

# ***ENLARGEMENT***

## **Chapter Fifteen**

### INTRODUCTION

Following the complete collapse of the Soviet empire in the late 1980s, the countries of Central and Eastern Europe (CEEC) were faced with the enormous task of reassessing their futures and restructuring their political and economic systems. The European Community responded almost immediately to the challenge with the creation, in 1989, of the Phare programme of technical assistance. This was followed by a commitment, made in 1993 at the Copenhagen European Council, that the CEEC could become members of the Community as soon as they were able “to assume the obligations of membership by satisfying the economic and political conditions”.

The same Council said that membership requires:

- that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for the protection of minorities;
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

*Copenhagen  
conditions for  
EU membership*

Thereafter, with all the CEEC, including the Baltic states, declaring their interest in membership, the EU had to decide how best to manage the integration process. The Essen European Council, in 1994, reconfirmed the willingness of the EU to enlarge itself eastwards and outlined a three part strategy to prepare the applicant countries for accession. One part was to transform the Phare programme into an instrument dedicated to this pre-accession strategy. A second element was the development of wide-ranging association agreements - called Europe Agreements - with each of the CEEC. These allowed the Community to offer trade concessions and other benefits, and at the same time develop a much deeper dialogue with each country. The third part of the strategy - the Structured Dialogue - was to invite the CEEC ministers to meet regularly with their EU counterparts.

In the mid-1990s, the Commission put forward a white paper signalling the extent of the single market legislation that the CEEC would have to take on board, and some indication of priorities. The paper listed a series of transport laws, all of which were considered to be of primary importance for transposition by the CEEC. The burden of the EU's environmental legislation has also been an important issue.

As soon as the Member States had completed their negotiations in Amsterdam on the revision of the Maastricht Treaty, in mid-1997, the Commission took a further major step towards the potential enlargement of the Community. With the ‘Agenda 2000’ package, it aimed to demonstrate the viability of taking on new Member States, by explaining the financial and structural changes necessary for the EU and for each of the potential members. A Commission proposal to start detailed negotiations initially with only five of the CEEC countries, although disliked by the Parliament, was eventually approved by the Council. Subsequently, in October 1999, the Commission recommended that negotiations with all the remaining applicants (except Turkey) be allowed to proceed.

This chapter gives an outline of the many elements of the pre-accession strategy, with some reference to the role of transport. It also covers the single market white paper, and the preparatory work carried out by the Commission on the environmental acquis. The Agenda 2000 package is described, as are the Accession Partnerships. The final section of this chapter reproduces the Commission's summaries on the transport acquis drawn from the progress reports concerning the membership applications of the CEEC and of Cyprus, Malta and Turkey.

There are a number of other important transport issues linking the Community with the CEEC but these are generally discussed in the sectoral chapters. For example, the Commission has tried to forge several multilateral land transport agreements (Chapter Five), and an aviation agreement (also one with Cyprus) (Chapter Three). There is the very important policy concerning the extension of the TENs to the CEEC (mentioned briefly in this chapter but covered more extensively in Chapter Twelve). It is also worth noting that the CEEC are naturally involved in a wide variety of international fora which themselves set the agenda, to one degree or another, for the EU's own legislation: the UN-ECE European land transport agreements, for example, the IMO (Chapter Ten) and the ICAO (Chapter Nine).

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THE PRE-ACCESSION STRATEGY - THREE MAIN ELEMENTS

Formal EU contacts with the countries of Central and Eastern Europe began to accelerate immediately after the silent revolutions in the late 1980s and early 1990s. The Phare programme of technical assistance started up in 1989-90 for Poland and Hungary, but now supports 13 of the EU's partner countries, including the 10 CEEC accession countries (Hungary, Poland, Czech Republic, Slovakia, Romania, Bulgaria, Lithuania, Estonia, Latvia and Slovenia) as well as Albania, Fyrom and Bosnia and Herzegovina.

Transport sector not a priority in early years of Phare

Transport sector projects were not a priority for the first few years - no funds were allocated in 1990, and only Ecu19m were granted in 1991 - but became so thereafter, with allocations of Ecu38m in 1992, Ecu86m in 1993, and Ecu230m in 1994. These early Phare transport programmes provided both institutional backing and support to ease bottlenecks at border crossings - such as those between Germany and Poland and the Czech Republic, and between Albania and Greece - in order to facilitate trade.

During its ten years of existence, Phare has been through a number of transformations. The Essen European Council in December 1994 decided "to boost and improve the process of further preparing the associated states of Central and Eastern Europe for accession" and designated Phare as the main financial instrument for supporting the pre-accession strategies. The programme was made more flexible by allowing the use of 25% of the available funds for cofinancing expenditure on infrastructure - particularly important for the transport sector. It also permitted the programme to switch to multiannual programming. In 1997, the Commission built on the Essen pre-accession strategy and issued new orientations so that Phare would focus on two basic themes: institution building and investment.

**The transport components of the Phare programme**

Since the mid-1990s, transport has been included in the broader-based programming area called "infrastructure" (which also includes energy and telecommunications). Projects have been aimed at longer-term goals, by providing know-how for the development of transport policy, strategy and regulatory frameworks, through institution-building, and by increasing local capacity for investment planning. In 1995, the infrastructure area was allocated Ecu457m (a whopping 40% of the total Phare allocations that year), and Ecu424m in 1996. By 1997, infrastructure had been allocated over Ecu1.8bn in total (see box). During the second half of the 1990s, Phare funding dedicated to transport alone (within the infrastructure category) was approximately Ecu150m/yr.

Key issues for transport outlined in Phare evaluation report

An evaluation of the Phare programme, published by the Commission in mid-1997, explained that the key issues facing the CEEC in restructuring their transport sectors were:

- developing policies and strategies suitable for a market environment;
- restructuring the operation of their transport companies;

Infrastructure (energy, transport, telecommunications)						
Funds allocated by country 1990-97 (Ecu m)						
	1990-92	1994	1995	1996	1997	Total
Albania	4.3	23.0	34.0	37.0	32.0	130.3
Bosnia and Herzegovina					38.0	38.0
Bulgaria	39.9	62.6	48.0	40.0		190.5
Czech Republic	9.0	25.0	91.0	34.0	25.0	184.0
Estonia		6.0	5.0	18.3	3.1	32.4
Fyrom				10.0	14.0	24.0
Hungary	8.3	29.0	36.0	26.0	29.0	128.3
Latvia			9.2	7.1	18.4	34.7
Lithuania		16.5	19.0	16.6	18.3	70.4
Poland	105.4	93.8	91.0	117.0	69.4	476.6
Romania	8.9	25.0	38.0	75.5		147.4
Slovakia	5.0	6.5	8.2			19.7
Slovenia		6.0	7.4	3.9	3.0	20.3
Multicountry programmes	58.6	31.0	70.5	39.0	21.0	220.1
Other		2.0			100.0	102.0
<b>Total</b>	<b>239.4</b>	<b>326.4</b>	<b>457.3</b>	<b>424.4</b>	<b>371.2</b>	<b>1,818.7</b>

Source: COM/99/234

- developing appropriate regulatory frameworks;
- promoting institutional and human resource development;
- enhancing capacity for investment planning;
- financing investment.

It noted that, although programme priorities and objectives were well focused and appropriate, programme design and implementation had suffered from several weaknesses: goals were almost invariably overambitious (e.g. the E-20 railway project in Poland), and resources were too thinly spread without achieving concrete results (e.g. the national transport programme in Romania). Moreover, it added "almost everywhere implementation has experienced considerable delays".

As well as the national infrastructure programmes, several other schemes, containing significant transport elements, operate within Phare, notably the cross-border cooperation programme (which is cofunded by the Community's Structural Funds), and the various multicountry programmes.

### The Phare programme of cross-border cooperation

In recognition of the importance of the border regions between the Member States and the central European Countries, the EU began, in 1992, to finance specific projects to improve border crossings. In 1994, at the behest of the European Parliament, Ecu150m was allocated from Phare to a new hybrid cross-border cooperation programme. Some initial operational difficulties, between Phare and the second source of funds, the Community's internal Interreg programme (Chapter Twelve), were resolved before too long. Then, in December 1998, the Commission adapted the programme in line with the pre-accession strategy so that it could also finance projects devoted to cooperation in border regions between the Phare countries themselves.

Although the majority of cross-border cooperation projects are land borders between Central European countries and the Member States, the eligible border areas in the Baltic Sea region are largely shared sea borders. Consequently, the countries concerned agreed to a multi-lateral approach. About a third of the total funds (for the cross-border programme) allocated for the 1995-99 period were for transport projects of one sort or another. Project examples include the modernisation of the Cheb railway station, the main transit point between the German and Czech railways; the Lipno lake bike route connecting bicycle routes in Austria and the Czech Republic; and a ferry boat crossing at Zahorska Ves linking the communities of Austria and Slovakia.

#### Indicative funding for cross-border cooperation projects 1995-99 (Ecu m)

	Transport	Total
Albania-Greece	23.6	45.0
Albania-Italy	33.5	45.0
Bulgaria-Greece	51.7	115.0
Czech Republic-Germany	43.0	125.0
Hungary-Austria	10.5 <sup>1</sup>	35.0
Poland-Germany	143.0	260.0
Slovakia-Austria	5.7 <sup>2</sup>	13.7
Slovenia-Italy	2.7 <sup>2</sup>	15.0
Slovenia-Austria	3.7 <sup>2</sup>	15.0
Estonia	4.5	15.0
Lithuania	10.0	20.0
Latvia	6.0	15.0
Poland	3.0	20.0

<sup>1</sup> designated for infrastructure without reference to transport

<sup>2</sup> designated for infrastructure and transport

Source: *Phare brochure*

*Examples of the Phare cross-border programme*

### Multicountry studies for promoting regional cooperation

The Phare multicountry programmes began in 1991 with the aim of promoting regional cooperation between all associated countries and developing demand-driven and consensus-based programme formulation. Building on the 1991 national programmes, the transport multicountry programme started up in 1992, since when it has been coordinated by an office in Prague. With allocations of Ecu21m, Ecu24m and Ecu30m respectively in 1992, 1993 and 1994, the programme focused largely on restructuring and the upgrading of infrastructure to integrate Western and Eastern systems. Projects covered the following areas: cross-border crossings within the CEEC; training programmes (such as in air traffic management and ship safety); complementary strategic studies (on transport infrastructure costs, on the development of combined transport, and the Baltics ports, for example); and links with the multicountry customs programme.

*Regional cooperation project areas*

Subsequently, funding dropped to around Ecu10m/yr, but, nevertheless continued to provide an important contribution. One major project, the Transport Infrastructure Needs Assessment (TINA), was started in 1995 and completed in 1999. It identified a network, similar to that of the EU's TENs but about half as dense, which would need Ecu90bn by 2015 to complete. This would

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be possible, the Commission advised at a conference to publicise the results, if the applicant countries maintained spending on infrastructure at 1.5% of GDP. The TINA project went on to analyse the needs of the network in more detail, and is likely to be instrumental in the choice of individual schemes for funding by Ispa (Chapter Twelve). Other recent studies have included the following: an early warning system for the Baltic Sea; a traffic forecast for the 10 pan-European transport Corridors; improvements to navigation on the Danube; and transport and the environment. The multicountry programme will cease to exist in 2000, when it is merged into a multibeneficiary programme, to be managed from Brussels.

### Phare actions in non-applicant countries

Finally, although not strictly connected to the topic of enlargement, it is worth mentioning that the Phare programme also provides grant aid for those countries in southeastern Europe which are not included within the accession process, namely Albania, Fyrom and Bosnia and Herzegovina. Between 1991 and 1997, Albania received around Ecu130m for infrastructure development, including Ecu7m in 1997 for transport infrastructure. Fyrom only became a Phare partner country in 1996 (although it received critical aid before then). Some Ecu40m was allocated to a cross-border programme with Greece for the period 1996-99, most of which was focused on transport infrastructure. Although Bosnia and Herzegovina received critical aid for infrastructure in the period before it joined the programme in 1996, transport has not been a priority since then.

## Europe Agreements set the framework for cooperation

In parallel with the Phare programmes for each country, the EU has also sought to develop a far wider collaboration with the CEEC through the use of the Europe Agreements. These cover political dialogue (which allow for regular meetings at various levels), preferential trade relations, and cooperation in many different aspects of economic activity (including the environment, transport and procurement, for example).

The first Europe Agreements to come into force were those with Hungary and Poland, in February 1994, while similar Agreements with Bulgaria, the Czech Republic, Romania and Slovakia became effective a year later, in February 1995. The Essen European Council also called for the negotiation of Europe Agreements with the Baltic States (which were signed later in 1995) and Slovenia, to bring them within the group of countries aiming for accession.

### The example of the Europe Agreement with Slovenia

The Europe Agreements all have specific sections on transport, both with regard to the liberalisation of services and as an area for economic cooperation. As an example, the Agreement with Slovenia, the most recent to be concluded (agreed in 1996 and ratified by the Community in 1998), covers transport services in Article 55. It refers to the special agreement on inland transport between the EEC and Slovenia (something which does not exist for the other CEEC - Chapter Five) and to agreed principles on maritime transport. These principles include unrestricted access to the market and traffic on a commercial basis, and the abolition of any unilateral measures and obstacles which could restrict the free supply of services in international maritime services. Both parties also agree to prohibit cargo-sharing agreements in all trades other than those liner shipping company agreements considered necessary for exceptional reasons. Article 55 also says that the conditions of mutual access in air transport should be dealt with by a special agreement, but, in the meantime, neither party should take any action of a more discriminatory or restrictive manner than was in place at the time the agreement was signed. Furthermore, Slovenia is bound to adapt its legislation in air and inland transport to that of the Community, in so far as it serves liberalisation purposes and mutual access to markets.

### Provisions on transport services

In terms of economic cooperation in transport, Article 83 of the Europe Agreement says: "*The parties shall develop and step up cooperation in order to enable Slovenia to:*

- *restructure and modernise transport;*
- *improve movement of passengers and goods and access to the transport market by removing administrative, technical and other barriers;*
- *achieve operating standards comparable to those in the Community;*
- *develop a transport system that is compatible and aligned with the Community system.*

*The cooperation shall include the following in particular:*

- *economic, legal and technical training programmes;*
- *technical assistance, advice, and exchanges of information."*

It also states that cooperation should include the following priority areas: road transport (tax, social, environmental aspects); combined transport; management of railways and airports; development of infrastructure on major routes of common interest; harmonisation of international transport statistics; renovation of technical transport equipment in line with EU standards; promotion of joint RTD; and the adoption of coordinated transport policies.

### Text on transport cooperation in Europe Agreement

## The transport and environment Structured Dialogues

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The third main element of the pre-accession strategy is the Structured Dialogue, initially agreed at the 1993 Copenhagen European Council, along with the criteria for CEEC membership, and subsequently endorsed at the 1994 Essen Council. In essence, the Structured Dialogue consists of regular meetings between the ministers of the EU and the CEEC, usually before or after a meeting of the EU's Council of Ministers, to discuss specific issues of mutual interest at the highest level. It is also considered that the Structured Dialogue is a useful mechanism for familiarising the CEEC with the EU's decision-making and institutional systems.

Under the German Presidency, environment ministers of the 15 Member States and Bulgaria, the Czech Republic, Hungary, Poland, Romania and the Slovak Republic met for the first time in October 1994. They agreed on a common set of goals: ensuring sustainable development; preserving Europe's natural heritage, and making the optimal use of natural resources; effectively confronting trans-frontier environmental problems; contributing to the solution of global environmental problems; integrating the environment into socio-economic reform in the associated states. Moreover, all the ministers said they recognised "the importance of high environmental standards and of the approximation of laws in the associated states to those applicable in the European Community". Since then, the environment ministers have met on several further occasions. In March 1997, for example, they discussed a climate change strategy and agreed that 'joint implementation' would be a particularly suitable area for coordination between the EU and CEEC.

*Regular meetings  
of the environment  
ministers*

Two meetings of transport ministers have taken place. The first, in September 1995, discussed market integration, transport infrastructure, and integrated transport systems. The Presidency concluded that market integration must be achieved gradually and be based on an opening up of the market and legislative approximation. The talks looked at, in particular, the need to eliminate distortions which could arise from differences in technical standards for vehicles, driving times, or taxation. There was a broad consensus that transport infrastructures in the CEEC were inadequate to cope with projected growth, and the ministers agreed to a joint assessment of priority projects (which led to the TINA project). It was also agreed that a common approach was needed for developing an integrated transport system, and that the associated countries should participate in EC programmes.

*Two meetings  
between the CEEC  
and EU transport  
ministers*

A second meeting, in October 1997, looked at the relationship between the negotiations on access to transport markets and the gradual adoption of the Community *acquis* together with topics relating to transit and border crossings. The Luxembourg Presidency concluded that there was general agreement on three themes:

- *The will to pursue cooperation between the EU and the CEEC in the transport sector with a view to allowing a better mobility for European citizens; and the need to ensure progress in all modes of transport;*
- *the importance of preparing the CEEC for assuming the EU *acquis* with all its social, safety and environmental aspects;*
- *the need to develop transport infrastructure and reinforce cooperation between the associated countries and Community institutions such as the European Investment Bank."*

### THE INTERNAL MARKET AND ENVIRONMENT - MOUNTAINS TO BE CLIMBED

Integration into the single market, one of the fundamental cornerstones of the European Union, is considered, by the Commission, to be a political and a practical priority for the CEEC. In order to encourage the applicant countries to start the long climb towards transposing the mountain of Community legislation, the Commission published, in November 1995, a white paper on "the preparation of the associated CEEC for integration into the internal market".

The white paper, which remains valid in the late 1990s and was the basis of a scoreboard analysis contained in the Commission's Opinions on the membership applications, was divided into two parts. The first part covered a political analysis, and the second contained 400 pages of technical annexes detailing the internal market legislation on a sector-by-sector basis. In part two, the Commission explained that, although every piece of legislation was important in principle, "and while accession to the Union can only be achieved by taking over the entire body of Community legislation", it was appropriate in the pre-accession phase to propose a sequence in which the associated countries could take over the legislation for each major area. The Commission, therefore, drew a distinction between Stage I measures (the highest priority) and Stage II measures (the second priority).

*The white paper  
on single market  
legislation*

The Commission also noted, with regard to transport, that a marked impetus had been provided by the Europe Agreements. In particular, it said, bilateral agreements with certain CEEC offered the

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## Stage I transport sector measures the CEEC must implement for integration in the EU internal market

### Road transport - access to the market and horizontal measures

Directive 74/561/EEC - admission to occupation of road haulage operator

Directive 74/562/EEC - admission to occupation of road passenger transport operator

Directive 77/796/EEC - mutual recognition of qualifications for haulage and passenger operators

Directive 89/438/EEC - amendments to three above.

### Road transport - technology and safety

Directive 85/3/EEC (and amendments) - on dimensions for five- or six-axle vehicles

Directive 77/143/EEC (and amendments) - standards for HGVs and coaches/buses

Directive 89/459/EEC - approximation of laws on tyre tread depth

### Road transport - fiscal harmonisation

Directive 93/89/EEC - the Eurovignette Directive (now replaced by Directive 62/99/EC)\*

### Road transport - social harmonisation

Regulation (EEC) 3820/85 - on harmonisation of certain social legislation relating to road transport

Regulation (EEC) 3821/85 - on recording equipment in road transport

Directive 88/599/EEC - on standard procedures for implementation of above two Regulations

### Railways

Directive 91/440/EEC on development of Community railways

### Inland waterways

Directive 87/540/EEC on access to occupation of waterway operators and recognition of qualifications

### Maritime transport - access to the market

Regulation (EEC) 4055/86 on applying the principle of freedom to provide services to maritime transport

### Maritime safety and environment protection

Directive 93/75/EEC on minimum requirements for vessels carrying dangerous goods

Regulation (EC) 2978/94 - for implementing IMO rules on tonnage measurement of ballast in oil tankers

Directive 94/57/EC - on common rules and standards for ship inspections and survey organisations

Directive 94/58/EC - on the minimum level of training for seafarers

Proposal for a Directive - on standards for safety, pollution conditions (adopted in 1995 - Directive 95/21/EC)\*

### Air transport

Regulation (EEC) 2407/92 - on licensing of air carriers

Regulation (EEC) 3922/91 - on harmonisation of technical requirements and procedures in civil aviation

Directive 94/96/EC - establishing fundamental principles on accident investigation

Regulation (EEC) 2299/89 (and amendments) - introducing a code for computerised reservation systems

Directive 80/51 (and amendments) - on limitation of noise emissions from subsonic aircraft

Directive 89/629/EEC - on limitation of noise from subsonic jet aeroplanes

Directive 92/14/EEC - on limitation of operation of aeroplanes (ICAO related)

Regulation (EC) 95/93 - on common rules for allocation of slots at Community airports

Source: COM/95/163

\* updates not in the original document

prospect of market access and conditions for international transport services and this would provide a strong incentive for legislative harmonisation prior to accession. Moreover, it added, the CEECs' participation in international agreements tended to help the approximation process.

*The likely burden of the Community's environmental acquis*

In a regular Commission newsletter dedicated to environmental approximation and published in 1997, the then Environment Commissioner Ritt Bjerregaard said the environment had played a much greater role in the discussions in the Commission than was generally known and "to assume that environmental policy has been considered a side-show of lesser importance would be wildly mistaken". She went on to argue that environmental transition must go hand-in-hand with economic transition and growth. In a Communication, adopted in May 1998, the Commission warned the CEEC that the total investment costs of meeting the Community's environmental acquis were likely to be around Ecu100-120bn. The report highlighted the additional efforts that needed to be made in terms of financial and human resources, and in terms of reinforcing institutional structures and networks of non-governmental organisations. It noted the need for environmental and sustainable development policies to be integrated into sectoral policies (such as transport), and the need for "effective, prioritised management of the approximation process" and "careful strategic planning and cost-effective programmes".

## AGENDA 2000 - HOW TO MANAGE THE ENLARGEMENT PROCESS

Just prior to the summer break in 1997, the European Commission presented its important Agenda 2000 package of measures aimed at the eventual enlargement of the European Union. The 2,000 pages of documentation included several important legislative proposals for revising and extending the EU's funding instruments, not least one for transport and environment infrastructure development in the CEEC (Chapter Twelve) and several reports on the enlargement process itself. The first of the reports was entitled "For a stronger and wider Union" and contained a general strategy for enlargement and new financial perspectives for 2000-06. The second report was

entitled “Reinforcing the pre-accession strategy”. There were also detailed Opinions on the membership applications of 10 countries.

The Commission set out a number of priority themes in the first report. The goal of economic and social cohesion, for example, must be adhered to, the Commission said, and constant efforts must be made to tackle the regions’ uneven capabilities for generating sustainable development and their difficulties in adapting to the conditions on the labour market. There must be substantial reform of the Union’s Structural Funds and its agricultural policy, and there must be a new financial framework to cope with the requirements of the first wave of enlargement and increased support for the applicant countries.

*Priority themes of  
Agenda 2000*

The second report, concerned with the details of how the Commission proposed to reinforce the pre-accession strategy, covered practical, financial and legal aspects of the accession process. The Commission advised that there must be a focus, through training specialists, on reinforcing the institutional and administrative capacity of the applicant countries so that they would be in a position to implement the Community acquis. There must also be an investment effort to bring enterprises and large industrial plant into line with Community standards, it said.

Under the new strategy, financial resources are due to come from the Phare programme (see above), pre-accession aid for agriculture, structural assistance programmes at regional level (Ecu1bn/yr for countries in the pre-accession stage), and from the financing institutions, such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank. In terms of the legal instruments, there are three main contractual routes for cooperation in the pre-accession phase: the Europe Agreements, the participation of CEEC in Community programmes (such as RTD - Chapter Fourteen), and the Accession Partnerships (see below).

### **The effect of the EU’s policies of enlargement on the applicant countries**

The Commission also looked in detail at the effects of the Union’s policies of enlargement on the applicant countries, and included a section on transport policies. There remained an important gap between the transport sectors in the CEEC and those in the EU, the Commission said, and it listed a number of reasons:

*An important gap  
between the EU  
and CEEC  
transport sectors*

- a lower economic development, as reflected by the level and characteristics of transport demand and availability of financial resources for investment;
- a current policy favouring road transport (despite a previous bias towards other modes), running counter to the EU’s policy;
- the quality of transport fleets, despite improvements, not complying with EU standards, notably in terms of safety and the environment;
- persistent missing infrastructure links, notably between the EU and the candidate countries;
- a transition still in process, as reflected by the legal status of transport companies, the surviving role of the state, and existing safety standards;
- poor statistics;
- a lack of adequately trained and motivated staff to administer the application of a common transport policy.

There was an urgent need to develop and upgrade transport infrastructure, especially in road, combined transport and airports, the Commission said, and all modes would, in due course, need major investment, especially those parts which carry trans-European traffic. The relevant Community policies would be burdened accordingly for, without such investment, severe problems of traffic congestion were likely to arise, affecting the Union’s overall traffic and policies. These problems should be dealt with before accession, the Commission noted, with specific attention being given to the improvement of border-crossing facilities.

*Traffic problems  
should be dealt  
with before  
accession*

The Agenda 2000 paper then concluded: “Candidate countries will face problems in adopting the EU acquis concerning social, safety and other technical requirements (in all transport modes), as well as access to the market and to the profession (mainly in road transport, and, to a lesser extent, in air and rail transport). The planned development of the acquis in these areas during the coming years is likely to aggravate these problems. Adaptation will be a lengthy and costly process, especially since it is likely to involve considerable renovation and restructuring of transport fleets and infrastructure. It should prove faster in international than in domestic services.

*In order to avoid excessive strain on the transport sectors and the economies of acceding countries, measures to ensure compliance should be introduced progressively, starting preferably*

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*before accession in a step-by-step approach linked to market opening (though in air transport, full access to the market will have to be achieved by the date of accession, and the harmonisation process should not become an obstacle to the achievement of this goal). Failure to take necessary measures already during the pre-accession period could endanger the normal functioning of the internal market, lead to difficult options on accession, and could significantly slow down the development of the Common Transport Policy.”*

*Enlargement a good thing for the Common Transport Policy*

Finally, in the section on transport, the Commission noted the following: “*Once compliance with the Community acquis has been achieved, enlargement could be an incentive for the development of the Common Transport Policy, since elimination of borders over a wider area is bound to give a new impulse to the transport sector. At the same time, it is also likely to create a need for restructuring, either as a direct effect (e.g. rail transport), or as a consequence of some degree of overcapacity (e.g. inland waterways, air transport). Infrastructure development and reequipment of the transport sector in the acceding countries should create real opportunities for construction firms and related industries, as well as for transport equipment manufacturers.”*

### Setting up the Accession Partnerships

In the individual Accession Partnerships (APs), which are based on Council Decisions approved in the first quarter of 1998 and revised in late 1999, the Community sets out the main instruments for technical and financial assistance (the Phare programme), and the methods of implementation and monitoring. They also contain a clause on conditionality, a substantial annex summarising the content of the Commission’s Opinions on that particular applicant (including sectoral priorities), and a separation of short and medium-term priorities.

*Content and purpose of the Accession Partnerships*

For most of the 10 CEEC candidate countries, there is one short-term transport priority listed in the AP - the need to align maritime safety standards with those of the EU. In addition, all the countries have several medium-term transport priorities listed, with road transport (market access, safety and taxation), railways, air safety and air traffic management among the predominant themes.

Under the terms of the APs, each candidate country is required to prepare a national programme - complete with timetables and human/financial resource allocations - for adoption of the Community acquis. Future Community assistance to each country is conditional on commitments under the Europe Agreement being met; further steps towards satisfying the criteria, set by the Copenhagen European Council, being respected; and progress being made in implementing the APs. Failure to meet these general conditions could lead to a decision by the Council to suspend financial assistance. The implementation of the APs is monitored through the Europe Agreement framework.

### International banks provide the investment support

In terms of investment support, the EIB and the EBRD are very active in providing loans for transport and environmental projects in the region. The preparation for these loans is often carried out with Phare assistance.

*Examples of EIB loans for CEEC transport projects*

The EIB was specifically asked by the 1994 Essen European Council to help prepare the CEEC for accession, and loans have since been made under the umbrella of the Europe Agreements. Lending for transport projects in the CEEC totalled Ecu573m in 1996, but escalated rapidly in 1997, to around Ecu950m. Some Ecu365m of the 1997 total was for the Czech Republic: Ecu165m to finance the construction of a 62km stretch of the planned Nuremberg-Prague motorway, between Pilsen and the Czech-German border; and Ecu200m to help rebuild roads, railways and other infrastructure damaged by the widespread flooding which affected much of Eastern Europe during the Summer. Poland, also badly affected by the flooding, was loaned Ecu300m that year for similar post-floods rebuilding projects.

In 1998, transport sector loans rose rapidly again, reaching a total Ecu1.449bn. Most of these loans - Ecu 1,105bn - were to road projects (Ecu130m for construction of the Poznan bypass in Poland, and Ecu230m for upgrading of the Czech Republic’s motorway network), although one or two large loans were also granted for improvements to railway lines, such as Ecu200m for the modernisation of the Bucharest-Brasov railway line.

Unlike the EIB, the EBRD is active not only in the CEEC but also in the New Independent States. The EBRD’s first transport operation, signed in March 1992, was with the Czech Republic airline CSA. Financing that year totalled only Ecu45m, but grew to Ecu388m in 1993, and Ecu475m in

1996. Only some Ecu197.8m of new transport loans were signed in 1998, though, but this brought the EBRD's total transport portfolio to Ecu1.8bn. New operations in 1998 were concentrated in central Europe and the Baltic states, with the main focus on railways. The single most significant transport project in 1998, for example, was an Ecu40m to support the modernisation of Hungary's railways, through financing the refurbishment of passenger coaches, the upgrading of freight wagons, and the introduction of automated ticketing.

### MONITORING THE PROGRESS OF THE ENLARGEMENT PROCESS

Once the Commission had adopted its Agenda 2000 package, including its Opinions on the 10 applicant countries, the proposals then went to the Council and the Parliament for consideration. One of the key points of debate concerned the timetable for the accession negotiations - the Commission proposed a two-tier approach, initially starting detailed negotiations with just five applicant states. The Parliament, after a marathon seven hour debate in December 1997, called for the negotiations with all the accession countries to begin at the same time, but indicated that the length of negotiations and dates of full membership should vary according to the efforts made by the applicant countries.

Also in December 1997, the European Council, meeting in Luxembourg, said: *"This enlargement is a comprehensive, inclusive and ongoing process, which will take place in stages; each of the applicant states will proceed at its own rate, depending on its degree of preparedness."* In practice, though, it endorsed the Commission's approach and opted to start bilateral intergovernmental conferences only with Hungary, Poland, the Czech Republic, Estonia and Slovenia (and Cyprus). At the same time, preparation for negotiations with the other five CEEC would be speeded up, it said, "through an analytical examination of the Union acquis".

*A comprehensive, inclusive and ongoing process*

The Commission presented, in November 1998, a first batch of regular reports on the progress made by the applicant countries of Central and Eastern Europe, Cyprus and Turkey towards meeting the necessary criteria for membership of the EU. In the case of the ten CEEC, the reports effectively updated the Commission's Opinions from July 1997. The Commission concluded it could not recommend the opening of accession negotiations with any additional countries, although if Latvia maintained its current "momentum of change", it would propose beginning talks before the end of 1999. It also noted a "worrying slowdown in the rhythm of transposition and application of the acquis" in certain countries with which negotiations had already opened, notably the Czech Republic and Slovenia. In general, the reports demonstrated that, although the candidate countries had made significant progress in adopting the Community acquis, they still faced a huge task.

### **Second progress report recommends negotiations with all, except Turkey**

A year later, in October 1999, the Commission published a general progress evaluation and individual second progress reports (accompanied by proposals to adapt the Accession Partnerships - see above). The Commission revised its strategy and recommended, to the Helsinki European Council, that the Community should start accession negotiations with all the remaining applicant countries, with the exception of Turkey (i.e. Bulgaria, Latvia, Lithuania, Romania, Slovakia and Malta). Turkey, it said, should be regarded as a candidate country, but negotiations should only begin once the political criteria, set by the Copenhagen Council, had been met. The Commission also proposed that negotiations with the candidate countries should follow a differentiated approach, allowing each candidate to progress through the negotiations as quickly as was warranted by their own efforts to prepare for accession.

On the controversial question of an eventual date for accession, the Commission recommended a "working hypothesis" that enlargement should take place in the period 2002-06, and that the Community should commit itself to be ready to decide from 2002 on the accession of candidates that fulfil all necessary criteria. By that time, the three elements - the financial framework, institutional reform, and the conclusion of negotiations - which would be needed for the EU to decide on the first accessions, should be in place.

*The EC should be ready for new applicants from 2002*

In the general progress report, the Commission acknowledged the important strides made by Slovakia and Slovenia, but criticised the Czech Republic's inability to regain lost momentum. It noted that all the applicant countries had increased their trade integration and had received higher levels of foreign investment. Restructuring of some large industrial sectors, though, was proving slow, it added.

More specifically, with regard to the adoption of the Community's acquis, the Commission reported: *"A solid legal base of internal market legislation is in place in most candidate countries."*

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*There are elements however of some internal market laws which all candidates have been slow to adopt such as coverage of the utilities sector in public procurement legislation and alignment of VAT and excise rates.” Furthermore, although significant progress had been made over the past year in adopting state aid legislation, it said, no country had a fully functioning system of state aid control.*

Continuing  
problems with  
the environmental  
acquis

While none of the candidate countries are very far advanced in the transposition of environment laws, the report stated, some progress had been made over the past year, by most countries, in analysing the challenges and developing strategies together with investment plans for alignment in the sector. Hungary, Slovenia, Latvia and Lithuania had made notable progress in this regard. Poland, in contrast, did not have an overall strategy and had made little progress in the sector as a whole, the Commission said. Without additional legislative and implementation effort, it warned, all countries would face serious difficulties to achieve significant progress with the environmental acquis in the near future.

Clearly there is not space in this report to give a detailed account of the transport issues for each applicant country. However, the following verbatim summaries on the adoption of the transport acquis, which are taken from the first and second reports (i.e. November 1998 and October 1999), do give a flavour of the issues which the Commission considers most important.

### **The first wave candidates - Hungary, Czech Republic, Slovenia, Poland and Estonia**

#### Hungary

The first report concluded: *“Further efforts are needed to achieve a greater harmonisation of rules on technical requirements for road vehicles, development of road safety, access to market of national road haulage, infrastructure development in inland waterways and harmonisation of legislation in civil aviation (particularly safety), rail (access rights to the rail network) and combined transport.”*

The second report concluded: *“Hungary has continued to take measures for both legal and institutional alignment with the acquis. Further efforts are nevertheless needed. It is particularly important to speed up the restructuring of the national air carrier and of the main railway company.”*

#### Czech Republic

The first report concluded: *“Alignment efforts need to be stepped up in the area of road transport (market access, safety and taxation) and civil aviation. It is important that sufficient financing remains available for investment in transport infrastructure. The railway system needs to be restructured.”*

The second report concluded: *“Alignment efforts need to be stepped up in almost all areas, particularly as regards road and rail transport, including the restructuring of the Czech railways. Further work is also necessary to improve administrative structures, in particular in the road-safety area. The upgrading of transport infrastructure appears to be advancing well.”*

#### Slovenia

The first report concluded: *“More competition is needed in all transport sectors, as well as more effective enforcement of legislation, and the establishment or reinforcement of associated administrative structures.”*

The second report concluded: *“The harmonisation of legislation in the sector advances at a satisfactory pace. More competition is needed in all transport sectors, as well as more effective enforcement of legislation, and the establishment or reinforcement of associated administrative structures.”*

#### Poland

The first report concluded: *“Although progress has been achieved, considerable efforts are required in the modernisation of the pan-European transport infrastructure, the approximation of laws and standards regarding the free movement of passengers and goods. Further institutional support and training is required for civil servants and carriers dealing with European integration issues.”*

The second report concluded: *“In the field of transport, progress has been variable. Good progress has been achieved in road transport alignment with significant further efforts required in other sectors. The effective implementation of the acquis in road transport (access to the market, traffic safety, taxation matters) requires attention. Efforts remain to be undertaken in the modernisation of the transport infrastructure.”*

Estonia

The first report concluded: *“Important progress has been achieved so far in implementing the transport acquis in the different transport areas. Consideration should be given to the adoption of a specific transport infrastructure and financing strategy to be supported by the national budget. Further progress needs to be done to increase safety standards in ships.”*

The second report concluded: *“Although progress in implementing the transport acquis in the different transport areas has continued, further and more effective measures are necessary particularly in fiscal harmonisation in road transport and in maritime safety.”*

In November 1999, the EU finalised (somewhat belatedly) its common negotiating positions with regard to these five countries (and Cyprus) and the Community’s transport acquis. At the opening conference, the EU requested a substantial amount of new information from all six applicants on a wide range of subjects. In particular, though, it requested further data from the four countries - Hungary, Poland, Estonia and Cyprus - with regard to their significant number of requests for transition periods, mostly in land transport, but also in air transport. (The Czech Republic and Slovenia declined to plead for any transition periods in the transport area.)

Transport negotiations with six applicants

As the applicant countries provide more information on their transposition of the EU’s transport laws, and on the supplementary information the EU has requested in order to judge whether any transition periods are truly warranted, so the common positions will be modified during the coming year in preparation for a further negotiating conference under the Portuguese or French Presidency. Of all the transport issues, however, it appears likely that road haulage will be one of the most difficult areas for enlargement.

**The second wave candidates - Romania, Slovakia, Bulgaria, Lithuania and Latvia**Romania

The first report concluded: *“Although Romania has made progress in transport harmonisation, major efforts still need to be made, particularly on road and maritime safety. No specific improvements in administrative structures have so far been clearly indicated. Romania should prepare a detailed summary programme for the establishment of the bodies necessary to manage the acquis, including the identification of training needs where appropriate.”*

The second report concluded: *“Significant progress has been made in implementing the acquis through the adoption of secondary legislation and implementing measures. Progress has also been made in the restructuring of the sector. However, a number of specific issues still needs to be addressed including: safety legislation notably on road transport and maritime safety, road charging and requirements for access to the profession of road haulage. The restructuring of Romanian Railways must be consolidated and the restructuring of National Airline (Tarom) speeded up. The ongoing negotiations on a road transport agreement between Romania and the EC should be completed as a matter of priority.”*

Slovakia

The first report concluded: *“Further legislative harmonisation is necessary on rail, air, road transport land transport safety and combined transport.”*

The second report concluded: *“Few new formal measures in view of alignment and implementation of the acquis in the field of transport have been adopted by the Slovak Republic. Substantial efforts are still necessary in most of the transport areas, particularly as regards the road and rail transport, but also in air transport, land transport safety and combined transport.”*

Bulgaria

The first report concluded: *“Although Bulgaria’s harmonisation process has already made progress in some transport modes, additional efforts will still be necessary, including the need to improve administrative structures. Bulgaria should be encouraged to prepare a detailed summary programme for establishment of the necessary bodies to manage the acquis, including identification of training needs where appropriate, and to establish a global strategy on infrastructure financing, involving the EU, the international finance institutions and the private sector.”*

The second report concluded: *“Progress in implementing the acquis has been accelerated. Major efforts now need to be directed at ensuring the effective capacity of the administrative institutions to deal with the extensive range of implementing activities, particularly in maritime safety. To this end enforcement plans, together with an in-depth assessment of the resources and technical assistance required, have to be established.”*

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### Lithuania

The first report concluded: “Lithuania has made progress in adopting and implementing the *acquis* in the transport field, nonetheless maritime and aviation safety, which is slowly beginning to improve, must be strengthened.”

The second report concluded: “The transport infrastructure is an important asset of the Lithuanian economy. Lithuania has made further progress in implementing the transport *acquis* particularly in road transport and maritime safety. Nevertheless, further and more effective efforts are necessary, particularly in fiscal harmonisation in road transport and in maritime safety, in order to align the national legislation and administration more closely with the *acquis*. The implementation of the aviation *acquis* is causing some problems for Lithuania, especially regarding technical harmonisation, due to the costs involved. Lithuania needs to continue the reform of its aviation organisation and infrastructure, which will require it to make available additional financial and human resources.”

### Latvia

The first report concluded: “Latvia has continued its ambitious programme of transposing and implementing effectively the transport *acquis* in all areas and has set clear targets for the next few years. The administration is starting to develop satisfactory enforcement capacities.”

The second report concluded: “Latvia has continued its ambitious programme of transposing and implementing effectively the transport *acquis* in all areas and in particular in railways. The administration has been further reinforced with the establishment of new institutions necessary for the successful implementation of the *acquis*. Further attention needs to be paid to increasing the enforcement of maritime safety, where it appears from present figures that both the flag state administration and the port state control mechanisms need to be improved, and to establishing an independent investigation authority for civil aviation accidents.”

## The other candidates - Cyprus, Malta and Turkey

### Cyprus

The first report concluded: “Efforts on maritime safety remain very limited. The outstanding transposition raises particular concern due to the size of the fleet, the lack of enforcement standards and the persisting high detention rates. Progress has been achieved in the fields of air and road transport, though further efforts will be necessary. Enforcement capacities need further monitoring.”

The second report concluded: “In spite of progress in some areas, Cyprus needs further legislative transposition notably in the field of maritime safety and the operation of the vessel register notably regarding flag state control.”

### Malta

Following Malta’s decision in October 1998 to reactivate its membership application (as a result of a change in the government), the Commission adopted a new Opinion updating the one originally put forward in 1993. It concluded that, at the political level, Malta’s institutions were functioning smoothly, but that at the economic level, Maltese enterprises, especially those in the public sector, would need to make considerable efforts to restructure. Nevertheless, the then External Affairs Commissioner Hans van den Broek said, in February 1999, he expected Malta “to join the candidate countries with which negotiations are already under way”. The October 1999 report on Malta concluded, with respect to transport: “Given the importance of maritime transport for Malta, priority should be given to implementing and enforcing the *acquis* in this sector.”

### Turkey

The Luxembourg European Council, in December 1997, asked the Commission to evaluate Turkey’s application for EU membership on the basis of the Copenhagen criteria. Consequently the Commission produced a progress report, in November 1998, similar to the ones for the CEEC and Cyprus. In terms of transport, it said, Turkey was pursuing a policy of gradual alignment to the EU’s regulatory system, but it was far from applying the *acquis*, especially with regard to shipping (safety, and the treatment of vessels coming from Cyprus). The October 1999 progress report concluded: “A number of difficulties remain in road transport (authorisations and permits for road hauliers, safety, weights and dimensions). . . Considering the very high detention rate of Turkish vessels in foreign ports, maritime safety should be a priority issue. . . Concerning air transport, the Commission remains open to entering into exploratory discussions on liberalisation. Concerning infrastructure, Turkey has expressed its interest to participate in the extension of the trans-European network of GNSS. Discussions with the Commission services have started on this subject.”

*The maritime  
acquis must be a  
priority for Malta*

*Turkey pursuing a  
policy of gradual  
alignment with the  
transport acquis*