



SLOVENIA



SLOVENIA ON THE WAY TO THE EUROPEAN UNION **ALPINE COUNTRY IN THE ALPINE PHASE OF NEGOTIATIONS**

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VIENNA - 01 MARCH 2002

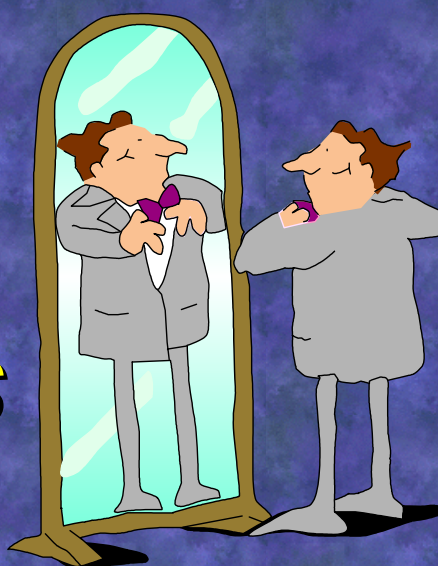
MAIN MACROECONOMIC INDICATORS OF SLOVENIA

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|----------------------|-------|-------|-------|-------|------|
| GDP GROWTH RATES | 4.6 | 3.8 | 5.2 | 4.6 | 3.7 |
| GDP/PC PPP (IN US\$) | 13200 | 13900 | 15000 | 16100 | - |
| INFLATION (ANN.AV.) | 9.1 | 7.9 | 6.1 | 8.9 | 8.4 |
| UNEMPL. RATE (ILO) | 7.4 | 7.9 | 7.6 | 7.0 | 6.3 |
| GG BAL. (% OF GDP) | -1.2 | -0.8 | -0.6 | -1.4 | -1.4 |
| CA BAL. (US\$ MIL) | 12 | -147 | -782 | -594 | -215 |

 Institute of
Macroeconomic Analysis
and Development



**CURRENT
STATE OF
NEGOTIATIONS**





COUNTRIES BY THE NUMBER OF PROVISIONALLY CLOSED CHAPTERS

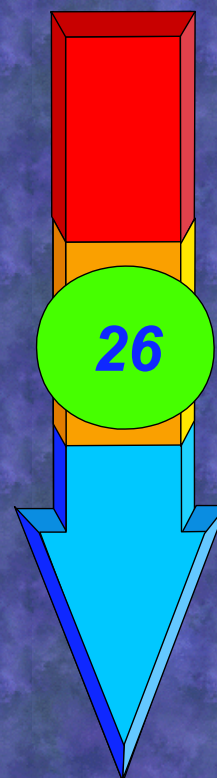
| | |
|-----------------------------------|----|
| ■ SLOVENIA | 26 |
| ■ CYPRUS, CZECH REPUBLIC, HUNGARY | 24 |
| ■ LATVIA, LITHUANIA | 23 |
| ■ SLOVAKIA | 22 |
| ■ ESTONIA, MALTA, POLAND | 20 |
| ■ BULGARIA | 14 |
| ■ ROMANIA | 9 |

2004



PROVISIONALLY CLOSED CHAPTERS

- 1 - FREE MOVEMENT OF GOODS
- 2 - FREE MOVEMENT OF PERSONS
- 3 - FREEDOM TO PROVIDE SERVICES
- 4 - FREE MOVEMENT OF CAPITAL
- 5 - COMPANY LAW
- 6 - COMPETITION AND STATE AIDS
- 8 - FISHERIES
- 9 - TRANSPORT
- 10 - TAXATION
- 11 - ECONOMIC AND MONETARY UNION
- 12 - STATISTICS
- 13 - SOCIAL POLICY AND EMPLOYMENT
- 14 - ENERGY
- 15 - INDUSTRIAL POLICY
- 16 - SMALL AND MEDIUM ENTERPRISES
- 17 - SCIENCE AND RESEARCH
- 18 - EDUCATION AND TRAINING
- 19 - TELECOM. AND INFORMATION TECHNOLOGY.
- 20 - CULTURE AND AUDIO-VISUAL POLICY
- 22 - ENVIRONMENT
- 23 - CONSUMERS AND HEALTH PROTECTION
- 24 - JUSTICE AND HOME AFFAIRS
- 25 - CUSTOMS UNION
- 26 - EXTERNAL RELATIONS AND DEVELOPMENT AID
- 27 - COMMON FOREIGN AND SECURITY POLICY
- 28 - FINANCIAL CONTROL





WHY

ARE WE AND IT IS GOOD TO BE IN LINE WITH THE ROAD MAP

- SLOVENIA IS A **SMALL AND RELATIVELY WELL DEVELOPED** COUNTRY
- **OUR STRATEGY** WAS TO STICK TO "EASY GROUP" DEBATES AND THUS ESCAPE POSSIBLE ADDITIONAL COMPLICATIONS IN NEGOTIATIONS
- SLOVENIA IS SEEN AS AN **EFFECTIVE AND CONSTRUCTIVE COUNTRY** - WE ARE NOW CREATING THE FUTURE IMAGE OF A MEMBER STATE (THE WEIGHT OF THE COUNTRY IS NOT NECESSARY CONNECTED ONLY TO THE SIZE OF THE COUNTRY)
- WE ARE ENTERING THE **MOST DIFFICULT PHASE** OF FINANCIAL NEGOTIATIONS
 - **DO NOT FORGET:** ONE CAN ONLY CHANGE THE POSITION OF THE EU BEFORE THEY DEFINE THEIR COMMON POSITION
 - **SLOVENIA:** TIME FOR PREPARATION AND DISCUSSION OF NEGOTIATING POSITION
 - **EU:** TIME FOR EXPLANATION OF OUR PROBLEMS, INTERESTS AND LOBBYING



FINAL PHASE OF NEGOTIATIONS

- 7 - AGRICULTURE
- 21 - REGIONAL POLICY AND COOR. OF STRUC.INS.
- 29 - FINANCIAL AND BUDGETARY PROVISIONS



FIRST ASSESSMENT OF THE COMMISSION'S PROPOSAL

**IN LIGHT OF THE REMAINING
CHAPTERS TO BE NEGOTIATED**



GLOBAL ASSESSMENT

- PROPOSAL IS **IN LINE WITH GENERAL EXPECTATIONS**
- PROPOSED FIGURES ARE **WITHIN THE STRICT LIMITS AGREED IN AGENDA 2000** (POLITICAL LIMITS GIVEN TO THE COMMISSION)
- PROPOSAL DOES NOT CORRESPOND TO THE FACT THAT THE **ACTUAL REALITY IS NOT IN LINE WITH AGENDA 2000 ASSUMPTIONS** (2002 TO 2004, 6 TO 10 CC)
- THE FACT THAT THERE IS LESS MONEY FOR MORE NEW MEMBER STATES **DOES NOT EXPRESS HIGH POLITICAL WILL AND DETERMINATION OF THE MEMBER STATES FOR THE ENLARGEMENT**
- WITHOUT QUESTIONING THE FRAMEWORK AGREED IN AGENDA 2000, WE BELIEVE THAT THE **ROOM OF MANOEUVRE WITHIN THE AGREED LIMITS EXISTS**
- COMMISSION'S PROPOSAL IS (AS EXPECTED) **A HORIZONTAL ONE**, NOT TAKING INTO ACCOUNT THE SPECIFICITY OF THE CANDIDATE COUNTRIES - WE ARE AFRAID THAT THIS WILL ALSO BE THE APPROACH USED IN DCPs FOR INDIVIDUAL CANDIDATE COUNTRIES



7

AGRICULTURE



- **MAIN FACTS:** SHARE OF AGRICULTURE IN GDP LESS THAN 4%, COMPARABLE STRUCTURE TO EU, NET IMPORTER, PRICE LEVELS COMPARABLE TO EU, COMPARABLE AGRICULTURAL POLICY TO CAP - BUDGETARY SUPPORT AT THE LEVEL OF 70% OF SUPPORT PROVIDED BY CAP, MOST INSTITUTIONS REQUIRED PUT IN PLACE
- **PROBLEMS:** SMALL FARMS (LAND MAXIMUM), HIGH LANDED FARMS (MOUNTAINS)
- **MAIN GOALS:** UNCHANGED FARMER INCOMES, PRESERVATION OF THE LANDSCAPE, MAINTAINING THE PRODUCTION (AND CONSUMPTION) OF THE FOOD WITH TASTE



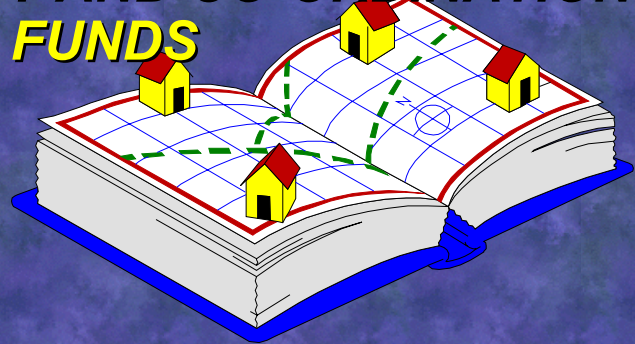
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AGRICULTURE NEGOTIATIONS



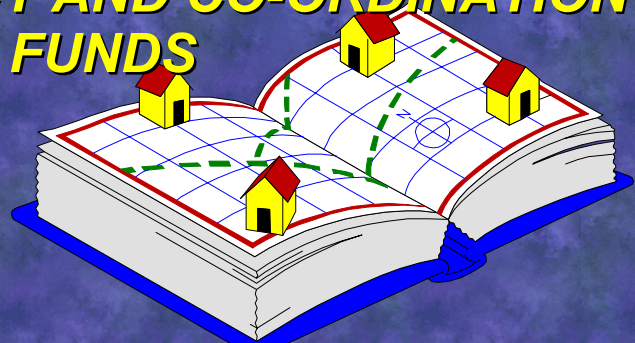
- SLOVENIA ALREADY PROVISIONALLY **CLOSED VETERINARY AND PHYTOSANITARY** FIELDS IN DECEMBER 2001
- **PRELIMINARY ASSESSMENT OF THE COMMISSION'S PROPOSAL:**
- **PLUSES:**
 - ▶ POSSIBILITY TO "TOP-UP" DIRECT PAYMENTS FROM NATIONAL BUDGET
 - ▶ IMPORTANCE GIVEN TO THE RURAL DEVELOPMENT MEASURES (RESTRUCTURING)
- **MINUSES:**
 - ▶ QUOTA LEVELS SET BY THE COMMISSION WITHOUT TAKING INTO ACCOUNT THE EXISTING SITUATION IN THE CANDIDATE COUNTRIES
 - ▶ NO DIFFERENTIATION CONCERNING THE LEVELS OF DIRECT PAYMENTS AND THE LENGTH OF THE TRANSITIONAL PERIOD WITH REGARD TO THE SPECIFICITY OF THE COUNTRIES

REGIONAL POLICY AND CO-ORDINATION OF STRUCTURAL FUNDS



- **MAIN FACT:** CURRENT GDP/PC PPP 72% OF THE EU AVERAGE
- **MAIN PROBLEM:** REGIONALIZATION OF SLOVENIA, DETERMINATION OF ELIGIBILITY AND DISTRIBUTION OF AVAILABLE FINANCIAL SOURCES, SETTING UP A RATIONAL STRUCTURE WHICH WILL ENABLE EFFICIENT FUNCTIONING AND HIGH ABSORPTION CAPACITY
- **MAIN GOALS:** BENEFIT FROM THE EXISTING STRUCTURAL AND COHESION POLICY, EQUAL STATUS TO THE EXISTING EU MEMBER STATES

REGIONAL POLICY AND CO-ORDINATION OF STRUCTURAL FUNDS NEGOTIATIONS



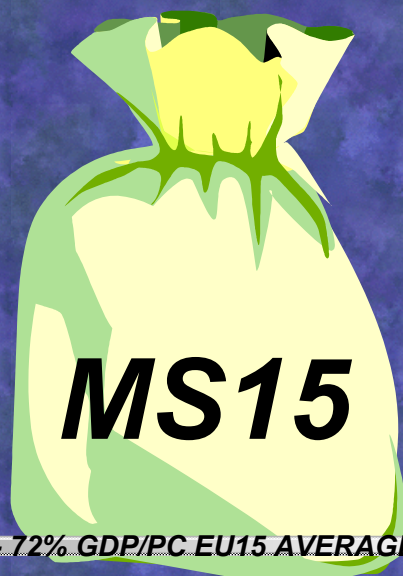
- **SPECIFIC POSITION OF SLOVENIA**
- **PRELIMINARY ASSESSMENT OF THE COMMISSION'S PROPOSAL:**
- **PLUSES:**
 - ▶ INCREASED SHARE FOR COHESION FUNDS TO 1/3 OF THE TOTAL AVAILABLE SUM ON A GLOBAL LEVEL
- **MINUSES:**
 - ▶ MONEY AVAILABLE FOR CANDIDATE COUNTRIES IS NOT SUFFICIENT FOR EQUAL TREATMENT TO THE MEMBER STATES IN THE CURRENT FINANCIAL PERSPECTIVE (PHASING IN UP TO APPROXIMATELY 40%) - DE FACTO THIS IS A REQUEST FOR A TRANSITIONAL PERIOD
 - ▶ APPROACH IN PRINCIPAL NOT THE SAME AS THE APPROACH IN CHAPTER 7 - AGRICULTURE

FINANCIAL AND BUDGETARY PROVISIONS NEGOTIATIONS



- **PRELIMINARY ASSESSMENT OF THE COMMISSION'S PROPOSAL:**
- **MINUSES:**
 - ▶ FULL CONTRIBUTION OF THE CANDIDATE COUNTRIES IS EXPECTED
 - ▶ THE APPROACH IN PRINCIPLE DOES NOT CORRESPOND TO THE ONE IN CHAPTERS 7 AND 21 (NO TRANSITIONAL PERIOD FOR FULL CONTRIBUTION, LESS DETAILED)
- **PLUSES:**
 - ▶ INTRODUCTION OF COMPENSATION PAYMENTS - SO CALLED LUMP SUM PAYMENTS - TO AVOID DETERIORATION OF THE NET BUDGETARY POSITION OF CANDIDATE COUNTRIES IN COMPARISON TO THE PRE-ACCESSION PERIOD

MAIN PARADOX

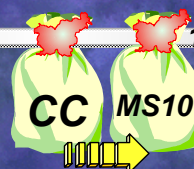


**FOR HOW LONG SLOVENIA
WILL REMAIN ONE OF THE
MOST DEVELOPED
ACCESSION COUNTRIES?**

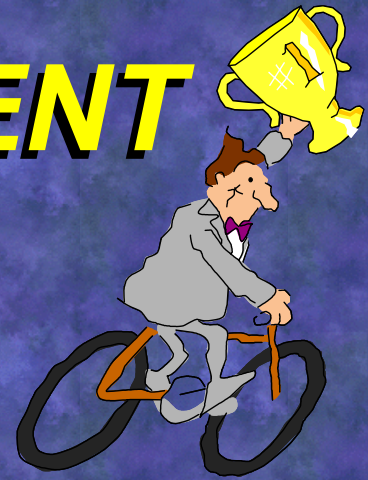
- **TILL 2004:** PREACCESSION HELP
- **2004-2006:** TRANSITION PERIOD
- **AFTER 2006:** ???

SLO - 72% GDP/PC EU15 AVERAGE

120% GDP/PC CC-MS10 AVERAGE



ENLARGEMENT PROCESS



WHO AND WHEN

A map of Europe is shown in the background, colored with a green-to-yellow gradient. The text is overlaid on the map.

POLITICAL WILL AND PUBLIC SUPPORT



...FROM HELSINKI

PRESIDENCY CONCLUSIONS

- ***EU WILL BE INTERNALLY **READY TO ENLARGE** WITH THE BEST PREPARED CANDIDATE COUNTRIES AT THE **END OF 2002** ...***



...TO NICE...



PRESIDENCY CONCLUSIONS

- ***EU WILL BE INTERNALLY READY TO ENLARGE WITH THE BEST PREPARED COUNTRIES AT THE END OF 2002***
- ...
- ***... IN HOPE THAT THEY WILL BE ABLE TO TAKE PART IN THE NEXT EUROPEAN PARLIAMENT ELECTIONS***
- ***ENLARGEMENT STRATEGY AND THE ROAD MAP FOR THE NEXT 18 MONTHS (THREE PRESIDENCIES)***



... GOETEBORG ...



MAIN MESSAGE
ENLARGEMENT PROCESS
IS IRREVERSIBLE



PRESIDENCY CONCLUSIONS

- ***PROVIDED THAT PROGRESS TOWARDS MEETING THE ACCESSION CRITERIA CONTINUES AT AN UNABATED PACE, THE ROAD MAP **SHOULD MAKE IT POSSIBLE TO COMPLETE NEGOTIATIONS BY THE END OF 2002** FOR THOSE CANDIDATE COUNTRIES THAT ARE READY. THE OBJECTIVE IS THAT THEY **SHOULD PARTICIPATE IN THE EUROPEAN PARLIAMENT ELECTIONS OF 2004 AS MEMBERS.*****



... LAEKEN ...

PRESIDENCY CONCLUSIONS



- **THE EUROPEAN UNION IS DETERMINED TO BRING THE ACCESSION NEGOTIATIONS WITH THE CANDIDATE COUNTRIES THAT ARE READY TO A SUCCESSFUL CONCLUSION BY THE END OF 2002, SO THAT THOSE COUNTRIES CAN TAKE PART IN THE EUROPEAN PARLIAMENT ELECTIONS IN 2004 AS MEMBERS.** CANDIDACIES WILL CONTINUE TO BE ASSESSED ON THEIR OWN MERITS, IN ACCORDANCE WITH THE PRINCIPLE OF DIFFERENTIATION.

PRESIDENCY CONCLUSIONS



- **THE EUROPEAN COUNCIL AGREES WITH THE REPORT OF THE COMMISSION, WHICH CONSIDERS THAT, IF THE PRESENT RATE OF PROGRESS OF THE NEGOTIATIONS AND REFORMS IN THE CANDIDATE COUNTRIES IS MAINTAINED, CYPRUS, ESTONIA, HUNGARY, LATVIA, LITHUANIA, MALTA, POLAND, THE SLOVAK REPUBLIC, THE CZECH REPUBLIC AND SLOVENIA COULD BE READY.**



PRESIDENCY CONCLUSIONS

- ***AT THE BEGINNING OF 2002. THE COMMISSION WILL PROPOSE COMMON POSITIONS ON THE AGRICULTURE, REGIONAL POLICY AND BUDGETARY CHAPTERS ON THE BASES OF THE PRESENT ACQUIS AND ON THE PRINCIPLES DECIDED ON IN BERLIN. PROCEEDINGS ON THE DRAFTING OF THE ACCESSION TREATIES WILL BEGIN IN THE FIRST HALF OF 2002.***

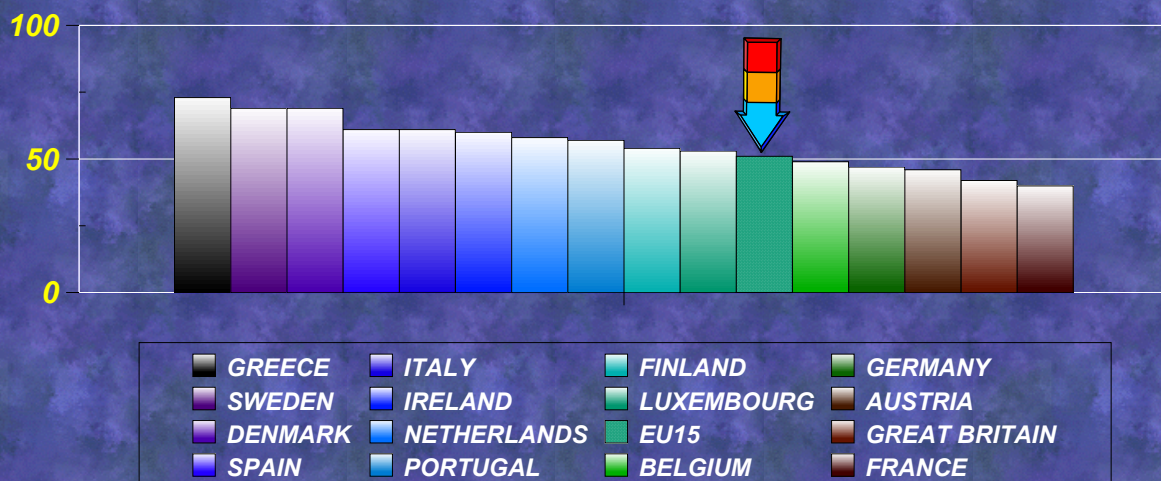


EU ENLARGEMENT

EUROBAROMETER - RELEASE AUTUMN 2001

SUPPORT FOR ENLARGEMENT

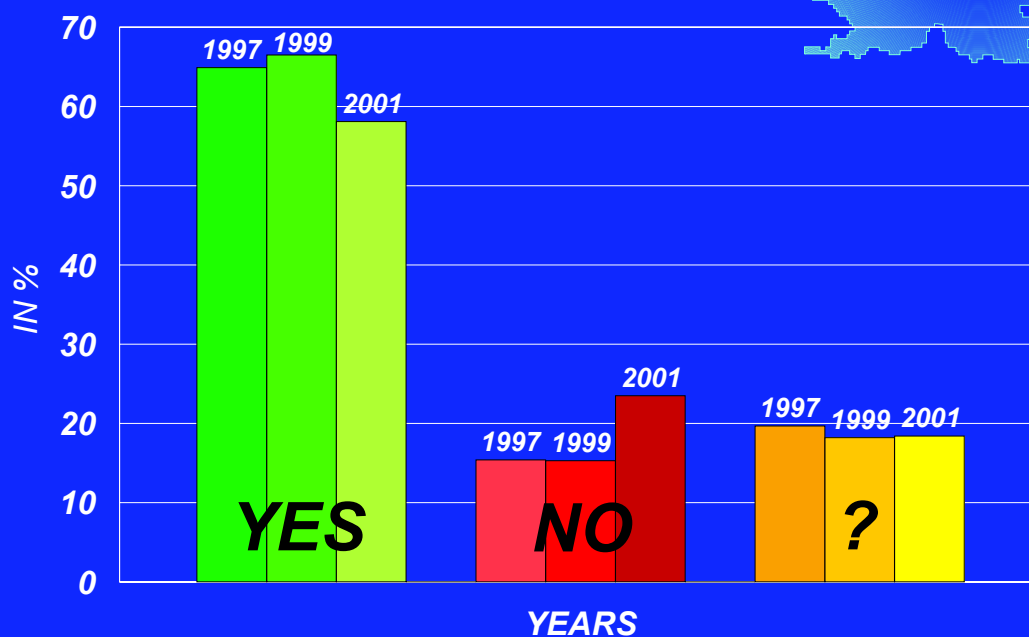
AVERAGE %, IN FAVOUR OF THE 13 APPLICANT COUNTRIES JOINING THE EU



... AND IN SLOVENIA

- ***PROGRESS REPORT 2001: VERY POSITIVE MENTIONING ONLY A FEW REMAINING PROBLEMS***
- ***(ONE YEAR) AFTER PARLIAMENT ELECTIONS***
- ***STABLE GOVERNMENT WITH A LARGE (2/3) SUPPORT IN THE PARLIAMENT***
- ***STABLE SUPPORT TO THE EU ACCESSION PROCESS OF PRACTICALLY ALL PARTIES REPRESENTED IN THE PARLIAMENT***

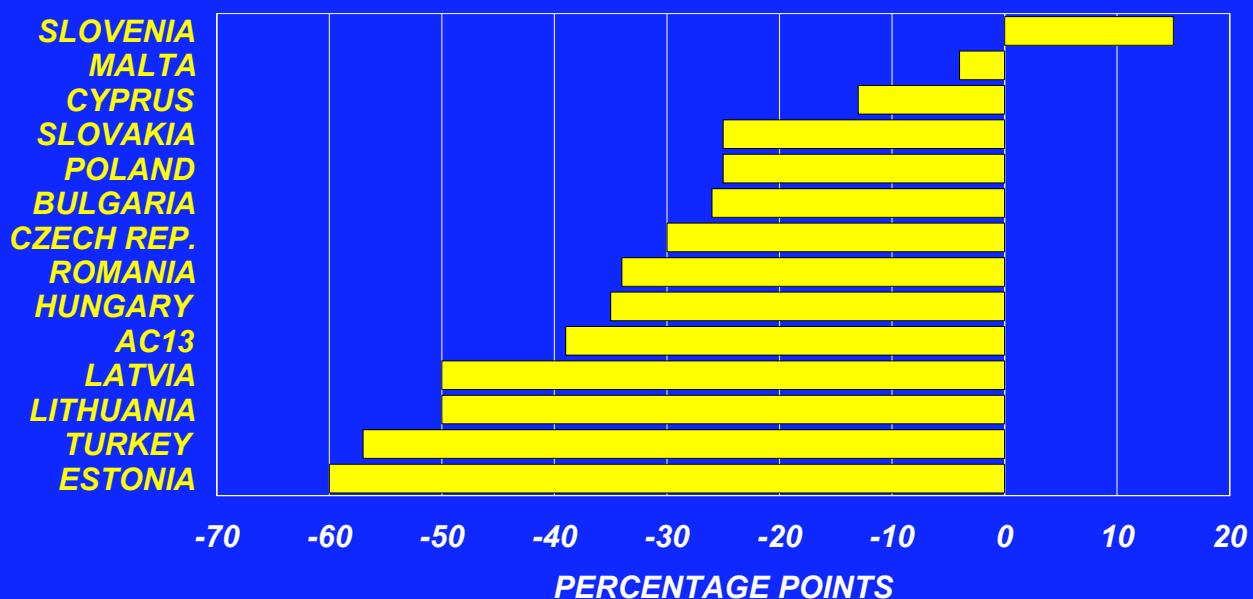
REFERENDUM ON THE ACCESSION OF SLOVENIA TO THE EU IS NEXT SUNDAY
HOW WOULD YOU VOTE?



EUROBAROMETER - APPLICANT COUNTRIES
DECEMBER 2001

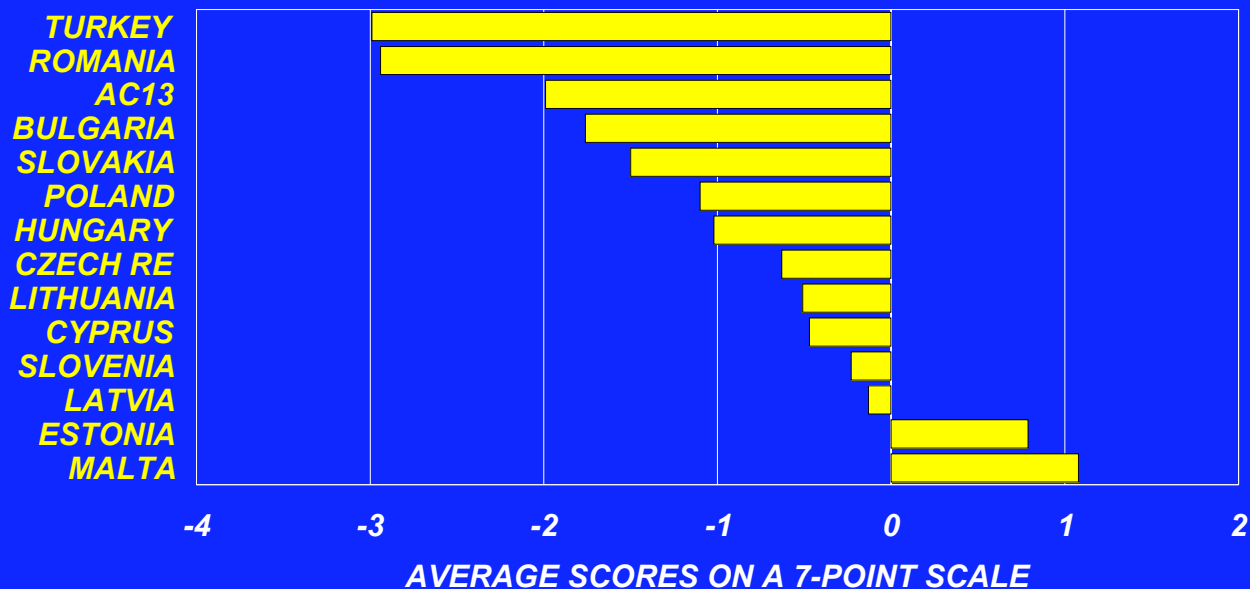
ACCESSION PROCESS OF OWN COUNTRY

% OF VERY WELL AND WELL INFORMED - % OF NOT VERY WELL AND NOT AT ALL INFORMED



EUROBAROMETER - APPLICANT COUNTRIES
DECEMBER 2001

CURRENT AND DESIRED SPEED OF ACCESSION
DIFFERENCE BETWEEN CURRENT AND DESIRED SPEED



MAIN
PRINCIPLES



MAIN PRINCIPLES

(SHOULD REMAIN)

DIFFERENTIATION AND CATCHING UP

- SLOVENIA HAS **NO PROBLEM** WITH THE CATCHING UP PRINCIPLE - IT IS NECESSARY AND ALSO FAIR
- DIFFERENTIATION: THE EU SHOULD **STICK TO THE PRINCIPLES IN PRACTICE** (EVERYONE SHOULD BE JUDGED BY THEIR OWN MERITS, EU IS NEGOTIATING SEPARATELY WITH EACH CANDIDATE COUNTRY, DECISIONS WILL BE BASED ON OBJECTIVE CRITERIA, ETC.) IT IS EASY TO UNDERSTAND THAT DIFFERENTIATION IS POLITICALLY DIFFICULT, BUT IT IS **ALSO NECESSARY AND FAIR**.
- PRINCIPLES **SHOULD BE WELL BALANCED**



MAIN PRINCIPLES

ENLARGEMENT STRATEGY AND THE ROAD MAP

- AN **EFFICIENT TOOL** FOR SPEEDING UP OVERALL NEGOTIATING PROCESS
- THE APPROACH USED IN CONDUCT OF NEGOTIATIONS **SUPPORTED THE CATCHING UP PRINCIPLE**
- THE PRINCIPLE OF **DIFFERENTIATION** IS IN PRACTICE **NOT EFFICIENTLY AND SUFFICIENTLY IMPLEMENTED**
- **FINAL PHASE OF NEGOTIATIONS ???**



MAIN POTENTIAL BARRIERS

- SOME INTEREST-FOCUSED **CONDITIONS** OF THE MEMBER STATES
- **FORTHCOMING ELECTIONS** (IN MEMBER STATES AND CANDIDATE COUNTRIES)
- ATTEMPTS TO LINK THE **OUTSTANDING ISSUES BETWEEN (NEIGHBOURING) COUNTRIES** TO THE PROCESS OF ALIGNMENT WITH THE ACQUIS AND THE EU ACCESSION QUESTIONS
- LOW PUBLIC SUPPORT IN CANDIDATE COUNTRIES EXPRESSED IN **NEGATIVE REFERENDUM RESULTS**
- **UNREASONABLE ATTENTION** TO THE (INTERNAL) PROBLEMS NOT IMPORTANT AND DECISIVE IN THE EU ACCESSION PROCESS, WHICH COULD BE EXPLOITED TO INFLUENCE PUBLIC OPINION



WHO AND WHEN

AND WHAT IS THE INTEREST OF SLOVENIA?



***WE ARE IN THE MOST DELICATE PHASE OF
NEGOTIATIONS...***

***...WHERE ALL THE NECESSARY AND
AVAILABLE KNOWLEDGE
AND SKILLS ARE NEEDED AND...***

...A LITTLE BIT OF LUCK...