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Poland on its way to the European Union

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Address given at the Royal Institute for International Relations, Brussels, Palais d'Egmont, 10 October 1996.

It is with great satisfaction that I have received the invitation to address the Royal Institute of International Affairs in Brussels, a city holding the triple function of the capital: of Flanders, Belgium and of united Europe.

I see it as a great honour to present to this audience, so well known for its standards of discussion on the integration of our continent, some facts and thoughts on "Poland on Its Way to the European Union" the fundamental objectives of Poland and Poles with regard to Europe. I see it as a splendid chance to introduce the aspirations of a state and people that not only geographically, and historically, but also culturally and spiritually have been a part of Europe; yet have only recently arrived at the threshold of the continent's integrated structures.

Despite the divisions cutting across Europe, for decades Poles have cherished their sense of being Europeans. This feeling was manifested many times: in the events of 1956, 1968, 1976 and the courageous determination of 1980.

We have never renounced our ties with the civilisation and culture of Europe. However, Poles had to wait until 1989 to see the totalitarian system east of the "iron curtain" collapse and only then be able to start fulfilling their aspirations. Poland, freed from the ties of subordination to the Soviet empire created by the decisions taken in Yalta and has opted for the shortest path leading to a united to a united Europe, i.e. the path towards a European Union membership.

Just in the space of seven years Poland has registered achievements that already in this century should confirm its due legitimate position in the process of the continent's political and economic integration. Within this short period of time, Poland has turned into a state whose structures, institutions and mechanisms have been remodelled in line with the mature western democracies, and have proved their stability, viability and potential for continued and balanced development.

Thanks to our own efforts we have overcome a deep crisis that our economy slipped into after the breakdown of central planning. Without delay Poland achieved economic growth and results that fully warrant our satisfaction. Internal transformations have been paralleled by radical changes in Polish foreign policy. Europe has become Poland's unquestioned priority.

Our European policy, however, should not be perceived only in the narrow sense of Poland's policy towards the European structures. For is not only a policy of Poland within Europe but also for Europe. Obviously, joining paths with the European Union constitutes its focal point.

One of the fundamental objectives we set ourselves after 1989 was to create the best possible conditions for good relations with all our neighbours. By building good ties with the countries in our immediate vicinity we wish to consolidate Poland's position in Europe as a whole. We view the favourable relations with our neighbours as our contribution to the development of European integration.

There are not many countries in Europe that, like Poland, have suffered so deeply the tragic consequences of their own weakness and poor relations with their neighbours. We are therefore all the more pleased to see that for the first time in many, many years we now share a common legal framework for good neighbourly relations with all our neighbours. The construction of a safer Europe enjoying more stability has become a common uniting our efforts.

With a number of our neighbours we also share the eagerness to take part in the process of enlarging the European Union and other Western structures eastwards. It has been with Poland, Hungary and Czechoslovakia, that the European Union concluded the first Europe Agreements, then also signed with

other countries of Central and Eastern Europe undergoing reforms. The same countries later started their own common institutions, such as CEFTA, that today make their preparations for the participation in the Union much more effective.

At this point let me stress that the structures we have created jointly with other associated countries are no alternative to European Union membership. We view them essentially as instruments that should facilitate attaining our fundamental integration objectives attained, as in the case of the former EFTA countries, now full members of the European Union.

It is also within the structural framework of regional co operation that we seek support and enhancement of bilateral policies of good neighbourly relations. Efforts made in both of these frameworks consolidate the atmosphere of stability and confidence in Central Europe and facilitate stronger political ties and economic co operation with immediate and more distant neighbours.

The fact that both the EU Member States as well as the countries aspiring to EU membership participate in the Baltic Sea States Council and Central European Initiative proves the unique role those institutions have in the process of Poland's movement towards the Union. Both groupings serve as a practical testing ground for our abilities and skills in undertaking joint actions with the existing and future Union members in order to solve our common problems.

One also cannot ignore the fact that participating in both institutions are countries that — at least for the time being — do not see themselves as European Union members. Thus these institutions constitute important platforms for seeking and developing co operation between the Union and other European countries. Poland attaches utmost importance to counteracting any feeling of isolation our eastern neighbours might be likely to perceive.

Poland shares its border with the Union now, but in not too distant future Polish borders will become those of the Union's. It is therefore, in Poland's vital interest that the future neighbours of the Union view the European integration process as an opportunity to consolidate their own sense of stability, and not as a threat to their national interests.

The area covered by the Baltic Sea States Council and the Central European Initiative is a place where new economic and infrastructural ties are forged which soon will become part of the infrastructure of an integrated Europe. Money invested here today is truly an investment in the future of Europe integration.

Two years ago the European Union put forth a proposal to the associated countries of Central and Eastern Europe to jointly undertake an initiative called the Stability Pact, whose objective was to promote and facilitate the development of good neighbourly relations between the aspiring countries and counteract any potential sources of tensions among them. Poland considered it immensely important to highlight policy on relations with the neighbouring countries, stressing that successfully anticipated and led to the actual implementation of the ideas the Stability Pact had been guided by. With all its seven neighbours Poland has concluded treaties regulating such significant issues as the integrity of the borders and protection of national minorities.

Cross border co operation is yet another important dimension of Poland's relations with its neighbours. It is being developed in all directions. In the west we find the material ground to prepare Poles to act jointly with our partners from the Union. In the south and north east we foster co operation between local authorities and communities that soon can find themselves in the enlarged Union. In the east we are creating ties that should help break the sense of isolation once the scope of Western structures of political and economic integration have been expanded.

The principles of good and friendly relations among neighbours are also valid in our co operation with other European countries, among which the European Union Member States hold they key position. As with our immediate neighbours, our bilateral relations with those countries are also complemented and enriched by co operation undertaken in the framework of regional groupings, as well as the co operation between individual

regions and cities.

Belgium is a special case in this context. It has already been some time since we concluded a Co operation Agreement with Flanders. This is a new dimension in the relations between our two countries leading to closer ties between our peoples; it will bear fruits when Poland is already a member of the Union.

In Poland we attach a lot of importance to the social dimension of foreign policy, which translates itself into the level of public support for its objectives and instruments. Poland's foreign policy pursued after 1989 hinges on the aspirations of the Polish people. Instigating the radical systemic transformation, the Polish people determined that in order to reach a sense of security and ensure favourable conditions of growth Poland should seek a permanent place in the Western security and co operation structures: NATO, the European Union and the West European Union.

Steps undertaken with the view to obtaining European Union and NATO membership are widely understood and supported by the people. Support level of 80 percent warrants satisfaction, yet at the same time we are aware that with this support comes responsibility built into a mandate of public trust.

Undoubtedly more exact knowledge about the European Union as an integrative grouping is still not extensive among the Polish people. Hence the public is yet not fully able to objectively assess the costs and threats, as well as the potential benefits inherent in Union membership. We would like to avoid any substantial fall in public support for Poland's integration with the EU as the process enters into more specific stages, accompanied by the growing awareness of potential burdens. We have observed as a warning sign the difficulties some EU countries encountered in ratifying the Maastricht Treaty. We have also noted the falling support for the EU membership in Austria and Sweden after their accession. In Poland, too, we can observe some fluctuations in public endorsement occurring in response to transitional limitations of Poland's access to the Union's market.

In the course of the XX century, the Polish people was subjected to immeasurable suffering and losses, including material destruction on an excessive scale. For only 20 years within the past two centuries Poland has been a sovereign and independent participant in Europe's political life. Those experiences and the persistent struggle against Nazi occupation and the inhuman system that came after World War II, as well as the hardship of the initial years of economic transformation coupled with the determination to continue the reforms until the desired aim is achieved, allow me to believe in the stability of public support for bringing Poland into the European Union. The process, however, cannot take too long.

The Polish Government sees ensuing membership in the European Union as an obligation it has towards the Polish people. And it is only a clear and not too distant prospect of membership, which is further translated into successive specific implementation stages of the integration process, that can ensure and uphold public endurance and patience.

The Association Agreement of 1991 continues to serve as the formal and legal basis of the relations between Poland and the European Union. The Agreement is the most comprehensive international treaty Poland has ever concluded. At the same time, the Agreement is not an instrument intended to prepare Poland for EU membership. In this respect, again life itself has gone further than formal treaty provisions.

It was therefore with this realisation that the Polish Government decided to submit the EU membership application once the Agreement entered into force on February 1, 1994. The submission of the application on April 8, 1994 and the Council's decision to consider Poland's request marked a new stage in our mutual relations, as the decision to accede to the Union created the necessity to comply with a set of defined conditions.

Poland has already taken a number of important steps in her passage towards political, legal and economic harmonisation. They undoubtedly included Poland's accession into the Council of Europe and the Organisation for Economic Co operation and Development. We became members of the Council of Europe as early as in 1991, i.e. almost concurrently with concluding the Europe Agreement. Since that time our

democratic institutions have given ample proof of their durability and stability.

Our endeavours to become a member of OECD took much longer. Specific legislative and economic adjustments were necessary. Our efforts succeeded, however, and on July 11, 1996, Poland and OECD signed an agreement that paves the way to the official invitation of our country to join the organisation. We view this fact as an honour and as a sign of appreciation for our efforts so far, as well as an indication that soon we will receive a ticket of entry into the European Union.

The fact that Poland has been admitted into the group of highly developed countries is not an empty gesture. According to the experts of the International Monetary Fund, the results achieved by the Polish economy in 1995 were a genuine success. In particular IMF praised the ratio of the state budget deficit to GDP that has consistently been held below 3 percent for three years running, and the high economic growth of 7 percent.

Although the plans concerning further lowering of the inflation rate have not been fulfilled on schedule and the progress of structural reforms has been uneven, the general outlook for the Polish economy in 1996 and 1997 is considered good: the economic growth (around 6 percent) will again be higher than the average growth rate in other European countries. Worse results in 1996 derive to a large extent from the recession suffered by our major EU trading partners.

According to the World Bank, Poland is capable of upholding the high growth rate. However, it will require a consistent and disciplined monetary policy, faster privatisation and restructuring of large inefficient enterprises; a reform of the public finances, in particular of the social insurance system; development of the financial sector, primarily restructuring of specialised commercial banks and strengthening of the banks' financial discipline; a reform of the agricultural policy; and finally a proactive human resources policy. Those measures have been incorporated into the medium and long term development programs: the Strategy for Poland, Pact 2000 and the National Development Strategy until 2010. Some of them are already in the implementation stage.

We do realise that the speed of Poland's integration with the European Union and the value of benefits brought about by the process will be determined by how well we can adapt our internal structures and mechanisms to the requirements of association, and eventual membership. Recent years have shown that Poland has been able to readily adjust to the conditions and mechanisms of market economy and democratic society. In many areas Poland could even now meet the EU membership obligations, and our progress in the transformation process warrants the assumptions that obligations pertaining to other areas will be met equally successfully.

That is why we are not interested in fragmentary solutions, i.e. opening only some of EU policies to our participation, with the exclusion of others. We can afford full membership if transition periods are allowed for in the case of some sectors. Let me point out here that it is mistaken to believe that only countries characterised by a lower level of development have enjoyed transition periods. It was also the more wealthy states that refrained from a full application of all EU policies for a time after the inception of their membership.

Appreciating the importance of pre accession measures, and in particular the steps defined in the Commission's White Paper on Single Market Adjustment, Poland has undertaken consistent measures in order to harmonise its legislative system with that of the European Union. It was as early as in 1994 that the Polish Government adopted a resolution imposing obligatory review of compliance of all the draft laws with *acquis communautaire*.

A positive manifestation of the progress in relations between Poland and the European Union is the development of political dialogue instruments, even though in my opinion, this very form of dialogue is not compatible with the current stage of our mutual relations. We have moved from incidental meetings of political directors to an extensive system including meeting of foreign ministers, political directors and experts. Following the Union's example, we have also established the institutions of the European correspondent and the liaison officer for common foreign and security policy.

A similar direction has been taken by the development of political dialogue instruments in the area of the judiciary and internal affairs. If we only could improve the quality of dialogue pertaining to Pillar II and Pillar III, or actually replace it with a new co operation formula, significant progress in those areas would then be a fact. Our requests are strongly validated by the far reaching convergence, if not identity, of Poland's and the Union's views regarding foreign policy as well as external and internal security. Poland is practically fit and ready to fulfil member obligations arising in those fields.

Since the Essen summit of December 1994, dialogue pertaining to Pillars II and III proceeds under the so called structural relations comprising top-level meetings on the occasion of the regular meetings of the European Council, as well as meetings of particular industry ministers. To date not all areas of co operation have been covered by the agendas of those meetings. Moreover, more often than not they fail to be preceded by preparatory meetings at lower levels. For Pillar I, the system of bilateral consultations between the Republic of Poland and the European Union is much more elaborate, however no such counterpart instruments have been created for the remaining two pillars.

Economic and trade harmonisation seems to be the other area, next to legislation, plagued by the highest number of difficult problems that usually affect the overall assessment of the harmonisation process. The process itself is not completed yet, and its continuation calls for sustained commitment and resolve. Poland needs to restructure whole industrial sectors that are outdated, overblown and inefficient. Privatisation should then follow, coupled with further development of the private sector and creation of a better environment for investment geared towards enhancing the export orientation of the Polish industry, and the economy as a whole.

Those measures, as well as their implementation, give rise to quite natural and understandable problems, both internally and externally, including their impact on relations with the EU. We wish to resolve them in keeping with the requirements posed by the process of adapting our country to EU membership. However, the transformation process cannot proceed in a manner too rapid or uncoordinated, as it would be dangerous from both the social and macroeconomic points of view.

In the context of the processes so far discussed, the EU is definitely the stronger partner that can cope with the emerging difficulties more easily. So in the final analysis it is Poland that has to endure the major burden of the adjustment process effects: the high deficit in Poland's trade with the EU is not decreasing, and the comparative advantage principle defined in the Europe Agreement has no validity in practice. We are constantly accused of unjustified protection of our own market, yet it is Poland that finds the EU's application of various market protection instruments particularly painful. Hence, it should not be surprising that Polish manufacturers and exporters, too, are looking for ways of reducing the competition of goods originating from the EU, especially at a time when not only their factories but whole industries are undergoing restructuring.

While discussing Poland's way to the European Union I cannot fail to mention the work undertaken by Poland on the National Strategy for Integration (NSI). The strategy is intended to let Poland reach the level of co operation with the Union comparable, in all areas and at all levels, to that existing among the EU Member States. The strategy is geared towards the attainment of real, mutually beneficial and comprehensive integration, encompassing the political, security, economic, social, cultural and civilisational aspects.

The development and implementation of the Strategy should be further facilitated by the reform of the Government's Economic Administration and the ensuing systemic changes in the co ordination of the process of integration with the European Union. The establishment of the Committee for European Integration, to be chaired by the Prime Minister himself, shows that the discussed issues have been assigned the highest possible position on the Polish government priorities list.

An important test for the Polish administration was to prepare the answers to the European Commission questionnaire relating to the membership application and the *avis*. Our full response of many hundred pages

was timely submitted on July 26, 1996.

The facts which I mentioned, as well as many others, are a significant proof of our prompt implementation of the schedule defined for the gradual integration of Poland with the European Union. The European Council, at its meeting in Florence, Italy, validated the decisions taken in Madrid, Spain, on the inception of the membership negotiations with the associated countries within six months after the conclusion of the Inter Governmental Conference.

We believe that once the Commission endorses Polish questionnaire responses, the negotiations will start at the turn of 1997 and 1998. It would mean a vital step towards achievement of an ambitious plan to let Poland take its place in the European Union by the end of 2000. Maybe we will not conclude the negotiations as promptly as the EFTA countries. Yet, we see no reason, why they should take any longer than 2 3 years. Neither do we see any reason for the ratification process to continue beyond the year when the negotiations are concluded.

We are set on prompt fulfilment of tasks arising from the integration process. We are fully aware of the importance of time and timeliness. We are doing our best not to cause any delays in the implementation of the envisaged schedule. I dare to say that we are entitled to expect that on its part the Union will also take care to ensure that the negotiations start in the agreed time.

The process of new members' accession into the EU poses great challenges both to the aspiring countries as well as the European Union itself. It goes without saying that the Union needs reforms. The reform process has already started, and Poland is following it attentively. We are also ready to fully join the discussions on this topic.

First of all, we are interested in the successful completion of the Intergovernmental Conference, whose task is, *inter alia*, to prepare the Union's structure for enlargement. Although the issue of enlargement has not itself been included in the Conference agenda, the solutions to be worked out for the institutional arrangement must allow for the fact that soon it is to serve more than fifteen members.

Like Belgium, Poland is also interested in the reformed Union to have more efficient decision making mechanisms and to be more effective in coping with the challenges to come. We see this need as particularly urgent in the area of common foreign and security policies and in combating social pathologies and organised crime. At the same time we would like the integration process to create for the member States — present and future — an opportunity to pursue their own interests and develop their identities in concert with all the remaining partners.

Since the very beginning, we have been raising the issue of our presence at the discussions on the Union's future in the IGC, as the solutions work out during the conference will be of direct relevance to us in the future. We find the proposed form of briefings unsatisfactory, both in terms of form and substance. We hope that the Union will eventually accept that the future members should enjoy the right not only to be advised about the course of the discussion, but also to be its active participants.

The need of such participation would be particularly urgent in the light of a possible failure of the Conference, both in terms of the solutions and the schedule it adopts. The conclusion of the Conference in mid 1997 gives Poland and other associated countries a chance to have the negotiations launched as early as in December 1997, i.e. at the Luxembourg summit. Any delay may put this timetable in jeopardy, engendering frustration and lack of confidence among the countries aspiring for membership.

The Inter governmental Conference and the issue of enlargement are just two among the many questions that the European Union must tackle at the turn of the centuries. The Conference has to complete its work before negotiations with the aspiring countries start, but other outstanding issues, such as the creation of Economic and Monetary union, the future relations between the European Union and the Western European Union, the adaptation of the Common Agricultural Policy to new conditions, the definition of rules for the Union's financing and appropriation of funds after 1999, need all to be resolved in a process somewhat parallel to the

membership negotiations with the associated countries of Central and Eastern Europe.

It would be highly undesirable for the issue of the Union's opening eastwards to become a bargaining chip used to satisfy the interests of each and every present EU member. Just by postponing the accession of new members the Union would lose its own dynamics and credibility failing to generate new momentum, consolidate the sense of security, enlarge the single market and sharpen the EU's competitive edge over other regions of the world.

Poland has no intention to undermine the Union. On the contrary, we wish to do our best to see it powerful, efficient and highly competitive. Our ambition is to be a strong element of the future enlarged Union, offering a substantive contribution to the enhanced sense of common security as well as internal and external stability.

Although we will not immediately join the Economic and Monetary union, it is already clear today that we are structuring our economy to meet the convergence criteria defined in the Maastricht Treaty. Currently we have already fulfilled two of them, i.e. the criteria for the state budget deficit and public debt.

We wish to participate in the common defence effort of the European countries. The Western European Union membership is our priority on a par with participation in NATO and the EU. We can envisage a gradual integration of the two European organisations and wish to partake in the process.

It is more and more evident that the Union's enlargement will necessitate a modification of the common agricultural policy. A transfer of some financial resources from the agricultural funds to the new members seems inevitable, although the transition periods defined for the integration of the Polish agriculture may be extended. However, politically unbiased studies prove that to integrate the agricultures of Central and Eastern European countries with that of the Union, the funds under common agricultural policy will have to grow by only about ECU 10 billion annually (the current CAP budget amounts to ECU = 41 billion), which — as you, Ladies and Gentlemen, will agree — does not constitute any excessive expenditure in the light of potential costs and benefits.

It seems that the Union's assistance policy also calls for re examination. So far Poland has benefited only from the PHARE fund, which is the largest source of non reimbursable assistance offered to Poland, yet still displays grave disparity with assistance flows directed, under diverse headings, to countries much more prosperous than Poland.

It may sometimes seem that after the initial period of euphoria generated by the tide of change in Central and Eastern Europe, Western Europe has now turned towards itself. More and more frequently interests of narrow groups and fragmentary enlargement costs assessments apparently overshadow the long term vision of Europe without borders, Europe of five hundred million consumers.

However, the idea of establishing a secure, conflict free Europe; spreading economic integration extending growth and prosperity throughout Europe warrant that Poland's will and determination to access the European Union in the nearest future, should not be ignored or dissipated, that particular interests should not receive undue priority. For the benefits will be for all of us to share. Benefits for Poland and the whole of Europe.

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