Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 1365 (2004)[1]

Economic aspects of European Union enlargement: the crucial years ahead

Parliamentary Assembly

1. The Parliamentary Assembly welcomes the milestone decisions of the European Union ? via the Copenhagen Summit of December 2002 and the popular votes by accession countries ? to push forward with European Union enlargement to include twenty-five countries in 2004 and additional countries in 2007, as well as other countries for which accession is foreseen at a later stage. As 75 million people join the European Union in 2004 and many more in a few years? time, major political, economic and social challenges lie ahead for the whole of Europe.

2. The Assembly, building on the conclusions of the Seminar on Economic Aspects of European Union Enlargement: the Crucial Years Ahead, held in Budapest in September 2003 at the initiative of its Committee on Economic Affairs and Development, stresses the duty of national parliaments to serve as bridges between European citizens and executive institutions in ensuring that all parties are duly informed, expectations conveyed, problems identified and contributions taken into account in a timely and efficient manner

3. While the long-term perspective of successive European Union enlargements holds the promise of enhanced prosperity for the countries concerned, one of the major immediate consequences of this process will be much greater social and economic divergence in the European Union. If this welfare divide is not bridged successfully over the years to come, social frustration could set in across the enlarged European Union and leave the greater Europe weaker and more divided.

4. Given its pan-European membership, the Council of Europe has a unique role to play in ensuring that this does not result in a two-tier Europe, but that all countries remain committed to the development of one Europe. The Organisation should therefore work towards reducing social and economic disparities among its member states via, for instance, the application of its Revised European Social Charter and through the encouragement of ongoing economic reforms, especially those relating to job creation, adjustments to pension and health care systems, harmonisation of work legislation and intra-European migratory flows.

5. The Assembly pays tribute to the strides in development reached by the European Union accession countries and believes that their positive social contribution will translate into a new economic dynamism in the enlarged European Union. It points to the special difficulties arising from the European Union?s present Common Agricultural Policy (CAP) which, in the current context, has ceased to be either rational or fair. The current enlargement should be used as a catalyst for a long overdue reform of the CAP, not least as a part of the EU?s moral obligation with regard to the developing world. Apart from the need for CAP reform to proceed more vigorously and for accession countries to adjust to the competitive pressure from the other member states of the EU, additional efforts will have to be made to encourage and assist structural changes in the new member states in order to turn farmers into entrepreneurs.

6. Solidarity mechanisms will have to be strengthened not only within the enlarged European Union, but also across the continent for a truly inclusive Europe. The Assembly will continue to play a key role in fostering dialogue and promoting core Council of Europe values among its member states with a view to ensuring fair exchanges between countries inside and outside the EU and a ?win-win? situation for all, including for

1. Assembly debate on 30 January 2004 (8th Sitting) (seeDoc.10012, report of the Committee on Economic Affairs and Development, rapporteur: Mr Severin). Text adopted by the Assembly on 30 January 2004 (8th Sitting).

countries which either cannot join, or do not wish to join, the European Union. Membership in the EU should not be seen as an aim in itself and other mechanisms of economic co-operation between European states should be strengthened, such as through the European Economic Area agreements or the ?Wider Europe ? Neighbourhood? partnership recently proposed by the European Commission.

7. The enlarged European Union will constitute a common market with over 450 million consumers and twenty-five economies with a combined GDP of ?10 000 billion ? larger than that of the United States and amounting to a quarter of the world?s GDP. The enlargement process will itself cost around ?41 billion between 2004 and 2006, mainly in structural funds to the accession countries. However, against the background of the current slow economic growth in western Europe, especially in the major Economic and Monetary Union (EMU) area countries and its impact on the economies of central and eastern Europe, fiscal discipline and solidarity need to be strengthened overall and the capacity to absorb funds bolstered, in particular in the accession countries. The Assembly notes with satisfaction the fruitful partnership between the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development and the Council of Europe Development Bank in boosting investment volumes, not only in the accession countries but in the whole of Europe.

8. Special attention has to be given to tackling persisting fears among some Europeans that labour migration could have a destabilising effect in the enlarged European Union by causing an influx of workers into the wealthier countries of western Europe, where wages and salaries are relatively higher, and a ?brain drain? of high-skilled labour from the accession countries. The Assembly believes that, while the estimated costs of European Union enlargement should not be overlooked, they must be measured against the benefits arising from the new trading opportunities via a larger common market, increased mobility of the work force in the context of population ageing and greater international competitiveness of the European Union. Council of Europe member states should therefore work together to seek a general rise of employment rates and specific solutions, by encouraging particularly highly-skilled workers to remain in their own countries where they can make valuable contributions to post-enlargement development.

9. The larger the European Union becomes, the greater will be the need for integration and unity among its constituent countries and regions. As negotiations on the future constitution of the European Union enter a crucial final phase, concerns over the complexity of post-enlargement tasks should be duly taken into account. The appointment of a European commissioner to handle post-enlargement issues could provide added stability, co-ordination and focus in this regard, as well as facilitate the integration of new member states.

10. Despite their bold steps in the economic, administrative and legal fields, the ten new member countries have yet to eliminate numerous shortcomings and weaknesses in their governance, including countering economic crime, strengthening judiciaries and overcoming difficulties in law enforcement. Corruption and nepotism must be relentlessly purged until rooted out by all countries in Europe.

11. Bearing in mind the above, the Assembly calls on the member countries of the European Union, the accession countries, the other candidate countries and the countries participating in the Stabilisation and Association Process:

11.1. to proceed more swiftly with the reform of the CAP in order to reduce the burden of agricultural subsidies ? on the general European Union budget and on consumers in European Union countries and beyond ? and to open up their markets in favour of a more equitable trade partnership with non-European Union countries, especially from the developing world;

11.2. to pursue pension reform or adjustment in view of population ageing and long-term societal needs;

11.3. to reinforce information links with citizens with a view to enhancing the transparency of European institutions, mustering public support for long-term development projects and fostering European ideals and sentiments;

11.4. to consider entrusting a European Union commissioner with the responsibility for post-enlargement management;

11.5. to provide fiscal incentives for life-long learning and to raise public awareness of the positive impact of labour migration within Europe;

11.6. to continue lowering budget deficits, pursue efforts towards a gradual convergence of fiscal policies, and foster economic and financial policy co-ordination among the member states of the Economic and Monetary Union;

11.7. to work in favour of more efficient and interconnected transport links;

11.8. to adjust tax policies and other fiscal instruments in ways that foster investment in Europe as opposed to the outsourcing of activities outside the continent;

11.9. to devise policies favouring the expansion of long-term micro-loan financing, particularly for small and medium-sized businesses;

11.10. to work in favour of a speedy accession by the European Union to the Council of Europe?s Civil Law Convention on Corruption (ETS No. 173) and Criminal Law Convention on Corruption (ETS No. 174) and the European Union?s becoming a party to the Council of Europe?s (GRECO Group of States against Corruption Partial Agreement); xi. to maintain the budget of the European Union at the level of 1.24% of European Union GDP for future budgetary periods. This will strengthen the cohesion of the member countries, the accession countries and also the future accession countries of the European Union. The consequences of a reduction in the European Union budget will be a slower convergence of richer and poorer European Union states.