‚Best practise‘ report on EU enlargement: Lessons to be learned for Poland in defining the country's Pre-accession Strategy to the European Union

(Revision 1.3.1999)

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Foreword

Within the "next wave" of EU enlargement, Poland plays a most unique role within the group of five 'accession' countries from Central and Eastern Europe:

- Poland alone has a larger population than all the other countries combined,
- Poland has been able as the *only country* from all former COMECON countries (which are today 28 independent states) to manage to reach a considerable higher level of GDP in real terms in comparison with the year 1989, i.e. the year 'Zero' of the transition process: According to a EBRD report published in August 1998, the estimated level of real GDP in Poland in the year 1997 was 112% and is expected in 1998 to raise to 118%, whereas the average growth in all 13 countries of Central and Eastern Europe reached in 1997 95% of the 1989 level, with an expectation to raise to 99% in the year 1998,
- According to the ECE report "*Economic Survey of Europe 1998 No.1*" Poland has managed in the reference year 1996 to have from all Central and Eastern European countries with 1,78 by far the highest 'Trade intensity coefficient (TIC)' with the West European countries. The Polish TIC is even higher than the average trade intensity among the West European countries, which in 1996 was only 1,70,
- Furthermore, according to the '*Central and Eastern Eurobarometer'* (CEEB) Poland is the country with the highest pro-accession voting intentions from all applicant CEEC's.(ip/98/444).

Against these very encouraging indicators it gives for the purpose of this analysis cause for grave concern that Poland ranks on the list of OECD Member Countries on the *per capita spending on the Gross Domestic Expenditure on R&D (GERD)* with 41,0 $ (when using Purchase Power Parities (PPP) out of 29 countries on position # 27 followed only by Turkey (19) and by Mexico (17).

1. Introduction

The following presentation is attempting to assess available evidence from experiences gained by other European countries in the enlargement process of the European Union *("Best practise")*, although all earlier EU enlargement rounds involved countries which, without exception, unlike the CEEC's have benefited after WWII from economic reconstruction assistance provided through the Marshall Plan and were thus able unlike the countries in Central and Eastern Europe to apply in their own reconstruction the market philosophy concept. In the Summary of the recently published analysis "*Accession or Integration? Poland's Road to the European Union"* the problem is well highlighted in the following terms: "*...the accession of Central and East European countries to the EU is not simply another round in the enlargement of the Communities. It is also a major challenge. For at the EU's doorstep stands a group of countries which – though in many respects different – share an experience which is totally alien to that of the West. This round in the enlargement of the Union -– though necessary for the countries concerned, as for the rest of Europe – is an especially difficult task..*".

It is for these reasons that for the preparations of the series of earlier enlargement exercises it was not necessary for the Commission to device and to provide special pre-accession measures for the candidate countries. For the purpose of the present analysis it was thus felt essential to present as *Part I* as necessary "General Background Information" complementary to earlier enlargement experiences the *instrumentarium* provided by the EU to the CEEC's which intends precisely to compensate, to the extent possible, the Central and East European countries, such as Poland, for the disadvantage which they had to suffer during the last 50 years. *Part II* describes the role of RTD within Existing Experiences in Accession Negotiations of earlier enlargement rounds**.**

(a) Earlier enlargement 'rounds'

Before the intended enlargement by the CEEC's and by Cyprus, there have been, all in all, until now 4 enlargement phases in the EU:

1958: Founding members: *Belgium, France, Germany, Italy, Luxemburg, Netherlands*

1.) 1973: *Denmark, Great Britain, Ireland*
2.) 1981: *Greece,*
3.) 1986: *Portugal, Spain*
4.) 1995: *Austria, Finland, Sweden.*

12.6.1975: Accession request from Greece, Length of negotiation period: 6 years
28.3.1977: Accession request from Portugal, Length of negotiation period: 8 years
28.7.1977: Accession request from Spain, Length of negotiation period: 8 years.
1.2.1993 Accession negotiations started with Austria, Sweden, Finland:
Length of negotiation period: 2 years

- One of the 'best practises' to sustain success in the earlier enlargement rounds of the EU has been the ability to provide the public, business community and other players, both in the EU member states and in the applicant countries, with information on the intended enlargement, EU membership and their implications. This information should strengthen the participation of different actors in the enlargement preparations.(CES/98/91, 15.7.98)
- New adherents are expected to have a developed market economy and a well functioning private and public administration. Since the Commission's first report on the '*challenge of enlargement'* attention is drawn to the importance of a well functioning implementation system. It follows logically from the decisions on the EMU that new adherents must be prepared to introduce full capital liberalisation. (EC Bulletin, Supplement 3/92)
- Before the Maastricht Treaty, there was no formal requirement for new members to accept the *'Acquis Communitaire'.* besides the rather vague requirement of "Europeanness", there were only a number of informal conditions for EU-membership. The Maastricht Treaty in articles B and C of the common provisions, the Union refers to the objective of '*maintaining **in full** the 'acquis communitaire' and **build on it** with a view to considering...to what extent the policies and forms of cooperation introduced by the Treaty may need to be revised with the aim of ensuring the **effectiveness** of the Community'. Pedersen* underlines that this clarification, introduced by the adherents of 'deepening' before 'widening', without doubt raises the barriers for the membership candidates, such as Poland, and makes for 'tough negotiations'.
  In any event, the issue of the 'Acquis' was already put forward by France when dealing with the UK application for membership. It remained the Community's precondition in the second and third enlargement rounds and has been formalised in the Maastricht Treaty.
- *Inotai* argues that whereas all earlier EU enlargement rounds have taken place primarily according to European rules, the planned enlargement by CEEC's will be heavily influenced by three elements of another nature:

1. *the ongoing process of globalisation,*
2. *the accelerated technological progress,*
3. *the rules of the 'Information Society".*

The completion of the internal market and the introduction of the €uro will also make the next enlargement round more complex.

(b) ***"Political Dialogue'* and *'Accession Partnership'***

In parallel to the last enlargement round in ... the Council has established a so-called 'Political dialogue" with the Central and East European countries. In its report to the Council, the Commission proposed to go further and set up a European Political Area (EPA) which would provide an immediate institutional anchoring, while postponing full economic integration ('Europe and the Challenge of enlargement', Wijkman, 1993, p.143)

In the 'Agenda 2000', launched on 16. July 1997, which constitutes the Commission's comprehensive response to requests from the European Council meeting in Madrid in December 1995, the Commission proposed to bring the different forms of EU Pre-accession support in a single framework, i.e. the 'Accession Partnerships' (AP's). This proposal was endorsed by the Luxemburg European Council on 12-13. December 1997. The AP's for the 10 applicant countries of Central and Eastern Europe were approved by the Commission on 25.3.1998. The AP's are a key part of the enhanced pre-accession strategy aimed at guiding the applicants towards EU membership and to meet fully the membership criteria set by the Copenhagen European Council. The AP's should simplify the pre-accession process, target it more effectively, while setting out clearly the conditions which will apply to accession assistance. Under the AP's', assistance will be closely directed towards the specific needs of each applicant so as to provide support for overcoming particular problems identified in each '*Avis*'.(IP/98/274, 25.3.98)

"Each candidate country will be invited to prepare a National Programme for the Adoption of the 'Access' (NPAA) which should indicate in detail how it will implement each of the priorities identified in the AP, including the setting of commitments in terms of timetable and human and financial resource allocation. The Commission maintains an ongoing dialogue with each candidate on the establishment and subsequent revision of its NPAA.

The monitoring of the AP's will be carried out through the mechanisms of the Europe Agreement (Sub-Committees, Association Committee and Council). The progress of setting in place the AP's and the NPAA's will provide important inputs into the Commission's regular reviews on the progress of the candidate countries. The Commission will submit its first report to the European Council at the end of 1998.

On the basis of the priorities fixed by the Council, and after consultation of the candidate countries, the Commission will complete the text of the Accession Partnerships by adding details on the implementing modalities including on financial programming and then adopt the final texts for transmission to the candidates."”(IP/98/117, 4.2.98)

(c) ***'Deepening'* versus *'Widening'***

When Austria took over the EU Presidency on 1.7.1998 the Austrian Foreign Minister *Wolfgang Schüssel*, declared before the EP, that whilst reiterating Austria's full support for the Eastern enlargement of the EU, in his opinion the Union is at present not capable for a further enlargement. The 'Agenda 2000' has, therefore, an important role to play.

Two consequences are seen as a result of the next round of accessions: Decrease in efficiency and increase in integration. It is widely felt that further increases in size of the EU will inevitably lead to a decrease in the level of the European integration. Experience shows that as an organisation increases its membership, it becomes more heterogeneous and less cohesive, especially if the adhesion of numerous new members is envisaged. Inevitably, it will thus be necessary to restructure political institutions to cope with an expanding membership.

A telling example was delivered by ***Pedersen:*** that with 20 or 25 member states, the Council of Ministers will be unable to continue its current 'diplomatic' style with presentations of national positions. With 20 member states a normal round of opening statements would last almost three and a half hours, assuming that each state representative speaks for only 10 minutes.

The support of the EU for an enlargement (Widening) was up till now not formally linked with the necessity to adjust the structures (***institutional reforms)*** of an EU-20 or EU-25 accordingly (Deepening). Such a linkage, which is more than probable, will inevitably ***not only*** cause delays in the enlargement negotiations, ***more importantly, the accession candidates will have no influence on the outcome of the 'deepening process'. In turn, once the 5+1 countries belonging to the first round have been admitted into the EU, the have the same right to negotiate with the 5 so-called 'pre-in countries', i.e. the group of the second round, their conditions of entry.***

It is expected that the question of the reform of the decision making process (majority votes) will give cause to the most difficult debates together with the reform of the Agriculture and of the Cohesion Funds.

(d) Those in favour of a speedy enlargement and those against

Since positions within the present EU Membership towards an EU enlargement are subject to all sort of influences on the public opinion and of the 'Credo' of changing governments, they are bound to change over times. The same is true for the applicant countries for which also changing tendencies are being reported in the 'EUROBAROMETER', ***which is being published in regular intervals.***

- There is no principle resentment against a further enlargement of the EU in any of the EU-15 member states. However, *Pedersen,* underlines "that there is a considerable distance between the very positive view towards enlargement of countries like Germany, Denmark, the UK and, with a certain reservation, the Netherlands, and the more reserved attitude and conditional support found in Spain, Portugal, Italy, Greece and to some extent also in in France and Belgium. Whereas the scepticism of Spain and its supporters in the South is mainly economic, the hesitation of France, Belgium and to a certain extent also Italy is mainly rooted in political considerations. In these countries, the prospect of a large scale enlargement, while welcomed because of the added political and economic resources it will bring to the Union, often provokes the knee-jerk reaction that enlargement will 'dilute' the Union."
- One of the 'bones of contention' is stemming from current EU-15 Member States fearing a reduction of their share from the 'Cohesion Fund' which was set up to further the Union's task of promoting economic and social cohesion and solidarity among the Member States Although the basic principles of the Cohesion Fund laid down in 1994 should govern the Fund's activities until 2006, the Council of the European Union has proposed an amendment – presumably to soften the arguments from certain countries that the intended enlargement may reduce their financial benefits – to ensure their benefits from the Cohesion Fund also from 1 January 2000, those countries based on the GNP criterion governing the amount of benefits to be reached from the Cohesion Fund, are Greece, Spain, Irelands and Portugal. (DG 16)
- The Turkish example in the enlargement process of the €U has many rather unique features, but some of the arguments advanced against a full €U-membership may have also some meaning for the forthcoming debates on the enlargement by candidate countries from Central and Eastern Europe:
  1.) The impressive economic gap between Turkey and the €-15 is influenced to a large extent by the fact that some 50% of the Turkish work force its still employed in the agricultural sector.
  2.) A Turkish membership would put enormous pressure on the structural funds and the CAP.

The earlier adhesion of Greece, Spain and Portugal was accompanied by a dramatic expansion in regional distribution policies in the €C. And yet, he €U-15 countries are being led to believe that the next enlargement rounds can take place without a further increase of the EU budget (see below the chapter on the financial framework).

- Against the background of varying interests of the present €U-15 countries towards further enlargement *Pedersen* is pointing to at least four 'protective strategies:
  1. *a take-it-or-leave-it position vis-à-vis applicants,*
  2. *the formation of subsystems,*
  3. *incremental enlargement*
  4. *variable geometry.*

  Reality shows, that for practical purposes the negotiation strategy of the Community is a blend of all four model strategies:
  - The pre-condition to accept the '*Acquis communitaire'* equals the first position
  - The differentiation between 'first round' and 'second round' members, both having during the negotiation period the same right to participate in €U programs reflects the second position.
  - The ongoing 'screening' process by dividing the negotiations into stages, starting with the less controversial sectors, resembles the third model
  - The examples of the UK and of Denmark (see Chapter 6 below) demonstrate model four: The UK placed itself on the so-called 'Social Protocol' from the outset outside a field of cooperation and Denmark in successfully negotiating special arrangements at the Edinburgh Summit constituted a case of 'ex-post' opting out.

(e) Positive and negative implications of a the further EU enlargement

The Economic and Social Committee of the EU (ESC) stipulated at its 349 session on 29.10.1997 that *"the advantages for the EU of the enlargement will not become evident automatically, but they are a great challenge for the EU. Some advantages as the increased competitiveness of the enlarged EU because of the extended market as well as the increased political role of the EU within the New World Order are the prime motivations..."...* Among the expected difficulties, three can be singled out:

1. *The consequences on the EU Policies,*
2. *The necessity to finance the required expenditures,*
3. *The problem how to administer a Union which ultimately may have 27 member states."*

The Committee has furthermore warned against the fact that the 'Agenda 2000' is not sufficiently taking into account the role and importance of the "European social model" which is believed to be part of the common 'Acquis' of the EU. If this important point is being pursued, it will add an additional burden for the successful Pre-Accession Strategy of the CEEC's.

Welfens sees two major reasons calling for an economic convergence in a European East-West context:

1. *a big East-West income gap would imply a major financial burden for the EU in the case of EU widening towards ex-CMEA countries*
2. *a sustained East-West gap could mobilise rising East-West immigration pressure, which could destabilise the receiving countries in a period of rising nationalism and high unemployment, but which could also undermine economic growth in transforming economies, which would loose young skilled and entrepreneurial people as a consequence of massive outmigration.*

(f) The financial framework for the Pre-Accession Strategy

In an Press Conference before the Luxemburg meeting of the European Council, the President of the EU Commission, *Jacques Santer,* has estimated that the total financial support for the 11 candidate countries in the period 2000-2006 will encompass an amount of 75 Bill.ECU. He has also mentioned that those CEEC's not participating in the 'first wave' will receive, based on their GNP, one third more than the 5+1 countries with whom accessions negotiations will begin in 1998.

The EU Commission President has furthermore outlined that the costs for the enlargement will not lead to an increase of the budgetary contributions by the current Member States. Based on an estimated annual economic growth of 2,5% for the EU as a whole in the period 2000-2006 and an estimated annual economic growth of the accession countries of 4,0% . In addition, he mentioned that the actual authorised budget ceiling for the EU stands at 1,27% of the EU GNP, but in reality reaches only 1,22% thus leaving a further margin to be used for costs in connection with the enlargement. (SPEECH/97/276, 10.12.97)

There are three pre-Accession aid instruments to be coordinated by the Accession Partnerships (AP) (see below) to avoid any overlapping:

- *the existing PHARE Regulation,*
- *an instrument for Structural Policies pre-Accession (ISPA),*
- *an agricultural pre-accession instrument.*

1.) For countries that have signed the 'Europe agreements' "PHARE" is the financial instrument of the European Union's pre-accession strategy which will lead them ultimately to full membership. The PHARE programme will focus on accession by setting two priorities aims which were endorsed by the European Council in Luxemburg: The reinforcement of administrative and judicial capacity (about 30% of the overall amount) and investments related to the adoption and application of the 'acquis' (about 70%).

The PHARE budget, consisting of ECU 10,5 Bill. for the period 1990-1999, is the most important single source in the EU budget to finance the pre-accession preparations. For the period 2000-2006 it is foreseen that a total amount of 7,28 Bill. ECU will be available through the PHARE mechanism to the CEEC's, i.e. annually 1,04 Bill.ECU (KOM (98) 138 final).

2.) An instrument for Structural Policies pre-Accession (ISPA) will provide some 1,000 million ECU per year for projects in the environment and transport sector. ISPA would be part of a wider, reinforced pre-accession strategy, making close coordination necessary with Phare and pre-accession agricultural assistance to avoid any overlap.

3.) In the agriculture and rural development sector, pre-accession measures concern in particular support for improving the efficiency of farms (including producer groups), processing and distribution, promotion of quality products and others. The annual resources available to the EAGGF "Guarantee" section are equal 500 MECU at constant 1997 prices. Upon accession to the EU, a country will lose its entitlement under this Regulation.

The three above mentioned pre-Accession aid instruments will be operated in the context of the Accession Partnerships (see below) with each of the candidate countries. The Partnerships will provide a *single framework* setting out the priorities to be pursued by each country and the various financial resources available from the Community to support the pre-Accession process. Each candidate country has been invited to draw up a national programme for the adoption of the EU 'acquis' indicating in detail how it will implement each of the priorities identified in the Accession Partnership.

The monitoring of Accession Partnerships and the related national programmes will provide an important input into the Commission's regular reviews of the progress of candidate countries. (ip/98/258, 18.3.98)

The European Investment Bank (EIB) has been authorised to open a special 'Pre- accession facility for the CEEC's and for Cyprus amounting to 3,5 Bill. ECU (Abl.C 116, 1998).
The Council of the European Union has established in addition to the PHARE mechanism an 'Instrument for Structural Policies for Pre-Accession' (ISPA) which should assist candidate countries in particular in aligning on Community infrastructure standards and provide a financial contribution for *environmental measures*, and *transport infrastructure* measures. ISPA will thus facilitate the implementation by the applicant countries of the Community environmental 'acquis' and contribute to sustainable development in these countries.(DG16, Draft Council Regulation Establishing an Instrument for Structural Policies for Pre-Accession, 18.3.1998).

There is also Community support available for Pre-Accession measures for *Agricultural and Rural Development* .
It is realised by the Commission that the intended development of the Trans-European transport network needs after accession also to cover the requirements of the new Member states (EP decision 1692/96/EC and Council decision of 23.7.1996).

In any event, in spite of the magnitude of different Community funded financial support systems for the integration of the CEEC's, it is realised by the Economic and Social Committee of the EU (ESC) that the funding estimates contained in the "Agenda 2000" are inadequate since they are inspired by the present climate of austerity and by the resistance of member states against an increase of the Community budget. The Committee, therefore shares the position of the Commission that "*considerable funds from national as well as from international sources, in particular from private sources, have to be mobilised...".*
(ESC, 25.3.98). In the light of the deliberations of an ESC Conference in Brussels on 13-14.7.1998 the ESC has taken up this earlier suggestion and has urged that "*new instruments should also be developed on an ongoing basis under Phare and the various funds to improve the effectiveness of support. Effective co-ordination between different funding instruments must be ensured from the outset."* (CES/98/91 15.7.98)

2. Experiences from earlier enlargements rounds

Among the various examples outlining experiences from earlier enlargement rounds, there are two which *strictu sensu* do not belong in this category, since they have not undergone formal accession negotiations, i.e. (a) East Germany and (c) Switzerland. And yet, they have been included into the general considerations because the processes of their integration into the EU structures include some interesting lessons for the Polish pre-accession strategy. The case of East Germany is perhaps the most telling 'case study' in this context, because its R&D system has been shaped, like the Polish R&D system, since 1949 as part of the 'international socialist division of labour' monitored by the Council for Mutual Economic Assistance (COMECON) in which Poland was one of the founding members. East Germany – the German Democratic Republic (GDR) – was accepted by COMECON in 1950.

(a) Experiences from East Germany

The former GDR, now the Eastern part of the Federal Republic of Germany, is the only former COMECON member which has obtained by way of the German re-unification full membership status in the EU. The monetary union with West Germany took place on 1.7.1990 and the constitutional union with West Germany took place three months later, i.e. on 3.10.1990. Since the former GDR by vote of its parliament became a part of the Federal Republic, no formal accession negotiations were necessary.

Both parts of Germany were totally unprepared for this process, there was no ‘master plan’ at hand or a sort of ‘Agenda 2000’ which could have paved the way for the re-unification process.
In 1990, the German government had thought that the cost of integration could be financed through the privatisation of the East German industry which was thought to belong to the most modern and competitive industrial parts of the former COMECON. The contrary was true: After completion of the privatisation process, a public debt of about 200 Bill. DM (appr. 110 Bill.US-$) was left behind. As a consequence of the privatisation process, the ownership of the drastically reduced private sector is in practically all enterprises above the SME’s in West German or in the hands of foreign investors. Since simultaneously to the privatisation process the most important former GDR markets in Central and Eastern Europe and in the former Soviet Union broke down, and the Western markets did not wish to absorb any East German products with unknown products, the ‘home market’ in East Germany was within a few months invaded by West German and West European products which led to the acceleration of the *de facto* de-industrialisation of East Germany. As a consequence, the unemployment rate in East Germany is double as high as in West Germany. Since the annual economic growth rate consists in both parts of the country is presently appr. 2,5%, there is no chance within decades that the Eastern part of Germany will catch up with the Western ‘Länder’.
Simultaneously to the break down of the industrial system in East Germany, a similar break-down of the RTD base had to be witnessed.
The former Academy of Sciences of the GDR has been dissolved and instead a number of public funded Max-Planck-Institutes, Fraunhofer Institutes and similar institutions have been created. All universities have been modelled around the West German university system. The industrial research linked with the GDR ‘Kombinats’ was scaled down to appr. 15% of its former R&D personnel, i.e. some 15.000 researchers usually working in SME’s, whereas most of the West German industrial researchers are employed by large companies. The new investors from West Germany or from OECD countries did not see any need for their new acquisition to have their own R&D laboratories, since all the necessary product and process innovations could be provided without any extra cost from the parent company.
Michael Kaser of Oxford has figured out, that ‘to close the gap’ within Germany, the average Western *land* resident has paid since 1990 more than DM 3.000 annually to the average Eastern *land* resident and that the average eastern *land* resident has received DM 13,000 annually. (Kaser, ECE Economic Survey of Europe, 1998 No.2 p.130). In total, the annual West-East German transfer equals the amount of the total annual EU budget, i.e. 150 Bill. DM. For Poland with a population three times larger than East Germany, this would equal an annual transfer of 3 entire EU budgets.... (ECE 98 Vol.2. p.111).

The following lessons may be drawn from the East German example:

- The East German companies were in 1990 immediately and without any transition period absorbed into a market economy and into the €U, having a complete set of laws and practises applicable forthwith.
- Not only were they precluded from the devaluation which the Central and Eastern European states undertook, thereby enhancing competitiveness, but they encountered greater competition by reason of currency appreciation.
- The rise in labour costs was the greater because of the application of social charges which seems to be the most important problem.

Against this extreme example, Poland is facing in many ways a different situation although some similarities cannot be overlooked. The main lesson may be the fact that enormous money transfers, as in the case between West and East Germany, may safeguard social peace, but they cannot assure investments nor can they assure international competitiveness. Another important experience in the East German example is furthermore the fact, that an ‘Knowledge system’, i.e. the interaction of public and privately funded R&D institutes including the university system, cannot be kept alive without a functioning demand driven productive sector.

The integration of the former GDR into the EU system has certainly – though in a relatively modest way - facilitated the internationalisation of the economy and of the R&D function, but most of the EU R&D mechanisms could not be properly used because of the lacking equivalent R&D infrastructure in East Germany and many of the EU Co-financing instruments could not be used either because of the lack of ‘matching funds’. The same phenomenon of a lacking absorption capacity in countries with transition economies can presently be observed by the similar incapability of the CEEC’s to use all the PHARE funds put at their disposal. As a consequence, the EP has reduced the EU PHARE fund allocation by 400 Mill. ECU. (FAZ 21.10.98).

(b) Experiences from the Nordic countries

For the Nordic countries, as for any of the other nine West European countries which have joined subsequently the European Community since 1958, it was not necessary to draw-up a special “Agenda 2000” since these countries belonged to the “Western system” with similar value systems possessing similar legislative rules. Furthermore, these countries were part of the European Economic Agreement which allowed, *inter alia,* the free movements of goods between the EC and EFTA countries. The difficulty was thus not the acceptance of the ‘Acquis Communitaire’, but rather the acceptance by the population of rendering national sovereignty rights against an increasing regulatory weight to be exercised by the Commission. For the equally important questions of neutrality in the case of Austria, Finland and Sweden, a constitutionally acceptable formula have been found.

After Denmark’s joining the European Community as early as 1973, it took more than another two decades for Finland and Sweden to join – and already in a second attempt – for Norway to stay out. Finland, Norway and Sweden have put the question of EU membership before a referendum.

Finland and Sweden have voted in favour of a €U-membership, Norway has – for the second time – voted against a €U-membership.

The outcome of the referenda in Finland and Sweden have shown in spite of the majority votes (56,9% of the Finns and 52,3 % of the Swedes said yes) that their geographic distribution suggests that both countries were severely split on the issue. In Sweden and in Finland the yes votes were heavily concentrated in the urban centers.

In the case of Norway, the majority of the population seemed to have felt, that EU Membership would to a certain extent have meant a sharing of the North Sea oil revenues and that in any event, the country would have the potential under the umbrella of the EEA for free riding on European solutions without the obligations stemming from a formal membership. As the ongoing discussion on a new membership quota system distribution in the European Council shows indeed, that membership in the EU is more costly to the richer countries. In any event, the export of Norway to the EU countries amounted in the years of the referendum to 67%. It has not declined since.

(c) Experiences from Austria and Switzerland

Whilst considering the advantages and disadvantages of EU membership, Austria and Switzerland as all other EFTA members had basically three options:

(1) “They could stay with their strategy of nonmembership while continuing bilateral and group efforts to integrate their economies further with the EU.

(2) The second option was full membership. It would fully and completely integrate the EFTA economies into the European Union, enabling them to reap all the benefits available under

existing policies and giving them a full voice in future policy making, but it would obligate them to share the burden of financing the EU's programs.

(3) An intermediate position between 'nonmembership' and 'full membership' was available in the European Economic Area. The EEA was a compromise solution, advanced by the EU after earlier attempts to form a customs union between the two blocs had failed. The EEA would give EFTA countries access to the EU market without requiring them to adopt the Common Agricultural Policy and a variety of fiscal burdens. It would, however, require new members to accept existing EU rules and procedures covering a wide range of policy areas – the so-called *Acquis Communitaire.* (Arndt).

As it is known, Austria has joined the EU after having put the decision through a referendum ***(67% of the voters opted in favour and 33% against an Austrian EU membership)***, whereas Switzerland could not get the support from its constituencies for any formal arrangements with the EU.

In hindsight, *Kramer* reports on the Austrian Experiences with EU Accession: *"Austria's decision, in the year 1989, to apply for EC membership did not come from general or external policy considerations but from mere economic interest. The EC plan to complete the internal market by 1992, would have meant an automatic deterioration for outsiders, even those linked to the internal market by a free trade zone. In a realistic perspective, membership could not to be expected to offer immediate advantages compared to the status-quo, but rather avoiding possible future disadvantages. In contrast to arguments brought forward in the referendum campaign for EC accession in 1994, the short term effects of membership caused some adverse effects during an adaptation period. Between 1995 and 1997, the growth of the Austrian economy and the labour market developments fell behind those of the EC average. Presently recovering from that, the competitiveness of important sectors of the economy now seems strengthened and the integration of Austrian policy strategies into the framework of EC policy is successfully under way."*

As it is known, Austria has joined the EU and became a full member in 1995, The Swiss Government, favouring also full membership, was unable to set the pre-accession in motion because of lack of public support. Instead, the Swiss Government and the European Union have signed, end of February 1999 in Bern, a series of bilateral agreements and treaties which govern on seven selected areas the relations between Switzerland and the EU in detail.

(d) Experiences from the other countries in earlier rounds

Ø Only two cases are known in which adherent countries have been able to negotiate special conditions for their €U membership, i.e. the UK and Denmark. As far as the U.K. is concerned, not only a reduced membership contribution was negotiated, but furthermore the so-called 'social protocol' of the €U was excluded. Incidentally, on initiative of the Labour Government, the UK has announced in 1998 to accede to the Social Charter of the EU and to accept the Directives that had already been agreed under the Maastricht Social Agreement.

In the case of Denmark, reservations were filed, and accepted by the €U, on four grounds:

1. Denmark would not join the West European Union (WEU), but will only have an observer status.
2. Denmark will not be obliged to join the EMU
3. Denmark will not accept for its citizens a "European citizenship"
4. Denmark will continue to have sit own regulation on Asylum.

Pedersen states against this background, that in particular the concern over a possible fall-out from the Danish 'opt-outs' agreed in Edinburgh was echoed by the majority of the European Parliament which in its decision on enlargement of 15 July 1993 'stress once more that all applicant states must accept ***l'acquis communitaire'*** including the Treaty on the EU and the goal of further integration and insists that the applicants not be granted further concessions like the ones granted to the UK and Denmark' (EP decision B3-1017, 1018 and 1043/1993). This position of the EP is of importance since the EP has a right of veto over new accessions.

The agreement reached in Edinburgh on the terms of Denmark's participation in the Union could be argued to contain some '*variable geometry*' elements which might theoretically be used by applicant states in their negotiations with the Union. There was a clear risk that the Danish model might create a precedent. The Commission therefore went to great lengths to stress the principle that new members states could only obtain temporary derogations from Union rules or transitional arrangements. Thus, in the Commission's opinion on Norway there is a reference to the statement by the 'President in Office' of the Council of Ministers at the ministerial meeting opening the conference on the accession of Austria, Sweden and Finland to the Union on 1. February 1993. It said that 'the acceptance of the rights and obligations by a new member state may give rise to technical adjustments, and exceptionally to temporary (not permanent) derogations and transitional arrangements to be defined during the accession negotiations, but in no way involve amendments of Community rules' (Com (93) 485 final p.2). In other words, the message was, that the Danish opt-outs had changed nothing in the Union's enlargement policy. When asked to explain why new member states should not expect the same favourable treatment as Denmark, EC negotiators referred to the goodwill and credit which 'old' member states automatically accumulate over the years. Much to their regret the Danish opponents of the Maastricht Treaty may well have made enlargement more difficult. To the extent that the first Danish 'no' (and the sizeable 'no' vote in the second referendum) had any effect on the enlargement process, the effect was probably mainly to harden the position of those in the Union who all along have been sceptical about speedy enlargement. To them Denmark's behaviour was but a symptom of the inherent problems involved in admitting small states with neutralist traditions as members of the Union." (Pedersen p.136)

- In view of the experience gained by present EU-15 countries whilst negotiating their membership with the EU, the Economic and Social Council (ESC) has recently urged the Commission to implement the reinforced pre-accession strategy "across a broad front by including the economic and social players in the EU Member States in this process, as well as encouraging the applicant countries to develop similar arrangements. The governments should take into account the views of business, wage earners, farmers, consumers and other important social interest groups by stimulating appropriate dialogue between these actors and by engaging in consultation processes with them, noting in particular the need to involve women in all levels of these discussions.

  These groups should be involved in the preparations for enlargement at both national and international levels. The success of the enlargement process will be increased considerably if these groups are consulted on the pre-accession strategy, the content, establishment and follow-up of pre-accession partnership programmes and the associated running and implementation of the Phare programme."(CES/98/91, 17.7.98)

3. Positive and negative arguments on enlargement
(a) within the current EU-15 membership

The main interest of the public opinion on €U affairs seems at present not to be oriented towards the enlargement by the CEEC's, but its attention is rather focused on the march towards the EURO, the battle against unemployment and organised crime, as well as on inability of the Union to defend peace in former Yugoslavia. If the 'Agenda 2000" catches some public attention at all, it is on the Chapter 'Agriculture' which is fiercely resisted by the powerful West European Agricultural Lobby.

In order to bargain for guarantees on secured further payments during the period 2000-2006 from the €U Cohesion funds, the Spanish Government is threatening not to vote for the Fifth RTD'Framework'. Because of the Spanish 'Veto' EU Council and EU Commission have been so far unable, to reach agreement on the budgetary allocation for the Fifth RTD Framework. The next negotiation round on this issue will be in 10.11.1998. ***A proposal has been made within the EP to obtain the Spanish support for the Framework budget in splitting the period of five years into two phases, i.e. provisionally into one year and four years. During this one year, it is hoped, sufficient guarantees can be elaborated, allowing Spain to lift its 'Veto' which is seen by some other EU-15 countries as a sort of 'hostage position'. It is to be feared that other EU-15 countries, like for instance Portugal and Greece, will also prepare bargaining positions.***

(b) within Poland and within the other applicant countries

- The citizens in the CEEC's are generally concerned about a potential sell-off of their economies to investors from the West. It is reported from opinion polls in Poland that only 28% of the population would favour the countries EU membership if that would entail that foreigners (or for that matter Polish citizens living abroad) to buy houses and real estate without restriction (Lamentowicz 1994).
- €U full membership is seen as a crucial element in the modernisation of CEEC economies. While EEA membership would provide much the same market access as full €U membership, the CEEC's consider that only full membership will reassure foreign investors that Central and Eastern Europe is a safe place to put their money. Political motives are equally important. The goal of membership in the European Union has an important symbolic value as an expression of the European identity of these countries. Security considerations in particular of those countries which may – for the time being - not be eligible for NATO membership have added to the urgency of closer links with the Union.(Pedersen)

4. Pre-accession strategies used by other applicant countries from Central and Eastern Europe

a.) Negotiation teams

Whereas it is customary that the pre-accession negotiations are being conducted by government representatives, the Hungarian government has set up different expert commissions to prepare positions for the government. After approval by the Hungarian government the expert teams are expected to be part of the official negotiation process. (Endres)

Hungary is also sending teams of high officials from various Hungarian Ministries to meet their counterparts in €U-15 countries. The intention is to discuss informally the various 'Agenda 2000' dossiers with colleagues from West European countries and to benefit in particular from the pre-accession experience of those countries which have recently joined the €U.

Another important instrument to gain such experience is the participation in meetings specially set up for personal encounters between members of Parliament including members of the EP. The political party fractions are also a fertile ground for the debate of pre-accession issues.

The European Commission is encouraging the exchange of officials from applicant countries such as Poland with officials from EU Member States e.g. through the *'Karolus', 'Mattheus' and 'Fiscalis'* programmes. (ip/98/81, 26.1.98)

Austria has consistently attached junior experts to all stages of the internal Austrian preparations as well as to all stages of the negotiations with the EU in order to have a large

pool of promising experts from all straits of professional backgrounds trained for future assignments on European Affairs either in the national administration or at the Commission. Some high-level Austrian officials have been assigned to the Austrian Permanent delegation to the EU and thus been systematically prepared for their present positions in the EU Commission.
The Polish delegation could suggest during the pre-accession negotiations that Polish officials and Polish junior experts ('intern's') should already now be admitted to spend a certain time with the Commission. The same will be true for the assistants to MEP's. The Polish government may furthermore be well advised to build-up a pool of international experts for the service in the UN system, OECD, Council of Europe as well as the EU.

e.) Collective bargaining by the CEEC's applicant countries?

- At the Luxemburg European Council in December 1997 it was decided to launch *separate* accession negotiations with each of the candidate countries of the 'first wave', i.e.Poland, Hungary, the Czech Republic, Estonia, Slovenia and Cyprus. It is foreseen to prepare a "Road Map" for each candidate country, focussed on its specific needs, taking account of progress made so far, vulnerabilities of particular sectors and problem areas. (ip/98/81, 26.1.98)

- The Economic and Social Committee (ESC) in its Conference on the "Reinforced Pre-Accession Strategy" on 13-14.7.1998 has urged the CEEC's to make efforts "*to ensure that economic, social, cultural and political contacts between the applicant countries do not break down but instead become stronger. The Conference participants proposed that the EU continue, by way of action programmes, to provide strong support for the development of trade and Cupertino between the applicant countries, especially in border regions and between neighbouring states."* (CES/98/91, 15.7.98)
- ***(NEW) Concertation within the 'Visegrad' group of countries***

In spite of a meeting on ministerial level attended by three of the original four founding members of the 'Visegrad group', namely Poland, Czech Republic on Hungary, which are also NATO candidates, it appears to be unlikely because of marked differences in substance and strategy that the countries concerned will negotiate common positions vis-à-vis the EU as far as accession is concerned. The same can be said for the Baltic Republics.

c.) Privatisation and Foreign Direct Investment

"Increasing competition in the EU single market reinforces the pressure to relocate production within Europe. Opening up in Eastern Europe comes just at the right time, in the sense that EU firms reconsidering their choice of major production locations in Europe are increasingly taking into account Eastern Europe, which could attract high FDI inflows in the future." *(Welfens).* In similar terms argues *Inotai* when he says that West European investors moving into the CEEC's would without such an option not necessarily invest instead in Western Europe but rather in other growth areas outside Europe.
"The biggest problem for privatisation for countries in Central and Eastern Europe, (like Poland), is that the initial structure of many industries is characterised by monopoly or tight monopoly, so that simple privatisation existing big firms is itself insufficient to create private business competition. Without competition policy, private monopolies will lead to all sort of inefficiencies, which in the tradable sector could only be somewhat remedied by progressively freer import competition..." Welfens p.248

ECE No.2 p.41 experiences

One of the side effects of the Russian Economic crisis will be the fact that higher attention for possible foreign investors will be given in particular to the three NATO candidate countries in Central Europe, i.e. Hungary, Poland and the Czech Republic.

Hungary seems to have achieved the highest degree of transformation its economy. Privatisation seems almost to be completed. The Hungarian government seems to wish to keep, however, some strategic ownership shares at the Airline Malev and at the energy company MOL. The Hungarian example demonstrates the importance of the modernisation of the economy through direct foreign investment in both the banking sector and in industry.

Poland appears to be also in a comfortable position. The government seems to be ready to privatise until the year 2001 the government-held shares in some 1.000 enterprises, beginning with the Bank Pekao and with the Polish Telecom, oil-manufacturing companies and the LOT airlines. The privatisation of the Mining industry and the Iron and Steel industry is expected to lead to some painful restructurings.

The economy of the *Czech Republic* which in the early years of the reforms, was seen as the leading country in the transformation process, has lost considerable ground: The Budgetary constraint policy has brought the economic growth to almost zero. The income in real terms is going down, whereas the rate of unemployment is raising and at present higher than in Hungary and in Poland. *(Ludmila Rakusan, 10.10.98)*

The different pattern of privatisation in the Visegrad countries should be studied in more detail in order to draw some conclusions for the future Polish strategy. It appears for example, that Hungary is the only EU candidate country which enjoys a favourable trade balance with the EU. *Inotai* reports that e.g. in 1996 Hungarian companies totally or partially owned by foreigners contributed well over 70% to the Hungarian exports.

d.) Right to establish subsidiaries

The Czech Prime Minister, Mr. Zeman, has stated in a radio interview on 12.10.1998 that he wishes to concert closely the negotiation position of his country on sensitive issues such as article ***52*** of the Maastricht treaty concerning the right of EU ***citizens to establish subsidiaries in the CEEC's.***

f.) NEW Right of Free Movement of the Labour Force

Piotr Nowina-Konopka, Secretary of State, Office of the Committee for European Integration, has declared at an International 'Enlargement Forum' in Berlin on 23.10.1998, that according to him the mounting resistance in the EU-15 countries against the free movement of the labour force from the CEEC's (Art. 48 Maastricht) is one of the most serious obstacles.

Part II. Existing Experiences in Accession Negotiations – The role of RTD

1. The gradual evolution of RTD in the EU activities

In the Treaty of Rome, Science and Technology was not a major issue. Provision for promoting technical and economic research in reference to coal and steel was made in article 55 of the ECSC Treaty (European Coal and Steel Community). The EURATOM Treaty refer to the promotion of nuclear research in Member States (Article 4 of the EAEC Treaty) and, lastly, the Treaty establishing the European Economic Community provides for the use of research establishing the EEC for use of research to increase agricultural productivity (Article 41 of the Treaty of Rome). During the 1960s, mainly through the efforts of the OECD, the first comparative studies on the investment in science and technology have been published and the notion of 'Science and technology policy' was introduced on the national and multilateral level. It is of interest to recall, that the first multilateral funding for RTD was initiated, as today, against a felt threat from outside the EU: In the late 1960s, it was the notion to narrow through collective R+D efforts by the Member States of the European Community the so-called 'gaps in technology' (*"Le défi americain")* which ultimately led the Summit of Heads of State and Government in Paris in October 1972 to enlarge the Community responsibility to the fields of *the environment, the regions, social policy, industrial policy, energy, science, technology and education.* Today, a quarter of a century later, it is again a felt threat from outside the EU, this time under the label of 'globalisation', which influences the EU efforts on RTD within the sequence of "Framework" programmes.

As late as 1983 an effort was made to group all existing EC research programmes with their separate budgets and to present the sum of these widespread activities as the "First Framework Programme" (1984-1987) with a budget at that time of 3,75 Bill. ECU. Subsequent 'Framework Programmes' (II:, III:, IV:, V:,) have demonstrated the efficacy of such comprehensive Programmes as a means of planning over several years.

2. The role of RTD in earlier enlargement rounds

In all previous €U enlargement rounds, STD played no particular role since the candidate countries were more or less on the same scientific and technological level. All countries of this category have joined in the 1960s the OECD and were thus exposed to the same Science and Technology policy concepts which were developed by the OECD in partnership with West European countries, the USA and Japan.

3. The 'pre-accession' participation of candidate countries in EU RTD programmes

In all earlier accession rounds, the candidate countries have been able to participate actively in all RTD programmes of the EU prior to their obtaining full membership: Already in 1971, the 'European cooperation in the field of science and technology' (COST), has become for 19 (West-) European countries a favoured framework for scientific and technical cooperation in which to carry out *à la carte* research projects on the basis of multilateral participation.; it has also enabled non-Community countries in Europe to take part in Community programmes in the form of basic or pre-competitive research or activities in the public interest. COST as a loose institutional framework for the execution of intergovernmental programmes, was complemented in 1985 by a similar flexible mechanism allowing for the cooperation also with partners from the private sector, i.e. EUREKA.

An analysis of the participation by countries in COST projects published by the Commission shows that the active involvement of the West European countries had less to do with the EU membership status and with the size of a country, but more with the degree of industrialisation: Participating EC Member States, such as United Kingdom (28), Netherlands (27), France (25), Denmark (25), Germany (22) had almost the same distribution as non-EC Member States, such as Finland (27), Sweden (26) and Switzerland (18). EC Member States with a relatively weak scientific and technological infrastructure, such as Portugal (6) or Greece (0) were insignificantly or not at all involved.

Although non-EU countries can participate in most EU RTD programmes, it is worthwhile to note that they are not able to participate in the *"Scientific and Technical Research Committee"* (CREST), made up of national representatives which have the task of co-ordinating national and Community actions and which is also functioning as a 'hinge' between the Council and the Commission, standing in an advisory capacity to both institutions. Similarly, representatives of non-Member States of the EU have also no seat in the *"Industrial Research and Development Advisory Committee"* (IRDAC). The 16 members of IRDAC are independent experts chosen by the Commission for their ability and experience in the field of industrial research and development.

If one compares the marked differences in the degree of participation within the group of EU-Member States and non-Member States in the above mentioned example of COST we find similar variations within the CEEC's in the degree of their participation in the 4th Framework Programme: The 10 CEEC's have in the reference years 1995 and 1996 submitted together 601 (1995) and 224 (1996) requests for participation. In both years nearly half of the requests came from Poland and Hungary alone: Poland 1995 (145) and 1996 (57), Hungary 1995 (145) and 1996 (53). The 'success rate' has been for Poland in both years 28% and in the case of Hungary for 1995 22% and for 1996 34%.
In the year 1995 the 5 CEEC's, admitted for accession negotiations in the first round, accounted for 80% of the 'Framework' requests and in the years 1996 for 88%. This result suggests a strong correlation between the degree of fulfilling the EU membership criteria on one side and the ability to participate in EU RTD programmes. (C. Tannert MEP)

4. Main differences of the role of RTD in earlier enlargement rounds and in the current Eastern enlargement

This offers perhaps one of the explanations why in sharp contrast to the great attention on the economies in transition which is mainly concerned which the issues of macroeconomic stabilisation and privatisation state owned enterprise, the complex issue concerning the transition of the scientific research and development sector of the CEE's does not seem to be equally in the centre of political preoccupations.

5. RTD in the "Agenda 2000"

- There are all-together 29 chapters to be regularly 'screened' by the Commission as part of the analytical examination of the *'Acquis'*: Chapter 17 is dealing specifically with *"Science and Research"*, and at least 12 other chapters are directly or indirectly related to these issues: *"Common agricultural policy" (7), "Energy" (14), "Industrial Policy" (15), "Small and medium-sized Enterprises (16), "Education and Training (18), "Telecommunications" (19), "Culture and audio-visual policy" (20), "Regional policy" (21), Environment (22), "External Relations" (27) and "Common foreign and security policy" (27).* One quotation may illustrate the need to use RTD as a leverage for sectoral leverage in the pre-accession process: *"In Poland, where for a very long time agriculture had very little access to the findings of scientific research, the transition to a market economy has made clearly evident the need for economic related scientific knowledge."* (Chapter 'Agriculture and Rural Areas, in: Friedrich-Ebert-Foundation, Accession or Integration?, op.cit.).

The compulsory Annual 'Screening' introduced as part of the 'Agenda 2000' concept by the €U would be facilitated, if Poland and the other CEEC's would adjust their own national industrial and R&D concepts to the above mentioned Community priority areas. *Moussis* correctly stresses the fact that the common €U policies "already have the upper hand" over national policies in many fields: Trade, Competition, Agriculture and Fisheries. In many other fields Community policies provide already the framework for national policies, e.g. monetary, economic, social, regional, environmental, RTD. The constant evolution in Community policies implies that several of them are tending to become common policies, i.e. policies gradually substituting national policies.

Another important observation has to be made in the context of "RTD" and the "Screening exercise": The fact that the Commission in its *"Opinion on Poland's Application for Membership of the European Union" ('Avis')* has stated in the Concluding Remarks concerning the Chapter "Research and Technological Development" on page 54: *"In the perspective of accession no major problems are expected in this field. Accession would be of mutual benefit."* should by no means to be construed that the field of RTD needs no special attention. It should be recalled that the main objective of the screening exercise of the

Commission is to explain Community law and make it easier to incorporate it into national law; this should speed up the preparations of the candidate countries for membership. The screening should also give the countries concerned the opportunity to update the Commission on progress in adopting and implementing Community law. (EU MEMO/98/60, 29.7.98). The actual restructuring of the Polish RTD sector and its adjustment to the needs of post-industrial societies is not – and cannot be – part of the formal 'screening' exercise.

6. Identification of RTD issues to be examined during study tours

Since, as already said, the RTD dimension was no issue in earlier EU enlargement rounds, Polish fact finding missions may be inspired by those EU-15 countries which are late-comers and have still not yet a competitive R&D system (Spain, Portugal, Greece and to a certain extent Ireland) seeking information how they used their EU membership in order to strengthen their RTD infrastructure. Of course, the same questions can also be asked to EU Member States from the last enlargement round, i.e. Austria, Finland and Sweden. In any event, EU-15 countries which entertain close bilateral relations with Poland in general and with the Polish RTD community in particular, may prove to be valuable sources of informal information during the pre-accession phase. Issues to be examined could include the following issues:

- Degree of participation in EU programmes prior to accession?
- Experience sharing in the adjustment of the RTD infrastructure in order to meet the challenges of increased international competition.
- Experience sharing in the public administration of RTD
- Experience in the RTD cooperation with the private sector
- Experience in the participation of international R&D networks
- Experience in utilising international funding sources for RTD (EIB, EBRD, World Bank, EU cohesion funds, EU Agricultural Fund et al.)
- Linking of S&T data banks
- Possibility for staff exchange in the public administration in charge of RTD, traineeships etc.
- Experience sharing in the creation of scientific and technological 'Centres of Excellence'

7. Lessons to be learned for Poland

(a) Poland's RTD priority setting in the wider European context

Poland and the other CEEC's aspiring for €U membership, are well advised to adopt in their pre-accession strategy the priorities which have been defined for the €U by the current (West) European members. It is a blend of RTD issues *strictu sensu* and of strategic policy issues in which RTD plays a key role, e.g. in the fields of *Environment, Energy, Agriculture, Transport, Information and Telecommunication, Industry with particular relevance to SME's and to the Craft sector.* The Commission is linking these issues with the objectives and policies of its competition policy. Furthermore, to improve the competitiveness of European industry, the Commission advocates developing 'benchmarking' as a tool for regular comparison and evaluating of Union competitiveness against best world practise, a method endorsed by the Dublin European Council. This 'benchmarking' exercise was used for the first time in international relations by the OECD in 1966 when the Council of Ministers commissioned the undertaking of a series of 9 in-depth sectoral studies on the 'gaps in technology'. Poland may wish to undertake the same 'benchmarking' as a matter of urgency in order to analyse the country's international competitiveness, sector by sector, and to define the country's future R&D strategy, which can be to a certain extent inspired by the EU 'Framework' orientation but which will certainly in many ways differ because of Poland's national interests.

(b.) Shifting of Poland's RTD orientations towards the EU's 'Framework V

With particular reference to RTD, the Commission has adjusted the priorities of the Fifth framework for RTD programmes (1998-2002), to meet the changing major industrial and societal needs. 'Framework V' reflects a shift in the €U policy orientation on RTD: Whereas the earlier ‘Framework’ Programs have had as main targets the promotion of key technologies, the next ‘Framework’ is attempting to be more ‘solution-oriented.’

(c.) Linkage of RTD with HRD

“Best practise” experiences also demonstrate that RTD policies can only be effective if they are closely linked with the equivalent Human Resource Development.

(d.) Interaction of RTD with the privatisation process and FDI

Interaction between RTD on one side and the privatisation process including FDI, competition policy and capital market policy on the other.

(d.) (NEW) RTD and the Agricultural sector

The integration of the Agricultural sector of the CEEC’s will belong to the most difficult tasks of the Eastern enlargement. The agricultural land of the EU will be enlarged by 50% through the admittance of the Central and East European applicant countries. It is felt by the Commission that the lack of capital is one of the reasons that the agricultural sector of the CEEC’s has at present only 11% of the average productivity of the EU-15. Therefore, the Polish delegation may wish to state its readiness to introduce after the start of accession negotiations a massive campaign to modernise the Polish agricultural sector through higher application of the results of R&D.

g.) Derogation requests

There will be derogation requests from both sides, i.e. from the EU as well as from individual applicant countries. For example, Hungary has already asked for derogations on the area of “Industrial Policies” (Chapter 15), the Czech Republic and Slovenia have requested to obtain derogations for the sector “Culture/Audio-visual Policy” (Chapter 20). Others, no doubt, will follow. The EU-15, on their side, will insist on transition periods, among other issues, on the free movement of labour and on the Agricultural sector.

7. Conclusions

Although neither the “Avis” of the Commission nor the result of the first ‘Screening’ of the Development in Poland in the period 1997/1998 has led to any negative observations on the field of RTD, this comfortable picture should not blurb the reality: Poland possesses at present by far not the necessary industrial RTD strength to compete successfully with its industrial competitors from the traditional OECD countries. An overall catching-up strategy for Poland, in which RTD plays the centre role, is thus of the outmost importance.

Part III

1. Timing: The next steps

- In its communication on the prospects of the EU in the twenty-first century, “Agenda 2000”, the Commission proposes that the cohesion effort attained in 1999 continues unchanged until at least the year 2006, but is concentrated on the least prosperous regions, so as to satisfy the needs of both the actual Member States and of the six States, including Poland, that it designates in the same document as ready for accession after 2002.
- Prime Minister Buzek during his meeting with €U President Santer on 14.10.1998 has once again underlined Poland’s interest to join the European Union *as soon as possible*.

- Ø The Commissioner in charge of External Relations, Hans van der Broek, has stated in October 1998, that in his assessment the first CEEC's cannot be expected to become full members of the EU before 2006.
- Ø The negotiations for accession will begin formally on 10.11.1998. ***To prepare for this first official negotiations meeting, on 29. October 1999, the EU-15 and the representatives from the applicant countries will already meet on the level of Ambassadors.*** They will begin the negotiations with ***seven*** of the non-controversial issues e.g. Telecommunications, audio-visual Media, SME's, RTD, education and training.. More complicated chapters, i.e. Agriculture, regional aids, mobility of workers, on which the 'Screening' has not yet started, will be taken up in 1999. ***It should be noted, however, that even when one of the so-called 'easy' chapters has been concluded, until the completion of the pre-accession process, at any time any of the chapters can be tabled again for further discussions, i.e. matters are being complicated for the applicant countries, because de facto the Commission has introduced a sort of "Moving target Agenda".***
- Ø The economic gaps between the new member states in Central and Eastern Europe are likely to persist for a considerable period of time. The September 1999 issue of *EU-Magazin* has elaborated that even under the assumption of an annual average growth in the CEEC's of 7% and an annual growth of 2% in Germany, it will take at least 25 years to reach the average per capita income in Germany.

  When trying to define realistic time-horizons for the catching-up process, it should be borne in mind, that considerable economic gaps do still exist not only between the €U-15 countries but also within individual Member States.

- Ø The Agricultural Unions in France, Germany and Poland, in a common Communiqué have stated early October 1998 that they claim special transition periods for the Agricultural Sector. For identical reasons, i.e. in order to guarantee in comparison with all other sectoral groups in East and West a reasonable income for the Agricultural Sector it is felt, that the expected convergence of the legal, taxation and social systems call also for a special transition period in the agricultural field.(FAZ 7.10.1998)

2. Summary

For two reason, one substantive and one formal reason, the experience from earlier enlargement rounds in the European Union can only partially applied to the next wave of countries applying for membership:

1. The substantive and the most important reason is, that all countries joining up till now have been market economies, furthermore their economies were even without the full membership in the EU for many years closely interlinked. In all fields relevant for a functioning market economy, the EU members have promoted multilaterally policies which were applied collectively or individually adjusted to the specific needs of a given country through their membership in the OECD, in which not only Western European countries, but also North America, Japan, Australia, New Zealand – and more recently Mexico and Korea are working together. From the applicant countries in Central and Eastern Europe, only the Czech Republic (1995), Hungary and Poland (both 1996) are full members of the OECD.

   When the EFTA countries joined in various stages the EU, they possessed already the same approach in economic policy and related sectoral policies in spite of still marked differences in the income level of the so-called 'Cohesion countries'.
2. There is also a distinct formal difference between the present enlargement process and all previous rounds: Earlier enlargement rounds have taken place rather on an ad hoc basis without an underlying strategic concept or a specifically conceived 'Pre-Accession Strategy'.

In the case of the CEEC's, the so-called 'Europe Agreements' have set the pace for progressive convergence with the rules and policies of the European Union. The implementation of the 'Europe Agreements' can be described as corner stones of the 'enhanced pre-accession strategy' launched by the European Council at the Luxembourg meeting in December 1997, in which all ten Europe Agreement signatories shall participate.

Against this context the CEEC's have simultaneously to continue the deep transformation of their economies and to adjust to the rules and regulations of the EU. It is for this reason, that the EU has transformed the original transformation aid PHARE in addition to its original role into an instrument to facilitate pre-accession. There are also now opportunities for the CEEC's to participate fully in EU Programmes originally designed exclusively for EU-15 Member State in the fields of Agriculture, TransEuropeanNetworks, Environment, RTD and others as well as under certain condition in the Cohesion Fund etc.

If there is one broad issue, in which the CEEC's encounter the same experiences as EU-15 members from earlier rounds, it is on the often very vocally articulated unease on the role of the Commission versus national identity interests. This feeling is widespread in the EU-15 countries and in particular in those EU members which have joined only recently. In the Summary of a recent publication by the Friedrich-Ebert-Stiftung it is said: *"Integration as accession is mainly the preserve of politicians. It is thanks to them that the profound notion of integration has taken on a banal meaning – as the speed and meticulousness with which we adjust to the standards sent to us from Brussels. And it may happen that one day this stereotype will be brought to life as "foreign dictate"...* We witness here the classical tension between national sovereignty and transnationality. EU Membership entails too many political constraints on national sovereignty to be attractive on its own right. It would be very dangerous if the EU would principally be seen as a centre of bloodless 'Eurocrats' and in the best of cases as an important funding source and not as an instrument to forge a collective European identity vis-à-vis the fast accelerating process of globalisation. To deal with these issues, 'the best practise' analysis of experience gained in Austria, Sweden and Finland, to name only the three most recent new Member States of the EU, may prove to be useful.

What may be misleading in this context, is the term 'Accession *negotiations*', since candidate member states cannot 'negotiate' in the usual legal meaning of this expression the terms of their membership but must accept the 'Acquis Communitaire' such as it is. In fact, Poland's application for admission to the EU already implies acceptance of the membership obligations set out in the 'Acquis Communitaire'. At most, Poland may wish to negotiate a delay before some specific membership requirements come into force.

In any event, fulfilment of the 'package' of formal and measurable criteria is an important pre-condition of the integration process, but it constitutes only one of its elements: It is necessary but not a sufficient condition of Poland's integration into the EU.

An ideal 'Pre-Accession' Strategy should therefore consist of several elements:

- Continuation of the transformation and modernisation of the economy in using *à la carte* 'best practise' elements from different models in the OECD world,
- Preparation in all segments of the economy the application of the 'Acquis Communitaire',
- Preparation of the economy to meet the challenge of EU and global competition forces *inter alia* through the development of a modern RTD concept.

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