

THE EXPERIENCE OF THE NEW MEMBER STATES*

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As concerns Poland's experience acquired during the first year of membership in the European Union, I must say that, in general, the accession to the EU appears to be favourable both for the country and for the citizens. The majority of the society also evaluate positively the results of the first year in the EU and both macro and micro economic indicators persuade us that on the May 1st, 2004 Poland started a new period of its history, a period of accelerated development and modernisation.

To illustrate this, I would like to present some general information and statistics as well as public opinion pools results on Polish membership in the EU and, last but not least, the Polish standpoint vis-à-vis the Constitutional Treaty which is now, after the referenda in France and Netherlands, lively discussed all over Europe.

The date of Poland's accession to the EU was accompanied by hopes and fears linked with its prospective results. According to analyses and prognoses made before our accession, it was not sure that it would be successful from the financial point of view. Some euro sceptics bluffed that Poland would be net contributor to the EU budget. Simultaneously, among the biggest pessimists were the farmers who were afraid

that accession was not positive for Polish agriculture, which would have to face competition with more modern and subsidized agriculture of the EU old Member Countries.

After one year of membership we can say that, most probably Poland will be net payer, because it proved to be well prepared to absorb structural funds. Also against the previous prognostics, Polish farmers became the biggest winners - not losers - of the country's membership. Against the fears spread among farmers, foreign cheap food did not flood the Polish market but vice versa - the Polish agricultural products massively invaded the neighbour countries markets.

This fact seems even more striking as such situation was not expected before. A few years ago, I participated in a research financed by the World Bank and coordinated by the Institute of World Economics in Budapest and devoted to the estimation of the effect of the Central and Eastern European countries accession to the EU on their social groups economic situation. The title of the research was "Winners and losers of the EU integration"¹. According to a common opinion shared by the researchers, small farmers were to be the biggest losers of the European integration.

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¹ *Winners and Losers of European Integration*, World Bank, New York 2000.

Today, we have been rather to our satisfaction than dismay persuaded to admit that we were not right.

Let us present now some figures to illustrate the economic effects I talked about so far in general².

1. In 2004 the GDP reached the level 6% and it was the best result in the last 7 years. In 2005, probably, it will be a little bit less than 5%.

2. Export also increased: especially to the EU countries and Eastern neighbours. The biggest increase we can note in the trade with Ukraine (by 30%) and with Russia (by 89%). It was the profit taken from the participation in the bilateral agreement provisions between EU and Russia as well as the result of subsidies for exports of food to non-EU countries.

3. The investments increased by 50%.

4. Polish currency became stronger in relation to Euro and US Dollar. In April 2005 the exchange rate to Euro was 3,98 PLN and 3,06 PLN to US Dollar.

5. However, if we present positive results of the first year's membership, we must also present negative ones as they did appear. Then, against prognoses from before our accession, the prices of foodstuffs increased. It was, among others, the result of the rapid increase of demand for the Polish groceries from the EU consumers. This phenomenon caused also the increase in inflation rate which increased from 2,2% in April 2004 to 4,4 - 4,6% after 1st of May 2004. The increase of inflation rate was the result of the increase of prices of food after the 1st of May 2004 (in some assortments of meat even by 100%).

6. I have already mentioned that pessimistic prognoses prepared before the accession had foreseen that Poland would be net payer to the EU budget. In reality, in 2004 the balance within financial transfers between Poland and the EU budget was 1 554.083 million EUR in plus. In 2005 Poland will receive additionally 560 million EUR from the Norwegian Financial Instrument and European Economic Space Aid. In total, financial transfers, by the end of 2006, will reach 11 billion EUR. Polish farmers will receive, beyond the direct payments, 1,4 million EUR within financial support for exports of agricultural products.

7. Talking about fears and hopes of the Polish society vis-à-vis the accession we should mention the biggest problem the Polish economy is facing. I mean here unemployment: its average rate is 18%, but it did not increase. The accession did not result in its decrease, but by the end of 2005 about 600.000 Polish citizens will be employed outside the country. The major part of Poles looking for employment abroad finds it in the United Kingdom.

Talking about results of Poland's membership in the EU we cannot forget about its political aspects. In foreign policy within the EU, Poland's priority is to support the membership of the Eastern European countries. Thanks to Polish and Lithuanian efforts, in December 2004, the European Council pronounced a special declaration for Ukraine stressing the strategic importance of Ukraine as the key partner of the EU and the "key neighbour" of the Community. The EU wants to establish close and privileged relations with Ukraine. Poland would support preparation for opening of the negotiations with Ukraine

² The figures have been taken from: *Polska w Unii Europejskiej (Poland in the European Union, The experience of the first year of membership)*, Urząd Komitetu Integracji Europejskiej (Office of the Committee of the European Integration), Warszawa 2005.

and Moldova. Concerning Belarus, Poland's standpoint is not to isolate that country because of antidemocratic regime of Lukaszenko, but to start a constructive dialogue. Poland's involvement into "the Orange Revolution" resulted in cooling the relations with Russia. We must stress that Poland is not "anti-Russian" country. It wishes to build with Russia partnership relations based on equality and mutual respect.

As far as the political relations inside the Union are concerned, the attitude vis-à-vis the Constitutional Treaty seems to be important. With generally positive assessment of the draft Constitution, Poland raised major objections only against a few provisions of the Constitutional Treaty, namely: the number of Commissioners, the question of potential defence cooperation vis-à-vis NATO, Christian heritage clause and the new voting system in the Council.

As regards the number of Commissioners, Poland advocates the rule „one country one Commissioner” together with the equality of rights.

Another question raised not only by Poland but also by some other countries was the question of Christian heritage clause in the Preamble. As the inclusion of *Invocatio Dei* could not be accepted by the Europeans who are non-believers, a clause referring to the role of Christianity for European heritage and identity corresponds with historical truth. The Polish position stresses the historical truth, the one beyond doubt. These are the facts and one should not argue about them. One can only forget or ignore them. It seems that while discussing the Preamble, one should be aware of the existence of a clear-cut borderline between

Central-Eastern European countries and Western ones, as in the struggle for human rights and freedom in the East, in 19th century, religion and the Church turned out to be an ally. The same phenomenon could be observed in the communist era. The western struggle for freedom in the 19th century was the struggle against the Church, the one involving wide societal circles. As a consequence, laicism and atheism are more popular in Western Europe than in its Eastern part.

It seems rather understandable that among the problems raised at IGC by Poland the key one was the question of weighting of votes at the Council of Ministers. As the position of the Polish government is quite well known, I will present only one Polish argument against the new system proposed by the Convention, which seems to be most convincing.

Polish standpoint is that the new constitutional voting system would be less favourable for small and medium countries. Small countries would be the major losers of the new voting system in the Council - if we take into consideration the possibilities of making coalitions. From this point of view, France and Germany as well as 6 founding countries would be winners while Spain, Portugal, Greece and 12 new members would be losers³. So, from the point of view of the possibility of making coalitions, the new voting system introduced by the Convention is not beneficial for small and poor countries, which are interested in receiving bigger financial assistance from the EU budget. In the view of the above, if the richer countries were to scrub structural assistance, the poorer countries would have no tools at their disposal to prevent it unless

³ Rafał Trzaskowski, *The shape of the Eu beyond enlargement after Convention [in:] "Convention on EU Reform and Enlargement",* (ed.) Maria Karasinska-Fendler, European Institute, Lodz, 2003, p.p. 66-67.

12 new members grouped with the current 3 poorer states their population will not reach the necessary size of population but they would represent the majority of states.

We must agree that the new system of weighted votes is more transparent and easier to understand, but we must also note that it strengthens the power of bigger and richer states, which would have decisive voice in the decision-making process. For the ordinary European citizens it does not matter so much if the voting system in the Council, which is not elected by them, is easier or more difficult to comprehend. Apart from this, citizens of the new member states took their decisions in the referenda mostly on the basis of the different Nice Treaty. Finally, we agree that double calculation is less complicated than triple, but the latter is not impossible to understand and put into practice.

Independently from that, Poland's membership in the EU resulted in the increase of the society's support for the accession and the increase of optimism among the Polish citizens. Generally speaking, Poles are pessimists. If you ask anybody to express his or her opinion on his/her life conditions and economic situation he/she will complain that everything is getting worse. But if we analyse their economic behaviours, measured with bank credits, new business initiatives and purchases, Poles will prove to be the biggest optimists in the EU. The high levels of popular support for membership of the EU increased after the first of May and in February 2005 they reached the level of 72%.