.es>.

²²³ European Commission, Initial results of Eurobarometer survey No. 54 (autumn 2000), IP/01, Brussels, 8 February 2000, <http://europa.eu.int/comm/dg10/epo>.

²²⁴ Ministry of Finance Report „Priset för ett större EU- en ESO-rapport om EU's utvidgning“ DS 2001:2, p.16, pp. 25-26, p.105.

²²⁵ For further information see Enlargement/Agenda 2000-Watch No. 3/2000, p. 58 and below.

²²⁶ According to a source in the Ministry of Foreign Affairs.

²²⁷ According to a source in the Ministry of Foreign Affairs.

goals is a matter both of symbolism and real economic effects, solidarity and political efficiency, according to a report made by order of the Ministry of Finance.²²⁸ Since structural policy has come to include great many aspects, it has become diffuse and difficult to evaluate in an aggregated form. These observations need not imply a low rating of the measures as such.

However, the report continues, a question arises over the conceptual framework of structural policy. In the case when a valuable sectoral policy - whether it concerns for instance employment (or environment, culture or anything else) - has been legitimised as being instrumental to the pursuit of structural objectives and therefore targeted to specific support areas, this may lead to two unfortunate consequences: 1. The sectoral policy may become less strict and less efficient, 2. National regional policy and equalisation policy may become distorted so that they fit into the scope of EU structural policy. It is therefore possible that a restructuring of EU policy will take place, which will result in many of the measures currently designed as instruments for obtaining structural policy goals, and instead will be accepted as legitimate and justified on the basis of their own merits. This could lead to efficiency gains since, for example, an employment policy formulated to achieve specific objectives can probably be designed more rationally than a programme that needs to be adapted to structural policy goals.

With regard to the continuation of the Cohesion Fund Sweden has a pragmatic view and looks at it as part of the overall regional policy. Sweden has also said that the new member states should get access to the fund on equal terms.

CAP

The Financial Perspective does not include direct support payments to agriculture for new members. The issue of such support will be the subject of negotiations and has to be seen as part of the whole CAP.²²⁹ However, in the Agenda 2000 the Swedish Government worked

for a profound market-oriented reform of CAP, in order to among other things simplify the enlargement. The result became a great disappointment. The Swedish position is still in favour of the model of gradual phasing out direct payments, while the intervention-prices will be adjusted to the market. Consequently, profound reforms of the agricultural and structural politics are of great concern and „for the greatest part must be decided before the enlargement where the balance of power, especially in the Council, will be modified. In order to not delay the enlargement there should be at least binding guidelines to establish such reforms in an early stage.“ This is because of the importance to some extent to get control of the budgetary framework in a long perspective.²³⁰ The Swedish Government has no specific standpoint in case the proportion of the CAP expenditure of the EU-budget should decrease in an EU-27. Resources of the CAP will apparently be transferred from EU-15 to the new member states, which probably will not be a zero-sum transfer. To this outcome the Government requires a flexible but budget-restrictive approach.²³¹

Public Opinion

Overall, the Swedish opinion is a mutual understanding that the CAP should be more market-oriented. In an appeal signed by some of the most influential industrial leaders, union leaders, scientists and politicians for an extended European free-trade policy towards the developing countries, one of the main objects was considerable reforms of the CAP. A great part of the inner subsidies and customs duties towards non-member states should be removed for the sake of global solidarity. Even if this, in the short term, means increased unemployment within the EU. They also demand that during its Presidency Sweden should work on such a reform.²³²

The Federation of Swedish Farmers (LRF) also favours a market-oriented reform of the CAP, but is not surprisingly against reforms that

²²⁸ ESO-report „Bra träffbild, men utanför tavlan“ by Daniel Tarschys, p.148.

²²⁹ Enlargement/Agenda 2000-Watch No. 3/2000, p. 58.

²³⁰ Ministry of Finance Report „Priset för ett större EU- en ESO-rapport om EU's utvidgning“, DS 2001:2, pp. 41-42, pp.101-105.

²³¹ According to a source in the Ministry of Foreign Affairs.

²³² Dagens Nyheter, 3 January 2001.

would cause unemployment within the agricultural sector. Rather, the future development of the CAP should be based on gradual reforms with great considerations taken to the European farmers. The LRF is also stressing that the farmers of the new member states must be given the same possibilities as the EU-15 farmers.

Moreover, they argue that the structural funds are important for a dynamic development of the rural areas, for farmers wishing to extend their activities into other sectors, for regions in need of restructuring and for the development of poor regions.²³³ Compared to the Government's position, the Federation of Swedish Farmers prefers a slower CAP reform process as well as an extension of the structural funds, or at least that Sweden will preserve its level of inflows even after the enlargement.

Overall Assessment/Financing Eastern Enlargement

The Swedish government is prepared to accept lower inflows from the structural funds and the CAP. The total cost of the structural politics is of greater concern, where future coalitions in the Council for expansive expenditure-politics are seen as a great threat. The Swedish position is that the restrictive budgetary objectives of Agenda 2000 should be extended until the year of 2013.²³⁴

3. Which domestic developments and events (e.g. parliamentary or presidential elections, referenda, ratification Nice treaty) might impact on the national position towards enlargement and the enlargement calendar up to probable first accessions in 2004/2005?

²³³ See: <http://www.lrf.se>, Sveriges bönder i Europa. Så här resonerar LRF, December 2000.

²³⁴ The Ministry of Finance Report „Priset för ett större EU - en ESO-rapport om EU's utvidgning“, DS 2001:2, pp.12-13 and 86.

Austria

The biggest question mark concerns the future development of the Freedom Party which is sceptical about enlargement on principle. In several important issues the Freedom Party and the People's Party, which form the current government coalition, are of different opinions. It remains to be seen whether the two parties will be able to work out a common position. The strategy of the Freedom Party will depend on the development of its standing in public opinion polls, results of regional elections (in March 2001 elections will be held in Vienna) and the tactical decisions of Mr. Haider.

The Freedom Party advocates a referendum on enlargement, the People's Party opposes it.²³⁵ Apart from Mr. Haider, the party organisations of the Freedom Party in two states („Länder“) with long borders with accession countries, the Burgenland and Lower Austria, are especially eager to hold a referendum. Elections to the state diet in the Burgenland took place last autumn. In the election campaign the Freedom Party collected some 10 000 signatures in support of a referendum on enlargement. Though the Freedom Party lost the elections, it maintains the idea of a referendum.

Another disputed issue is the Avnoj-decisions and the Benes-decrees that were the legal basis of the expulsion of German-speaking inhabitants from what is now Slovenia (Avnoj-decisions) and the Czech Republic (Benes-decrees). The Freedom Party insists on the nullification of the Benes- and Avnoj-decisions prior to enlargement. The People's Party considers these problems as bilateral questions which should not be made a precondition of enlargement.²³⁶

Another open question is the protection of the Austrian labour market from immigrants and commuters after enlargement. In this respect, the Freedom Party agrees with the Chamber of Labour and the Austrian Trade Union Federa-

²³⁵ At the end of September 2000, Mr. Haider even suggested to suspend the current accession negotiations with the applicant countries and to head for a customs union instead. He also insisted that a referendum about enlargement would be necessary („Der Standard“, 30.9./1.10.2000).

²³⁶ See Enlargement Watch No. 3/2000.

tion that long transitional periods and additional criteria will be necessary. Again, the People's Party holds a different position. It supports transitional periods but not the criterion requested by the employee's associations concerning the wage levels. This question will have to be resolved soon because the accession negotiations on the free movement of labour are due to start during the current Swedish presidency.

The next general elections will have to be held in 2003 at the latest. Depending on the circumstances it is possible that enlargement will be one of the main issues of the election campaign. But at this time it is too early to speculate about that.

The ratification of the Nice treaty should not cause any problems and will most likely be completed by the end of this year.

Belgium

Evidently, the fact that Belgium will hold the Presidency during the second half of 2001 could lead to a positive influence of public interest in matters of the European Union. Still, the debate on the ratification of the Treaty by the Parliament might neutralise optimistic feelings. Some parties will try to hamper a smooth ratification, but in the end, nobody really considers the risk that the Treaty would not be ratified. The extended discussions in the press might however have a negative influence on the public opinion. As far as can be seen, no domestic developments will have a direct impact on the position of the government concerning the enlargement of the Union.

Denmark

Presently, it is difficult to picture events in Denmark, which could truly change the national position towards enlargement or the enlargement calendar. This is mainly due to the strong cross-party consensus and strong public support for enlargement. In the general elections, which should be held in March 2002

at the latest, enlargement will therefore probably not become an election issue as such. Since it seems unlikely that Denmark will vote on the Treaty of Nice, Denmark's ratification will not postpone the entering into force of the Treaty. The final decision on the referendum is however pending, since the Government is waiting for a report from the Ministry of Justice.

Finland

The next elections with possible implications on Finland's stand on EU enlargement are the parliamentary elections in 2003 (the next municipal elections are in 2004 and the presidential elections in 2006). According to a survey conducted in early March 2001, the Centre Party is now the biggest party in Finland with 24 per cent of votes. The two main parties in government, the Social Democrats and the National Coalition Party, are respectively at 22 and 19.6 per cent. Thus, at the moment a change of government would seem likely. Yet, it would hardly change the pro-enlargement stance of Finland as the Centre Party widely supports enlargement. However, the issues of CAP and structural funds might gain more weight in the discussion.

France

Elections are coming up in France and this may indeed play a role in the future attitude towards enlargement. As stated earlier, however, it is not entirely clear whose victory would have which effects.

County elections are taking place all over France on 11 and 18 March. Even though these elections are centred around local political issues, its results may well have an impact on the legitimacy of the government and/or the president. This is especially important with regard to the presidential elections scheduled for 2002. The likely main candidates will be the current president, Jacques Chirac, and the current prime minister, Lionel Jospin.

European policy has clearly not been one of the major areas of confrontation and political debate in the last 4 years (since the Jospin government was elected). The PS had favoured a more social Europe during the electoral campaign. The IGC and the Nice Treaty, have, however, not revealed major discrepancies between the two men. Most debates have been cross-party debates with the more pro-European parties like the UDF (and, to a lesser extent, the Greens) criticizing regularly the more intergovernmental approach of the government and the presidency. It is true that in France foreign policy (together with defence policy) are traditionally considered as *domaines réservés* of the President. In the case of *cohabitation* (a government from a different party than the president) the president intervenes regularly on foreign policy issues and retains a certain authority in this area. Hence, a socialist president with a socialist government may pursue a somewhat different European policy. It is thus not foreseeable, for the time being, if European policy is to become a central issue in the electoral campaign for the 2002 presidential elections.

Germany

The next parliamentary elections at the national level will take place in autumn 2002. One can expect that the enlargement of the European Union as such will not be a controversial issue during the election campaigns. There is a strong and broad elite consensus on the necessity as well as the political and economic benefits of the accession of the new members. This is true despite short-term economic, financial and social burdens as a result of structural change and adaptation. However, the public is far more sceptical about enlargement. Opinion polls show that only 36 per cent of the German population are in favour of the accession of new members to the Union. However, one should not be too worried about that, because the German population consent to the membership in the European Union and it has increased in the last six months by 7 percentage

points to 48 per cent.²³⁷ Given the ambivalent attitude of public opinion, the main reason for this can be seen in the concerns and fears which the enlargement may bring to Germany with regard to the free movement of labour and to employment, especially in the border regions. Polls may also mirror concerns about the social and economic dangers in general and uneasiness about the future. In some media and in the political debate, the fears are pushed sometimes by populist statements and also politicians are tempted to play on these fears.

The German Foreign Minister Fischer points out that the phenomenon of *Veränderungsstress* (the stress caused by the multitude of changes since 1989) must be considered highly by the German government. However, a domestic development or event, endangering the enlargement process and the first accession in 2004/2005 cannot be seen at the present.²³⁸

Great Britain

Although the Government has not officially announced a date yet, the UK General Election will most likely take place in May 2001. The Government's approach to Nice has certainly been influenced by this – its determination to achieve the results it had promised to come back with in order to sell their success to the public is an obvious indication.

Aware of wide-spread Euroscepticism in the British public (particularly regarding the single currency), constantly fuelled by a partially hostile press and anti-European parties and campaign organisations, and knowing that the Conservatives are willing to take every chance to attack its European policy, the Government tried to present itself as a European player with the ability to defend British interest.

Despite some timid attempts, the Government has not yet found the courage to address Euroscepticism by engaging in a positive and serious debate about the EU and Britain's future within it. It hopes to avoid campaigning on

²³⁷ Deutsche Bank Research, EU Enlargement Monitor, March 2001, p. 8 and 12; Eurobarometer No. 54, initial results, p. 1 and 3.

²³⁸ Berliner Morgenpost, 9 March 2001.

Europe as this is not seen as an 'election winner' in the face of the Conservative's populist campaign (not to speak of the UK Independence Party' call for a complete withdrawal from the EU) against further integration. Yet, it is committed to early ratification of the Treaty of Nice in order to ensure quick enlargement.

The Conservative opposition, as depicted above, has made it clear that they would not ratify the new Treaty if they came to power and would call for a referendum on it. It is, however, very unlikely – and opinion polls support this view – that the Conservatives will win this election or a large enough majority in Parliament to block ratification – given that Labour and Liberal Democrats will, in principle, vote in favour.

Greece

The Ratification of the Nice Treaty is to be expected with a very high majority of votes. There is no perspective of a referendum. Also, little public debate is to be expected.

The only dangerous issue for Greece is a potential blockage in the Cyprus accession negotiations. It should be kept in mind that at the very least the main opposition party – Nea Demokratia has – the hardest imaginable position in vetoing any accession wave that will not comprise Cyprus. It is quite probable that senior personalities of PASOK, e.g. ex-Foreign Minister Th. Pangalos, Defence Minister A. Tsouhazopoulos, but also PASOK grandee Ev. Venizelos would insist for a hard-line approach, by the present Government, if obstacles were to be put on the path of Cyprus' accession.

Even heavier might prove the climate in the event of Turkey's acceleration of accession procedures without Helsinki provisions for the Greek-Turkish conflict resolution being first implemented to a large extent (no threats of violence, recourse to the Hague Court of Justice). Even a total reversal of Greek public opinion's EU-enthusiastic stance of the last decade could not be ruled out in such an event. This would jeopardize the overall Greek position over enlargement.

Italy

The Italian parliamentary elections will take place in spring, probably in May 2001, but this event should not impact on either the ratification of the Treaty of Nice, or the position expressed by the Italian government until now on the European items and the general attitude towards the enlargement process. In return for the complete support obtained from opposition parties before the summit of Nice²³⁹, the Italian Prime Minister respected the full mandate also by keeping the leader of the opposition constantly informed of the progress of Council talks during negotiations²⁴⁰. And, apart from some criticism on specific issues²⁴¹, the outcome of Nice was not defined as completely negative by opposition party representatives. Should the opposition alliance win the next elections, therefore, a continued demonstration of this „bipartisan” spirit would correspond to overall coherence both on European foreign policy matters and on the enlargement calendar for the first accessions.

The Prime Minister himself, after the conclusion of the summit, seemed not to be worried about the political leaning of the new parliament at the time of ratification of the treaty. The expected reaction is „non enthusiastic approval”, like that shown by the entire Italian delegation in Nice.²⁴² At the same time, the need to immediately take part in the important debate on the future of the Union makes rapid ratification of the treaty even more necessary. Also, the President of the European Commission expressed his wish that all Italian parties maintain, after the elections, their „bipartisan” positions, as they have done until now on European governmental policy.²⁴³

In the last few days, the interventions of Silvio Berlusconi, leader of the opposition alliance, do not let foreshadow sudden changes or radi-

²³⁹ See the „bipartisan” resolution approved by Parliament on 28 November 2000.

²⁴⁰ Gerardo Pelosi, „Amato: 'la porta era stretta'”, *Il Sole 24 Ore*, 13 December 2000.

²⁴¹ See question no. 1.

²⁴² Maurizio Caprara, „Amato: adesso l'Europa può camminare”, *Il Corriere della Sera*, 13 December 2000.

²⁴³ See the intervention of Romano Prodi to an Italian radiobroadcast, quoted by ANSA, 4 January 2001.

cal alterations in the course of European matters, at least in the short term, even though he has declared himself closer to the idea of a „Europe of Nations” than of a „Federal Europe”.²⁴⁴

Netherlands

The national position towards enlargement will probably not be challenged by domestic developments and events. The Dutch have always been in favour of strengthening the European integration process. Moreover, most political parties are strongly in favour of enlargement. This historical tradition of strong commitment to the European Union will not be challenged by the upcoming national elections in 2002. All significant Dutch political parties are adherents of further European integration.

The Dutch population thinks positively about the European Union, too. More than 73% support the current membership of the European Union whereas the EU-average is 49%.²⁴⁵ As we have seen, the support for the ongoing enlargement process is also much stronger in the Netherlands (49%) than the EU-average (38%).²⁴⁶

Though rumours are getting stronger that the harmony within the current „Purple Coalition”,²⁴⁷ is weakening, this will have no future implications for the Dutch view on enlargement. The next government will be committed to the enlargement process as well, regardless of its political composition. The main opposition party, the Christian-Democrats (CDA), has also a very positive EU-policy-programme.

²⁴⁴ Antonio Polito, „‘Scudo stellare e fisco libero’, la politica estera del Cavaliere“, *La Repubblica*, 9 February 2001.

²⁴⁵ European Commission, Eurobarometer, No. 53, October 2000, p. 20.

²⁴⁶ Moving towards accession - A new phase in the EU enlargement, p. 25.

²⁴⁷ The current Dutch government contains three parties: social-democrats (PvdA), conservative liberals (VVD) and social-liberals (D’66). The purple colour is explained by the mix of red (social-democrats) and blue (conservative liberals).

Spain

Prime Minister Aznar won the March 2000 elections and obtained a solid majority in both chambers. Since there will be no general elections until 2004, the government is strong enough both in parliament and upon Spanish public opinion as to pursue its preferred European policies. Besides, as noted above, both the opposition and public opinion are in favour of enlargement, so it is most likely that in all the incoming negotiations, the government will present a united and coherent negotiating position. This position will be further strengthened once a parliamentary sub-committee on enlargement is formed within the Committee for EU Affairs of the Spanish Parliament, as discussed in Parliament on 20 December 2000.

As known, Prime Minister Aznar and his team hold a liberal intergovernmentalist view of the process of European integration. This means that the bargaining positions of the Spanish government will be characterised, first, by a primacy of national interests over European ones, second, by a pragmatic and step-by-step approach to reforms and policy changes, and third, by a strong preference for economic policies over social and institutional issues. As Aznar himself reported to the parliament, the European priorities of his cabinet are, first, to satisfactorily conclude the enlargement process, second, to continue the economic reform processes started in Lisbon, and third, to continue the strengthening of pillars II and III. The debate on the new institutional architecture, he has warned, „should not make us forget that the true objective which we all aim at is to give a satisfactory answer to the needs and problems of the European citizens”.²⁴⁸

Sweden

There are three major events that theoretically could have impact on the national position with regard to the enlargement. Nevertheless, all the political parties support the Government’s enlargement strategy. Consequently,

²⁴⁸ DSCP, 2000, Plenary meeting no. 50, 20 December 2000, p. 2489, <http://www.congreso.es>.

the Parliamentary Election in 2002 and a probable EMU referendum during the period, as well as the fact that the Greens and the Leftist Party have declared that they will vote 'No' on the Nice Treaty in the national parliament (the centre-right opposition supports the treaty) will not have any impact on the enlargement process. However, the first priority for the Swedish Presidency of the EU is to speed up the enlargement process. The Prime Minister made the following declaration in the Swedish Parliament: „During the first half of 2001 the enlargement process will reach a stage of concrete negotiations within several difficult sections. The Swedish aim is to try to direct the negotiations into a political breakthrough during our Presidency“.²⁴⁹ The Government hopes that the first candidates will be ready for entrance into the EU in the beginning or at least in the middle of the year 2003.²⁵⁰ The head of the Swedish team in the membership negotiations with the EU in the early 1990s, Ulf Dinkelspiel, said in an interview: „The (Swedish) presidency can definitely accelerate the pace of the negotiations“.²⁵¹

²⁴⁹ Prime Minister Göran Persson, Session in Swedish Parliament, 14 December 2000, Statement 112.

²⁵⁰ Dagens Nyheter, 10 January 2001; interview with the Minister for Foreign Affairs, Anna Lindh.

²⁵¹ Dagens Nyheter, 15 January 2001.

ANALYTICAL SURVEY BY APPLICANT COUNTRIES
(Czech Republic, Hungary, Poland, Slovenia)

1. What is the reaction in your country (government, political parties, pressure groups, wider public) to the Nice summit with regard to

- **the new treaty provisions on the three leftovers of Amsterdam (Extension of QMV, weighting of votes in the Council, composition of the Commission)**
- **the likely impact on the enlargement process and on the**
- **the „post-Nice process“**
- **the implications for the accession negotiations (to be answered preferably by colleagues from Poland, Czech Republic, Slovenia and Hungary)?**

Considering the difficulties at the Nice summit and also the institutional provisions for new members from the CEEC, is there a new power constellation in the making between the EU-member states and with regard to the EU-institutions? What is the perception of your own country's future influence (gain or loss) and on Germany's future role and influence in the EU?

Czech Republic

Amsterdam Leftovers

The position of the Czech government on the extension of QMV is influenced by the fact that the Nice summit did not dedicate too much attention to it. The expectations of the Czech Republic were higher in this respect. The Czech Republic considers the extension of areas for QMV as a necessary condition for the effective functioning of the EU. However, the Government is aware of the fact that it is very difficult to reach an agreement in this field.

Both Czech politicians and experts are satisfied with the number of votes in the Council of the EU (12) which is the same as other countries with the same population size. The Government considers it as good both from the point of view of the interests of the Czech Republic and the whole region of Central Europe.

It enables a more effective representation of the region's interests. The Czech Republic considers as a certain disadvantage the complexity and lack of transparency of the decision-making system in the Council - especially from the point of view of the citizen. In this regard, the Czech Republic would welcome a more transparent and clear system where the ordinary citizen would be able to understand how decisions in the EU are made.

It is seen positively that there will be a Commissioner for each country from 1 January 2005 and the Czech Republic expects that it will have its own Commissioner even if it enters the Union before 2005. The decision on the maximum number of commissioners which is 27 is not a problem for the Czech Republic.

There is somewhat less satisfaction in the Czech Republic with the number of Czech deputies in the European Parliament which is smaller than that of EU member countries of the same size but it is not seen as a tragedy. In the Czech Republic, the decision on the number of seats in the Parliament is seen rather as the result of the insufficient arrangement of negotiations than an expression of bad will from the side of the EU member countries. The Government does not want to dramatize this fact. However, the decision that the Czech Republic and Hungary should not have the same number of seats in the Parliament as EU member countries of the same population size is not regarded as a good signal for equal conditions for all member countries. The Government believes that the question concerning the number of seats in the Parliament will be still dealt with during the accession negotiations.

Enlargement Process, Post-Nice Process, Accession Negotiations

According to the Czech Ministry of Foreign Affairs (MFA), the Nice conference can be considered a success for the candidate countries even though EU member countries in general show much less enthusiasm from their point of view, taking into account their individual national interests. The results of Nice are generally above the expectations of the Czech political elite and there is a general feeling of satisfaction in the Czech Republic. The explicitly expressed hope that the best prepared candidate countries could participate in the elections to the European Parliament in

2004 was not expected before the conference and it is seen very positively in the Czech Republic. It is also important that the time framework for enlargement has narrowed substantially. It is significant that the Nice summit has achieved very concrete conclusions. The perspectives of the best prepared countries have become much clearer than in the recent past. The Enlargement Strategy Paper prepared by the Commission was given a full support in Nice - this is also a good sign.

Finally, now there exists a credible framework for further negotiations. It was confirmed once again that the EU will be ready for enlargement at the end of 2002. In Nice, a decision was made about the next IGC in 2004 and it is very important that the next IGC will not be an obstacle for enlargement. The conclusions of Nice do not give a date for the end of negotiations. However, the next European Council summit in Göteborg could do that. The Swedish Presidency will be crucial for the first wave. It is expected that at the summit in 2004 there will participate already the new member countries and also countries which will have concluded negotiations even if they will not be members yet - this is a new fact.

New Power Constellation

The Czech Republic sees certain evidence that the interests of France on the one hand and those of Germany on the other hand, have started to differ lately - with respect to some important issues. However, the Czech Republic does not see clear signals that there would be emerging some kind of a new power constellation in the EU.

The Czech Republic considers Germany as one of the most important EU member states with a growing potential which is given both by the reunification and the economic strength. It is in the interest of the Czech Republic that the traditional links, i.e. the Franco-German axis, continue to function. According to the Czech MFA, the Nice summit has reflected the present role of Germany in the EU after its reunification. In the Czech academic circles there prevails the opinion that Germany's future role and influence in the EU will increase considerably. In this respect, it is often mentioned that the centre of gravity of the EU is moving eastwards and that Germany is becoming geopolitically even more the centre of Europe.

Hungary

Amsterdam Leftovers

In Hungary the Nice European Council was assessed as the enlargement summit opening the way for accession of new members, so the official reaction²⁵² was absolutely positive. The achievements of Nice are important for Hungary for two reasons. First, because agreement was reached concerning all the remaining institutional questions hindering enlargement (the leftovers of Amsterdam), thus enlargement can become an absolute priority for the EU. Second, because it was stated in the Presidency Conclusions that accession negotiations may be accelerated vis-à-vis the initial timetable, which is a very important message and opportunity for well prepared countries, like Hungary. Concerning the concrete points of the IGC 2000 agenda the Hungarian position can be summarized as follows.

The decision on the number of Commissioners is welcomed by Hungary, as the initial position of Hungary²⁵³ was to maintain one seat for every member state in the European Commission, as well as in the Court of Justice and the Court of Auditors. Hungary furthermore agrees that later on a real college with a reduced number of Commissioners could be created once the Commission will work as a quasi-government of the EU.

Concerning the weighting of votes in the Council, Hungary supported the method of better reflecting the member states' population figures while preserving a relative over-representation of smaller countries. The agreement in Nice resulted in a fair reweighting of the votes according to Hungary, and Hungary is satisfied with its 12 votes. Nevertheless, the decision introducing further three elements in the voting system (criteria if the proposal comes from the Commission and if it does not; the possibility of checking the 62% population threshold behind qualified majority) makes things much more complicated and

²⁵² Press Conference of János Martonyi, Minister of Foreign Affairs, on 20 December 2000, <http://www.mfa.gov.hu/Szovivoi/2000/Martonyi/MJOGY1220.htm>.

²⁵³ IGC 2000: Contribution from the government of Hungary, CONFER/VAR 3952/00, Brussels, 24 February 2000.

less transparent. This might be counterproductive, although Hungary agrees that the 62% rule can be interpreted as a fair compensation of the most populated Germany for not having received higher votes than the other big member states.

The extension of qualified majority voting (QMV) is, from the Hungarian point of view, the key to efficient and smooth functioning of the Union. Therefore, Hungary is in favour of incremental extension of QMV and as a member state Hungary will promote further widening of the scope of QMV. At the same time Hungary agrees with the majority of the EU-15 that for constitutional (and some sensitive) issues unanimity should be preserved.

Regarding enhanced cooperation and flexibility Hungary agrees that the pace of deepening integration should not be determined by the least willing and able. At the same time Hungary does not think that enhanced cooperation would lead to a multi speed Europe or to the formation of a hard core, since the relevant Treaty criteria and clauses on flexibility make its frequent use rather difficult. Hungary welcomes the suppression of veto, the reinforced role of the Commission and the emphasis on the openness of enhanced cooperation as laid down in the Treaty of Nice.

Hungary is satisfied with the seats received in the Committee of Regions and in the Economic and Social Committee. At the same time Hungary and the Czech Republic received only 20 seats each in the European Parliament, although present member states of a similar size (ca. 10.000.000) got 22 seats. This is perceived as a discrimination and the Hungarian diplomacy will do everything to have this figure corrected by the EU. This issue will officially come up during the accession negotiations under the Institutional Issues Chapter.

Post-Nice Process

As regards the post-Nice process Hungary welcomes that the debate on Europe's constitution is being launched and that a new Intergovernmental Conference in 2004 will be dedicated to this very important aspect. At the same time Hungary also welcomes that this IGC is not a precondition to enlargement anymore, and that the candidate states will be associated to the process. This means that for the

first time the qualitative development of European integration is not shaped any more without a substantial part of the continent.

Hungary welcomes the adoption of the Charter of Fundamental Rights of the Union, and would agree later on to adopt it as a legally binding document. Hungary would furthermore complete its text by referring e.g. to the cultural and linguistic diversities of Europe.

Regarding Art. 7. Hungary is in favour of the new modifications since they render the procedure more concrete, more transparent and more democratic. Hungary welcomes such an article in the Treaty, the EU being perceived as a community of states sharing the same norms and values.

New Power Constellation

Nice did not bring about a new power constellation within the EU, no significant modification of the institutional balance took place. Hungary will have an influence in the EU proportional to its size, which is reasonable and acceptable (except for the mentioned EP seats). As regards Germany, this country can be seen as a winner of Nice, because of some increase of its powers in the Council thanks to the 62% threshold. In any case the role of Germany in the enlarged EU is perceived as eminent in Hungary. This is so because of geographical reasons, and because of the already established tight economic and other contacts between Germany and Central Europe.

Slovenia

Amsterdam Leftovers

As for the composition of the Commission, the Slovenian government²⁵⁴ had insisted before the Nice summit that the executive body of the European Union (EU) should *a priori* include a Commissioner from each member state. However, it has later acknowledged that the size of

²⁵⁴ This report has been prepared on the basis of interviews with officials of the Slovenian government and some other high ranking officials. Their responses have been organised and edited by Primož Šterbenc.

the Commission should be reduced in order to provide for its efficiency and rationality of its work. Therefore, the Slovenian government has been satisfied with the results of the Nice summit concerning the Commission since Slovenia as a member of the Luxembourg group will probably join the EU before membership is extended to 27 and thus will gain one Commissioner for at least a certain period of time. In addition, the Slovenian government's officials point out that the principle of equal rotation, which is to be introduced after enlargement to 27, takes into account some major concerns of the small countries.

As far as the new weighting of votes in the Council is concerned, the Slovenian government's officials believe that Slovenia, which in demographic and economic terms is a rather small country, should be content as it has obtained four votes. Nevertheless, during the Nice summit the existing member states were in a much better position than the applicant countries, since the former could directly participate in a political bargain for influence and power. On the other hand, the latter were allowed only to express their views in advance and at the summit were treated as some kind of political objects. Consequently, in relative terms the existing member states have gained more votes than the applicant countries. Last but not least, one should take into account that small countries can achieve their aims only by allying themselves with other, preferably larger countries with similar interests. In this respect, Slovenia as a future member of the EU should flexibly look for allies on an *ad hoc* basis and thereby increase its relatively small weight.

As regards extension of qualified majority voting, in terms of deepening of integration the Nice summit has produced rather limited results as the existing member states have blocked progress in fields which they consider to be in their vital national interest. Consequently, concerning some important questions decision-making by consensus has been retained which will make any progress much harder to achieve when the membership will be extended to 27. However, the Slovenian government has been satisfied since qualified majority voting has not been introduced into areas which are considered to be important for Slovenia. Thus, the Slovenian government wanted to maintain decision-making by consensus in

the following issues: taxes, social security, measures against discrimination, visas, asylum and immigration policies, decisions of constitutional nature, decisions of inter-governmental character, provisions demanding ratification by all member states, and derogations from the *acquis* concerning the internal market.

Enlargement Process

As concerns the likely impact of the Nice summit on the enlargement process, the Slovenian government's officials emphasize that the Nice decisions have accelerated the process of accession of the applicant countries to the EU. Thus, the Declaration on the future of the Union as part of the Draft Treaty of Nice contains several commitments to the enlargement. In other words, the Heads of Governments and States of the existing members of the EU have stressed that the conclusion of the Inter-Governmental Conference has left the door of the EU wide open for the newcomers. Indeed, the institutional reform has been an extremely important precondition for any kind of enlargement and therefore the Nice solutions have enabled the EU to proceed with the process of accession. Yet, one should bear in mind that there are some other issues which so far have not been sufficiently dealt with and will hamper the whole process of enlargement as they constitute equally important preconditions for expansion of the club, notably a modification of the Common Agricultural Policy and the Structural Funds.

Post-Nice Process

As for the impact of the Nice summit on the 'post-Nice process', there are no issues left which could possibly block the enlargement. On the contrary, the applicant countries have been clearly invited to participate in the 'post-Nice process', notably in the new Inter-Governmental Conference which will take place in 2004. On the one hand, those applicants which will successfully conclude the negotiations on accession until 2004 will be allowed to actively participate in the Conference. On the other hand, all the others will be allowed to take part as observers. Such a solution is acceptable to Slovenia. Speaking of the new Inter-Governmental Conference, one has

to take into account that several essential issues concerning the future of the EU will be discussed there. Namely, delimitation of powers between the EU and the member states should be determined. In other words, the somehow ambiguous principle of subsidiary needs to be more clearly defined. Moreover, the question of advancing towards an »ever closer Union«, i.e. political integration should be discussed and in this regard the legal status of the recently adopted Charter of Fundamental Rights of the European Union should be determined. Finally, there is the issue of possible introduction of a Constitution of the EU as well as an European Federation. The Slovenian government adamantly stresses that the applicant countries should take part in search for solutions to these important questions since outcomes will decisively influence their political as well as entire social existence. Furthermore, in the Slovenian government's opinion the meeting should not be organized in conventional inter-governmental form, but should instead involve the entire spectre of subjects constituting civil society (e.g. Non-Governmental Organizations) as well as national parliaments. In other words, the meeting should take place in form of a convention instead of a conference.

Accession Negotiations

As far as implications for the accession negotiations are concerned, the Slovenian Government firmly believes that the successful conclusion of the Nice summit will undoubtedly have a positive impact on the negotiations. After all, the Commission as well as the Swedish Presidency have already indicated that the negotiations with the best prepared candidates should finish until the first half of 2002.

As regards the new power constellation within the EU, the Slovenian Government argues that one has to consider all aspects of the newly introduced decision-making by triple majority. The most populous member states have surely increased their influence through the criteria of population (62 percent of the total EU population in favour). On the other hand, the smaller member states have gained their instrument of influence since a simple majority of member states is also required for adoption of decisions. However, one should look at the power constellation from the aspect of an institutional

triangle as well. In this respect, a role of the European Parliament has been significantly enhanced ever since the adoption of the Maastricht Treaty in 1991. In relative terms, in the European Parliament the smaller member states have acquired more votes than the bigger ones with Germany being the only exception since it has retained 99 votes. And speaking of Germany, the Slovenian Government acknowledges its indisputable power and influence which has been formally confirmed in Nice. Nevertheless, Slovenia expects that this country in the heart of the expanded EU will continue to act within the institutional framework of the club and in close co-operation with other member states. In addition, the next enlargement of the EU will considerably move the focus of the organization to the East thereby putting Germany into the centre of Europe. Moreover, as a most enthusiastic proponent of the enlargement to the East, Berlin has certainly made many allies in Central and Eastern Europe. Yet, within the EU there are some more traditional coalitions of countries as well, e.g. Nordic and Mediterranean. Nevertheless, it is believed in Slovenia that the balance of power factor will not dominate the enlarged EU and that common interests will prevail over disagreements.

2. Given the perspective of enlargement around the years 2004/2005 and floating ideas on the post agenda 2000 period, which are likely positions of your country in view of:

- **Budget: Revisiting the own resources mechanism of the EU (in particular British rebate and further shift towards GNP based revenues)? Shall the EU continue with expenditures significantly below the ceiling of 1,27% of GNP in a wider EU?**
- **Regional/Structural policy: Stronger concentration of funds on beneficiaries (below 90% or 75% of average EU-GDP) based on national instead of regional wealth? What will be the consequences of the Nice decision to decide – from 01/01/2007 - on structural and regional policy with QMV provided that**

at that time the financial perspective for the period 2007-2013 as well as an inter-institutional agreement were adopted (new Art. 161 EC Treaty)? Should the funds become more involved in the EU employment policy?

- **CAP: phasing out of direct payments for EU-15 farmers and/or introduction of national co-financing, or alternatively, additional EU payments to the new Member States for structural policies in agriculture. Is there a likely preference in your country for one of the three models and what is the time dimension? Shall CAP expenditure decrease as a proportion of the EU-budget (in 2001 the means provided for the CAP are 45,79% of the total commitments of the EU budget) in a EU-27?**
- **Public opinion: Which sensitivities with a view to public opinion and pressure groups must be taken into account by the government of your country when pursuing reform options under the three policies?**
- **Overall Assessment/Financing Eastern Enlargement: Would your country be prepared to accept lower inflows in a) Structural Funds and/or b) Agricultural Policy? Or is a larger EU budget the preferred solution?**

Czech Republic

Budget

The Czech government does not feel that it should undertake any initiatives in the direction of revisiting the own resources mechanism of the EU at the time when the country is not yet an EU member.

Regional/Structural Policy

In 1998 the government approved the principles of the Czech Republic's regional policy, which are fully in line with those of the EU, and it defined the NUTS territorial units. The first regional elections in the modern Czech

Republic's history took place in November 2000, thus laying the foundations for structural programmes administered on a regional level. The crucial document setting priorities in the area - the National Development Plan for the years 2000-2006 - was approved by the Czech government on 5 January 2000 and was then reviewed by the European Commission.

Right now the discussion on the future regional policy of the EU with respect to the enlargement process finds itself at its very beginning. A recent report of the EC makes one of the first contributions to it. The report states that the Czech Republic and Slovenia, along with Spain, Portugal, Greece, Cyprus, and Malta will fall in the enlarged EU within "a middle group" of states as to the average standard of living, in which the income per capita will range from 68 to 95 per cent of the EU average. The other 12 countries of the present EU will form "a rich group" and the third group will consist of the further candidates from Central and Eastern Europe. The average GDP per capita in the enlarged EU, according to the report, is going to decrease by 18 per cent, which will necessarily strengthen the importance of the EU cohesion policy. Before the accession of the first candidate countries, the Czech Republic would like to know the answers to the following questions:

- Will the new members be fully eligible for the EU's regional and cohesion support as of the accession date?
- Will the financial flow towards Spain, Portugal, Greece, and Ireland be preserved after the enlargement or will it be phased out in favour of the new member states?
- Will the criteria for the support in the framework of the Objective 1 of the EU Structural Policy be adjusted?

CAP

According to the Czech Ministry of Agriculture (MA), the Czech Republic wants to become a fully qualified member of the EU with all the responsibilities and rights including direct payments. It means that the Czech Republic would like to get the same direct payments as other members of the EU whatever will be their form and scope at the time of

accession. Anyhow, if this wish cannot be fulfilled, the Czech Republic would prefer to get partly direct payments (some percentage) and additional payments from EU funds as structural payments for the beginning of the membership. After 2006 when the new financial perspectives are in place, the Czech Republic hopes that direct payments (even with national co-financing) will be the same for all farmers in the EU. The MA does not think that CAP expenditure shall decrease as a proportion of the EU budget in an EU-27. It is almost evident that the change will be in the structure of payments. It means that more payments will be dedicated to actions relating to the multifunctionality of agriculture, i.e. agro-environmental objectives, rural development, landscape maintenance, creation and preservation of jobs etc. On the other hand, payments concerning market regulations will be decreasing.

Public Opinion

In general, Czech citizens and influential pressure groups insist on equal treatment (in all kinds of fields) of all the candidate countries before accession as well as equal treatment of all the member countries after accession.

Overall Assessment/Financing Eastern Enlargement

The question of a larger EU budget has not been discussed too much in the Czech Republic, not even in the academic circles. The position of the Government is such that all member states should be treated equally. This relates to both the Structural Funds and the Agricultural Policy. According to the MFA, the Czech agriculture, given its absolute and relative size, should be absorbed quite easily by the EU and it should not be a big burden for the EU budget. The Czech Republic wants to be fully engaged in the CAP and in this respect, it does not expect underprivileged membership in the EU.

Hungary

Budget

Regarding all the budgetary issues (the structure of revenue and expenditure, the present rights and obligations of member states under Community policies financed from the common budget) the position of Hungary is that upon the day entering the EU Hungary is ready to comply with all the obligations of payments and it expects full eligibility for the relevant resources. Hungary is not in a position to propose reforms to the budgetary rules (e.g. ceiling of 1,27% of GNP) therefore there are no official concepts on that issue. The same is valid for expenditure, where Hungary as a full member will not be prepared to be handled differently from other member states within the same Union.

Public Opinion

According to the latest published comprehensive opinion poll²⁵⁵ Hungary is probably among the most pro-EU countries in the region. Over the last four years 68-69% of those interviewed thought Hungarian EU membership would bring about more advantages than disadvantages and only 13-15% expected the adverse. On a virtual referendum about Hungary's accession 65% would vote 'yes', and only 8% 'no'. The remaining part would either not vote, or had not decided yet.

Poland

Budget

There is little doubt in Poland that the accessions of the former communist countries will influence the size of the common budget, change its structure and contribute to the re-evaluation of the whole system. In particular, the revenue side of the budget will have to be thoroughly analyzed and probably reformed. The latest moment is the year 2006 because the

²⁵⁵ Conducted by Sonda Ipsos, published April 2000. <http://www.mfa.gov.hu/euanyag/SZI/EU/kvkuteg.htm>.

new financial arrangements must start in 2007. If, according to the Nice Summit, the real date of enlargement is 2004, it means that the decisions may be made without new members (before 2004) or in 2004-2005 with those who finished the negotiations and qualified to the club. It is rather obvious that the second option would build more confidence between the EU and the candidates.

Poland has been very cautious in formulating opinions about the own resources mechanism. When accession negotiations began the official view was presented in Poland's position paper on „Budget and Finances”²⁵⁶ and it has not been changed since then. Poland fully accepts the *acquis communautaire* in this area and declares its implementation from the day of accession on. This commitment applies also – in general – to methods, rules and procedures of the system of own resources. In general, because in the area of own resources the commitment is not unconditional. First, Poland expects 5-year prolongation before paying full contribution and plans to start with 90% reduction in 2003 (the expected date of accession) increasing the payments by 20 percentage points each consecutive year. Second, Poland links the amounts of payments from the four own resources with the results of negotiations in other areas, such as „Customs Union”, „Taxes”, „Agriculture”, „Statistics” and reserves the right to modify its position with regard to the „Budget and Finances” depending on the solution in these areas. Third, Poland accepts financing activities of institutions situated outside the general budget (EDF, EIB, ESCB) but under some conditions (ability to pay, historical relations etc). Fourth, as far as British rebate is concerned, Poland simply accepted the instrument and declared paying a share „reflecting her economic status”.

It is likely that after becoming a member the position of Poland with regard to the own resources mechanism will be similar to the positions of less affluent members. Enlargement will increase their bargaining power. This group will be particularly sensitive to any in-

equity in the system of own resources. Therefore, they will favor the GNP based contributions as the fairest resource from the point of view of the members' ability to pay. Whether the formula relating these contributions to the GNP will be regressive, neutral or progressive is a question of political nature, but so far it has been not discussed in Poland.

The question of under-utilization of the EU budget due to expenditures lower than the ceiling of 1,27% of GNP has been not addressed officially by the authorities in Poland. However, in a recent interview Mr. Jacek Saryusz-Wolski, secretary of state in the Committee for European Integration concluded that „it is not possible to have a bigger Europe for less money”²⁵⁷. He referred to the fact that the funds reserved for new members in the Agenda 2000 would be lost and not set aside waiting for those who became members later than assumed in Agenda. Therefore, one could expect that, once inside the EU, Poland would rather oppose continuing with expenditures below the 1,27% ceiling.

Slovenia

Budget

When it comes to the EU's budget, the Slovenian Government's officials claim that the question of revision of the EU's resources mechanism is inherently linked to the question of political (constitutional) development of the EU in the future. An adoption of the federal concept would inevitably demand EU's own resources, e.g. an EU value added tax. On the other hand, maintenance of the financial autonomy of the member states would require an enhanced mechanism of the GNP based revenues. However, it is questionable whether there is legitimate ground for the existing British rebate. In addition, when speaking of EU's own resources, Slovenian officials adamantly emphasize a need to maintain the existing principle of solidarity in the framework of expenditures and in this regard they also cite the Commission's views. The Slovenian government points out that due to obligations re-

²⁵⁶ See: Poland's position papers for the accession negotiations with the European Union, Government Plenipotentiary for Poland's Accession Negotiations to the European Union, Chancellery of the Prime Minister of the Republic of Poland, Warsaw 2000.

²⁵⁷ Ani tak, ani nie, Gazeta Wyborcza, 27 February 2001.

lated to the principle of solidarity, the existing ceiling of 1.27 percent of GNP for expenditures should at least be retained. Namely, in its opinion the largest victims of the lowering of the EU's expenditures would be the applicant countries.

Regional/Structural Policy

As far as regional (structural) policy is concerned, the Slovenian respondents stress importance of the existing principle of concentrating funds on those beneficiaries which need them most. In this respect, Slovenia disapproves some proposals to determine fixed amounts of funds for each applicant country, due to the fact that such a policy would surely discriminate new members of the EU. In short, the existing principles and mechanisms of structural funds distribution should be retained. As for introduction of qualified majority voting in the fields of structural and regional policies in 2007, the Slovenian government believes that this decision will inevitably strengthen the influence of the bigger member states. Besides, interests of the net contributors to the EU's budget will be enhanced. However, it is hoped that the principle of economic and social cohesion will not be jeopardized since this would endanger social stability in Europe.

CAP

As regards the Common Agricultural Policy (CAP), the Slovenian respondents stress that in the period 2000-2006 direct payments to farmers should be retained. Yet, Slovenia would be prepared to accept national co-financing, provided that some conditions are fulfilled. First, one should consider national specifics and the multifunctional nature of agriculture. Second, environmental importance of agriculture should be acknowledged. Finally, draconian standards concerning food safety for consumers should be introduced. In the Slovenian Government's opinion, additional EU payments to the new member states for structural policies in agriculture are highly welcome in the pre-accession period as well as after inclusion in the club. However, these additional payments should be by no means regarded as a kind of substitute for direct payments for farmers in the newcomers. In this respect, one should take into account the fact that the posi-

tion of the agricultural sector in different applicant countries is not the same. For example, in Slovenia prices of agricultural products have already caught up to the European ones. Therefore, the Slovenian government expects that Slovenian farmers will be eligible for payments in order to compensate for losses of income, since the existing CAP provides for such a measure. In other words, by adopting the *acquis communautaire* Slovenia should enjoy all implied rights as well. As far as CAP expenditure in the enlarged EU is concerned, the Slovenian respondents think that the government will be able to provide more accurate estimations only after a comprehensive reform regarding the CAP will take place. Last but not least, in their opinion the applicant countries should participate in the discussion about a modified CAP.

Public Opinion

As concerns the Slovenian public opinion, the government has to take into account its considerable sensitivity about financial as well as social consequences of reforms undertaken in order to implement the *acquis communautaire*. In this respect, one has to emphasize the influence of the agricultural sector, since this segment of the Slovenian society is, in spite of its relative small size, quite assertive. Namely, it has been presenting itself as a bearer of the Slovenian traditional values and a kind of shield against homogenisation. Generally speaking, the government has to take each step aimed at EU membership very carefully and present it comprehensively to the Slovenian public, in general as well as more specific terms. As far as financing of Eastern Enlargement is concerned, no more comprehensive analyses have been made and therefore no answer can be given. It is however believed that the cost driven approach to enlargement should be substituted by a benefits driven one and that an appropriate public campaign in the member states is needed in order to reduce the fears of the general public regarding enlargement.

3. Which domestic developments and events (e.g. parliamentary or presidential elections, referenda, ratification Nice treaty) might impact on the national position towards enlargement and the enlargement calendar up to probable first accessions in 2004/2005?

Czech Republic

The next parliamentary elections (to the Chamber of Deputies) are expected to take place in June 2002 - unless there are early elections. The presidential elections will take place at the beginning of 2003 - unless president Vaclav Havel resigns earlier, e.g. for health reasons. The referendum on the membership of the Czech Republic in the EU is expected to take place sometime in the second half of 2002 - after the conclusion of negotiations and after the content of the accession treaty is known. Even after all these elections, also as a result of a certain continuity of the Czech foreign policy, the national position towards the enlargement calendar up to probable first accessions in 2004/2005 is unlikely to change. All democratic parties in parliament are in favour of the country's entry into the EU. Even the Civic Democratic Party (ODS), despite its sometimes eurosceptic rhetoric, has declared that there is no alternative to EU membership. It should be noted though that the ODS refuses the so-called second-class membership where new member countries would not have exactly the same rights as other members. It is interesting that even some of the leading personalities of the Communist Party are in favour of EU membership. According to various recent public opinion polls, more than half of the Czech population would say yes, if there was a referendum on membership now.

Hungary

In Hungary a wide national consensus exists concerning the country's EU membership to be achieved as soon as possible. Last September

the six parliamentary parties issued a joint statement²⁵⁸ on their common will and determination to be prepared for membership by the presumed date of entrance. This means that even in the case of a new government taking office in 2002, the commitment of Hungary regarding EU accession would not change in any way²⁵⁹.

Poland

Prime Minister Jerzy Buzek has made clear the positive attitude of the Polish government to the integration process shortly after forming the government in autumn 1997. He stated in his *expose* that becoming a member of the European Union is a basic and strategic goal of Polish foreign policy. Subsequent policy of the Polish government confirmed this approach, even after re-organising and forming the minority Government by the Solidarity Election Action (AWS). Simultaneously, Poland's membership in the EU remains a priority for President Aleksander Kwaoniewski.

The most important political forces in Poland (apart from AWS also Democratic Left Alliance, Freedom Union, Polish Peasant's Party or the newly established Civic Platform) are in favour of Poland's integration into the EU. Moreover, a consensus has been reached amongst the major political forces as to the supreme importance of Poland's preparation for membership in the EU. This consensus was reflected in the parliamentary debates devoted to Poland's membership in the European Union held in autumn 1999 and spring 2000. As a result of these debates and upon an initiative of Prime Minister J. Buzek, both Chambers of Parliament agreed to give priority status in the parliamentary procedure to legislative acts harmonising Polish law with the *acquis communautaire*²⁶⁰. All these political forces con-

²⁵⁸ See <http://www.mfa.gov.hu/Szovivoi/2000/09/spok0911.htm>.

²⁵⁹ Additional source of information throughout the questionnaire: interviews with officials at the State Secretariat for European Integration of the Ministry of Foreign Affairs.

²⁶⁰ See: Information for the European Commission's regular report on the progress towards accession to the European Union - 1999-2000,

sidered the results of the Nice Summit as positive for Poland.

Bearing this in mind, no domestic political developments or events (in particular the autumn parliamentary elections) might change Poland's official position to the integration process.

The Catholic Church has also supported Poland's integration into the European Union. Not only the Plenary Conference of Bishops but also Pope John Paul II during his last visit to Poland strongly supported Poland's membership in the European Union.

As concerns the public opinion one can notice a tendency of diminishing support for Poland's integration into the European Union. Nevertheless, the current level of those in favour, although distinctly lower than in previous years, should still be considered high. According to the recent survey (1/02/2001) carried out by SMG/KRC Poland Media²⁶¹ as well as to the earlier surveys by Public Opinion Research Centre (CBOS), around 50% of people are in favour of Poland's EU membership, while 20-25% would be against. The fall of support for the integration process results from short-term side effects of restructuring the Polish economy and of liberalising external trade as well as from insufficient information campaigns on the European Union. The doubts and concerns associated with the integration process have been growing consequently. Progress in negotiations reveals new requirements and expectations of the European Union and subsequently raises hesitations as to whether Poland is able to meet them or whether Poland is able to receive the same treatment after accession as the current member states (for example, compensatory payments from the EU budget). Some Poles exaggeratedly blame the European Union on the short-term social costs of carrying out the restructuring process in Poland.

Summing up – a referendum on Poland's membership in the European Union could result in a rejection of the EU accession treaty although the probability of such a result is very low. The referendum itself is not required by Polish law.

document accepted by the Committee for European Integration, 26 June, 2000.

²⁶¹ Ordered and published by Radio Zet:
<http://www.radiozet.com.pl>.

Slovenia

As concerns domestic developments and events, one can say that the Slovenian public is still very much in favour of EU membership. However, there are some sensitive questions which have generated quite intensive public discussion. First, the issue of duty free shops is still present.²⁶² The Lower House of the Parliament recently passed a law demanding restructuring of these shops until 31 May 2001, but the Upper House has used its veto power. In the end, the Lower House is to say a final word since it can irreversibly pass a law with the absolute majority of its votes. Second, the Schengen policy to which Slovenia as a bordering applicant country has already adhered has caused considerable problems as the number of captured illegal immigrants and asylum seekers from Asian and African countries has increased dramatically. One can even trace worrying signs of xenophobia among the Slovenian population. Finally, Slovenian foreign policy actors as well as the wider public have become quite anxious about unsettled questions with Croatia (undefined borders, especially at sea,²⁶³ the Krško nuclear power plant, and deposits of Croatian savers in the main Slovenian bank²⁶⁴). There has been growing concern that unsettled issues with the eastern neighbour will hamper a swift accession of Slovenia into the EU. Indeed, some statements were delivered by the Commission's spokes-

²⁶² The Slovenian general public has been annoyed by the prospect of closing down lucrative duty free shops along the borders with Italy and Austria. Namely, this has been demanded by the European Commission. The opinion has prevailed that such a request is unsuitable and that the closure should happen only when the country will actually achieve full membership. However, the fact is that four years ago Slovenia obligated itself to meet the Commission's demand and therefore there is little room for manoeuvre.

²⁶³ In the former Socialist Federative Republic of Yugoslavia a sea border between the two republics was not demarcated. After Slovenia and Croatia proclaimed independence in 1991 the problem of the sea border demarcation has arisen and until today has not been settled.

²⁶⁴ The problem is extremely complex since it has originated in the common banking system of the former Socialist Federative Republic of Yugoslavia and therefore is a part of the state succession debate.

man indicating that Slovenia will have to resolve disagreements with Croatia prior to accession.