

Conclusions of the Brussels European Council: extract concerning the budgetary and institutional implications of enlargement (24 and 25 October 2002)

Caption: Meeting in Brussels on 24 and 25 October 2002, the Fifteen take a series of important decisions on budgetary, financial and institutional issues which have become necessary as a result of the forthcoming enlargement of the European Union.

Source: Presidency Conclusions - Brussels European Council, 24 and 25 October 2002. [ON-LINE]. [s.l.]: Council of the European Union, [20.04.2005]. 14702/02. Available on http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/72968.pdf.

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Brussels European Council (24 and 25 October 2002) Presidency Conclusions

[...]

I. ENLARGEMENT

1. The historic process launched in Copenhagen in 1993 to overcome the divisions throughout our continent is about to bear fruit. It is a tribute to the vision and the efforts by candidate and Member States that the biggest ever enlargement of the Union is now within reach.

In this context the European Council warmly welcomed the positive result of the Irish referendum. The result has paved the way for completing ratification of the Nice Treaty, thereby allowing the Treaty to enter into force early next year.

Against this background the European Council took decisions that will allow the Union to present negotiating positions to the candidate States on all outstanding issues by early November at the latest, with a view to concluding enlargement negotiations with the first countries at the European Council in Copenhagen in December. The European Council also established guidelines for continuing the process with those countries not included in the first enlargement.

OVERALL ASSESSMENT

2. The Union endorses the findings and recommendations of the Commission that Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia fulfil the political criteria and will be able to fulfil the economic criteria and assume the obligations of membership from the beginning of 2004.

3. In view of the above, and also taking into consideration the overall progress achieved in the accession negotiations, as well as in transposing and implementing the *acquis* and the commitments undertaken in the negotiations by the candidates, the Union confirms its determination to conclude accession negotiations with these countries at the European Council in Copenhagen on 12-13 December and sign the Accession Treaty in Athens in April 2003.

4. The Union reiterates its preference for a reunited Cyprus to join the European Union on the basis of a comprehensive settlement, and urges the leaders of the Greek Cypriot and Turkish Cypriot communities to seize the opportunity and reach an agreement before the end of the accession negotiations this year. The Union will continue to fully support the substantial efforts of the Secretary-General of the United Nations for reaching a settlement, consistent with the relevant UN Security Council resolutions. The European Union will accommodate the terms of such a comprehensive settlement in the Treaty of Accession in line with the principles on which the European Union is founded. In the absence of a settlement, the decisions to be taken in December by the Copenhagen European Council will be based on the conclusions set out by the Helsinki European Council in 1999.

5. The Union agrees with the Commission's evaluation of the progress achieved by Bulgaria and Romania. In the light of the inclusive and irreversible nature of the enlargement process and based upon the Commission's Strategy Paper, the Council and the Commission are invited to prepare, in close consultations with Bulgaria and Romania, the necessary decisions at the European Council in Copenhagen concerning first of all detailed roadmaps, including timetables, and increased pre-accession assistance in order to advance the accession process with these countries. The European Council expresses its support for Bulgaria and Romania in their efforts to achieve the objective of membership in 2007.

6. The Union welcomes the important steps taken by Turkey towards meeting the Copenhagen political criteria and the fact that Turkey has moved forward on the economic criteria and alignment with the *acquis*, as registered in the Commission's Regular Report. This has brought forward the opening of accession

negotiations with Turkey. The Union encourages Turkey to pursue its reform process and to take further concrete steps in the direction of implementation, which will advance Turkey's accession in accordance with the same principles and criteria as are applied to the other candidate States. The Council is invited to prepare in time for the Copenhagen European Council the elements for deciding on the next stage of Turkey's candidature, on the basis of the Commission's Strategy Paper and in accordance with the conclusions of the European Councils in Helsinki, Laeken and Seville.

MONITORING AND SAFEGUARDS

7. The Union endorses the Commission proposals contained in the Strategy Paper concerning the continuation of monitoring after the signing of the Accession Treaty. Accordingly, the Commission will produce, six months before the envisaged date of accession, a report for the Council and the European Parliament monitoring the further progress as to the adoption, implementation and enforcement of the *acquis* by the acceding States in line with their commitments.

8. Moreover, the Union endorses the Commission proposals for providing in the Accession Treaty, besides a general economic safeguard clause, two specific safeguard clauses concerning the operation of the internal market, including all sectoral policies which concern economic activities with a cross-border effect, and the area of justice and home affairs. For a duration of up to three years after accession, a safeguard clause may be invoked upon a motivated request by any Member State or on the Commission's initiative. Measures under the general economic safeguard clause could concern any Member State. Measures under the two specific safeguard clauses can only be addressed to new Member States that have failed to implement commitments undertaken in the context of the negotiations. A safeguard clause may be invoked even before accession on the basis of the monitoring findings and enter into force as of the first day of accession. The duration of such measures may extend beyond the three-year period. The competent bodies will draw up the Union's position on this matter in the accession negotiations. The Commission will inform the Council in good time before revoking safeguard measures. It will take duly into account any observations of the Council in this respect.

9. The Union endorses the Commission's proposal to make available a special transition facility for institution-building with a view to continuing the process of building up the new Member States' administrative and judicial capacity.

Budgetary and financial issues (2004-2006)

10. The ceiling for enlargement-related expenditure set out for the years 2004-2006 by the European Council in Berlin must be respected.

11. The Union's expenditure must continue to respect both the imperative of budgetary discipline and efficient expenditure, and the need to ensure that the enlarged Union has sufficient resources at its disposal to ensure the orderly development of its policies for the benefit of all its citizens.

(a) Direct payments

12. Without prejudice to future decisions on the CAP and the financing of the European Union after 2006, nor to any result following the implementation of paragraph 22 of the Berlin European Council conclusions, as well as to the international commitments which the Union has undertaken *inter alia* in the launching of the Doha Development Round, direct payments will be introduced in accordance with the following schedule of increments expressed as a percentage of the level of such payments in the Union:

2004: 25%

2005: 30%

2006: 35%

2007: 40%

and thereafter in 10% increments so as to ensure that the new Member States reach in 2013 the support level

then applicable in the current European Union. Furthermore, the small farmers scheme should not apply.

The phasing-in will take place within a framework of financial stability, where total annual expenditure for market-related expenditure and direct payments in a Union of 25 cannot - in the period 2007-2013 - exceed the amount in real terms of the ceiling of category 1A for the year 2006 agreed in Berlin for the EU-15 and the proposed corresponding expenditure ceiling for the new Member States for the year 2006. The overall expenditure in nominal terms for market-related expenditure and direct payments for each year in the period 2007-2013 shall be kept below this 2006 figure increased by 1% per year.

The needs of producers living in the disadvantaged regions of the present European Union should be safeguarded; multifunctional agriculture will be maintained in all areas of Europe, in accordance with the conclusions of the 1997 Luxembourg European Council and the 1999 Berlin European Council.

(b) Overall level of allocations for Structural Operations

13. The overall commitment appropriations for the structural and cohesion funds to be added under heading 2 in view of enlargement should be a total of 23 billion euros over the period, distributed among the new Member States in accordance with the relevant European Union Common Positions which have been agreed with the candidate States.

(c) Own resources and budget imbalances

14. The own resources acquis will apply to the new Member States as from accession.

If the forecast cash flow balance with the Community's budget compared to the year 2003 is negative for individual candidate States in the years 2004-2006, temporary budgetary compensation will be offered. This will involve lump-sum, degressive and temporary payments on the expenditure side of the EU budget. The amounts will be determined by the end of the negotiations on the basis of the method agreed by the Council on 22 October 2002 and included in the Act of Accession. These compensations would have to remain within the annual margins left under the Berlin ceilings for commitments and payment appropriations for enlargement.

15. The general effort towards budgetary discipline laid down by the European Council in Berlin should be continued in the period beginning in 2007.

16. The European Council endorsed the other elements necessary for defining the EU Common Positions that result from the preparations in the General Affairs and External Relations Council as set out in Annex I.

[...]

ANNEX I

RESULT OF WORK OF THE GENERAL AFFAIRS AND EXTERNAL RELATIONS COUNCIL

Budgetary and financial issues:

(a) Overall level of allocations for Structural Operations

1. The candidate States should intensify and speed up their preparations so as to ensure that they can provide the Commission with their application for assistance, programming documents and Cohesion Fund projects so that they can be adopted in early 2004. The Commission and the Member States will continue to provide all possible assistance to that effect. The Commission will ensure that the approval process for programming documents and requests for payments will be as swift as possible.

2. In order to meet the considerable needs for new infrastructure in the fields of transport and environment identified in the candidate States, one third of the overall allocation for structural operations will be devoted

to the Cohesion Fund.

3. The payment on account foreseen under the acquis will be paid in the first year after accession at the rate of 16% of the total contribution of the Structural Funds over the period 2004-2006. The EU foresees payment appropriations in 2004 equivalent to 3% of average annual commitments under the Structural Funds and 3% of the Cohesion Fund commitment.¹

(b) Overall level of allocations for Internal Policies

4. In view of Lithuania's confirmation that Unit 1 of the Ignalina Nuclear Power Plant will be closed before 2005 and of its commitment that Unit 2 will be closed by 2009, a programme for supporting activities relating to the decommissioning of the INPP will be established. The commitment appropriations foreseen for this programme will be 70 million euros² for each of the years 2004 to 2006. Recognising that the decommissioning of the Ignalina Nuclear Power Plant will have to continue beyond the current financial perspective and that this effort represents for Lithuania an exceptional financial burden not commensurate with its size and economic strength, the European Union in solidarity with Lithuania confirms its readiness to provide adequate additional Community assistance to the decommissioning effort beyond 2006.

5. To continue the pre-accession aid planned under PHARE for the decommissioning of the Bohunice Nuclear Power Plant in Slovakia, 20 million euros² in commitment appropriations are foreseen for each of the years 2004 to 2006.

6. Action to support institution building in the new Member States started under PHARE will be continued until 2006. To this end, commitment appropriations amounting to 200 million euros in 2004, 120 million euros in 2005 and 60 million euros in 2006 are foreseen.

7. The levels for heading 3 should be fixed so that the main items of priority expenditure under this heading are maintained and sufficient means are provided for the extension of existing programmes to the new Member States.

(c) Cyprus: Programme for the northern part

8. With a view to the implementation of a political settlement in Cyprus, a programme will be established by the Council, especially to enable the northern part of the island to catch up. The total commitment appropriations foreseen will be 39 million euros in 2004, 67 million euros in 2005 and 100 million euros in 2006.

(d) European Development Fund

9. New Member States will accede to the EDF as of the new Financial Protocol (10th EDF).

(e) European Coal and Steel Community

10. New Member States will participate in the Research Fund for Coal and Steel from the day of accession. New Member States will pay the corresponding contributions to the Fund. Contributions to the Fund by new Member States will be made in four instalments starting from 2006 (2006: 15%, 2007: 20%, 2008: 30%, 2009: 35%).

INSTITUTIONAL ISSUES

(a) Transitional measures

Council

For the period between the date of accession and 31 December 2004, where the Council is required to act by

a qualified majority, the votes of its members shall be weighted as set out in the table appearing at Annex 1.

Acts of the Council shall require for their adoption at least 88 votes in favour where the Treaty requires them to be adopted on a proposal from the Commission. In other cases, for their adoption, acts of the Council shall require at least 88 votes in favour, cast by at least two-thirds of the members.

In the event of fewer than ten new Member States acceding to the European Union under the forthcoming Treaty of Accession, the threshold for the qualified majority shall be fixed by Council decision so as to correspond as closely as possible to 71,26% of the total number of votes.

European Parliament

From the date of accession until the elections for the 2004-2009 term of the European Parliament, the total number of members of the European Parliament and the allocation of members for each Member State shall be fixed by applying the same method as the one used for the current seat allocation.

(b) Weighting of votes in the Council and qualified majority threshold

Where the Council is required to act by a qualified majority, the votes of its members shall, as from 1 January 2005, be weighted as set out in the table appearing in Annex 2.

As of the same date, acts of the Council shall require for their adoption at least 232 votes in favour, cast by a majority of the members, where the Treaty requires them to be adopted on a proposal from the Commission. In other cases, for their adoption, acts of the Council shall require at least 232 votes in favour, cast by at least two-thirds of the members. When a decision is to be adopted by the Council by a qualified majority, a member of the Council may request verification that the Member States constituting the qualified majority represent at least 62% of the total population of the Union. If that condition is shown not to have been met, the decision in question shall not be adopted.

In the event of fewer than ten new Member States acceding to the European Union under the forthcoming Treaty of Accession, the threshold for the qualified majority shall be fixed by Council decision by applying a strictly linear, arithmetical interpolation, rounded up or down to the nearest vote, between 71% for a Council with 300 votes and the level foreseen above for an EU of 25 Member States (72,27%).

(c) European Parliament

From the start of the 2004-2009 term of the European Parliament, each Member State shall be allocated a number of seats representing the sum of:

- (i) the seats allocated to it in Declaration No 20 attached to the Final Act of the Nice Treaty and
- (ii) the seats resulting from the allocation of the 50 seats which will not be taken up by Bulgaria and Romania, which shall be distributed according to the provisions of the Nice Treaty.

The total number of seats thus obtained shall be as close to 732 as possible and the allocations shall respect the balance between the current Member States established at Nice. The same proportional approach shall be applied to the allocation of seats to the new Member States. The approach shall also be equitable and shall respect the equilibrium between all Member States.

The application of this method shall not result in any of the current Member States receiving a higher allocation of seats than at present.

(d) Council Presidency

The EC Treaty provides for the office of President to be held in turn by each Member State in the Council. In order to give new Member States the time to prepare for their Presidency the European Council confirms that the present rotation order will continue until the end of 2006. The Council will decide on the question of the order of Presidencies for 2007 and onwards as soon as possible and at the latest one year after accession of the first new Member States.

Annex 1 to ANNEX I

THE WEIGHTING OF VOTES IN THE COUNCIL FOR THE PERIOD BETWEEN ACCESSION AND 31 DECEMBER 2004

MEMBER STATES	VOTES
Germany	10
United Kingdom	10
France	10
Italy	10
Spain	8
Poland	8
Netherlands	5
Greece	5
Czech Republic	5
Belgium	5
Hungary	5
Portugal	5
Sweden	4
Austria	4
Slovakia	3
Denmark	3
Finland	3
Ireland	3
Lithuania	3
Latvia	3
Slovenia	3
Estonia	3
Cyprus	2
Luxembourg	2
Malta	2
TOTAL	124

Annex 2 to ANNEX I

THE WEIGHTING OF VOTES IN THE COUNCIL AS FROM 1 JANUARY 2005

MEMBER STATES	VOTES
Germany	29
United Kingdom	29
France	29
Italy	29
Spain	27
Poland	27
Netherlands	13
Greece	12
Czech Republic	12
Belgium	12
Hungary	12
Portugal	12

Sweden		10
Austria	10	
Slovakia		7
Denmark		7
Finland		7
Ireland	7	
Lithuania		7
Latvia	4	
Slovenia		4
Estonia		4
Cyprus	4	
Luxembourg		4
Malta	3	
TOTAL		321

1 Payments during 2004 for structural operations in the new Member States will not affect the payments that must be included in the 2004 budget for structural operations of the current Member States.

2 Estimated figures to be revised as appropriate on the basis of the spending profile for the decommissioning activities of the Ignalina and Bohunice decommissioning funds. Phare commitments are above expectations for Ignalina and below expectations for Bohunice.