

Report by Kristiina Ojuland on the state of Estonia's accession negotiations (11 April 2002)

Caption: On 11 April 2002, Kristiina Ojuland, Estonian Foreign Minister, delivers a detailed report to the Estonian Parliament — the Riigikogu — on the state of Estonia's negotiations for accession to the European Union.

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Foreign Minister Kristiina Ojuland's Report to the Riigikogu Concerning the Status of Euro Integration Discussions, Riigikogu, 11 April 2002

Honourable Chairman,
Mr. Prime Minister,
Esteemed Ambassadors,
Honourable Riigikogu Members!

It is my pleasure to stand before you today and speak to you on an issue whose importance to our state's development and future is difficult to overvalue. We have struggled for years to prove to those doubters that Estonia is not a province of the Old World, that it is, rather, a fully sovereign European state. Our integration with Europe is retarded not according to our own wishes, but because of the brutal intervention of a foreign power.

The foreign policy goal of the re-independent Estonia has been to guarantee its sovereignty and independence, and to enhance the security of our state, its economy and its social institutions. Estonia's accession to the European Union is one of the paths by which we are closing in on our goals. Today we have come closer to achieving our priorities than at any other time, and it is sufficiently clear that this current report on the theme of accession negotiations will be, if not the last report, the penultimate one. The accession process is approaching the end phase for Estonia.

At Laeken the assembled European Union Council decided to complete accession negotiations with those candidate countries, deemed ready for that, by the end of the year 2002. The more successful candidate states could become members of the European Union in the year 2004. The homework, which must be completed before this event takes place, is still extensive for all of the candidate states.

Estonia's immediate goal is to close the chapters on energy and taxation during the current Spanish Presidency of this first half-year. The next important chapters waiting to be tackled include those dealing with finance-related issues – agriculture, regional policy, financial and budgetary provisions and institutions.

The last round of accession negotiations took place on 21 March. Estonia closed four chapters – transport, customs union, justice and home affairs and the free movement of persons. In addition, we also reached agreements in the agriculture chapter concerning the veterinary and phytosanitary sections, with the only issues of contention being those areas concerning the size of quotas and support funds. Some people have called the latest round of negotiations a success because of the number of chapters that were closed. But I would now like to speak a little bit further on the agreements that were reached.

The member countries of the European Union reached a common position on the transport chapter just after the Laeken Summit of 20 December 2001. According to the European Union's proposal, the international road transportation market would be opened to the candidate states' truck transportation sectors immediately upon accession to the EU. As concerns the national road freight market (cabotage), the European Union agreed to open this gradually. After consultations held with Estonia's road transport sector, the Estonian government agreed to the European Union's proposals on 8 January 2002. Estonian transport companies consider this agreement to be a positive result. While the transport chapter was closed, the European Union's delegation stressed that continued attention should be turned to fulfilling the requirements concerning maritime safety and harbour administration.

The negotiations concerning the chapter on customs union were in some ways more complicated for Estonia than for the other candidate states. Because of our liberal foreign trade policy, there were some doubts raised as to Estonia's ability to implement the Union's customs tariffs. An agreement was reached in the chapter on customs union, but we still have much work to accomplish in this area – work has to continue on the drafting of customs legislation and implementation regulations and on raising administrative capacity, primarily in the areas of civil servant training, working out IT systems, and via other relevant instruments.

The chapter on justice and home affairs contains a number of sensitive issues, like police cooperation,

migration, refugees, external border control and the judicial system. Even the member states have not found complete agreement concerning these issues. After the terrorist attacks of September 11, 2001, acute attention has been focussed on cooperation between states in the fight against international crime and money laundering. As with the chapter on customs union, we must continue our serious efforts to improve our capacities in the case of justice and home affairs. The European Union particularly has turned its attention to Estonia's ability to fulfil its responsibilities concerning border control, the implementation of the EU's visa and refugee policies, international cooperation and the strengthening of our national judicial system.

In March Estonia's negotiating delegation agreed to the European Union's proposals for the chapter on the free movement of persons. Estonia may have been one of the last candidate countries to close this chapter, but because of this we were able to come to an agreement on an issue that was of some importance to us. We achieved recognition by the European Union of those third country diplomas granted by institutions of higher and professional education during the period of the former Soviet Union. After complicated negotiations we achieved an agreement with the European Union concerning the funding of unemployment benefits and support for physically handicapped adults – upon accession, benefits will be paid to Estonia's citizens by the country of residence. Though there will be a transition period for Estonia concerning the free movement of labour, a large group of member countries will open their markets to Estonia's labour force before the end of the transition period. It is worth noting that Estonia reached a political agreement with Germany regarding the granting of work permits to Estonian workers erecting log houses. According to current plans this agreement will be signed sometime during the first half of this year.

Honoured attendees,

At this time we have already closed 24 chapters, but there are still seven chapters waiting to be closed. All the remaining chapters are complicated, and the forthcoming negotiating rounds will be even more intense because of this.

In the chapter on taxation Estonia is waiting for the resolution of five applications, of which the majority of these are tied to Estonia's public opinion and the social welfare of its residents. Estonia has applied for transition periods for the harmonization of tobacco excise taxes (until the year 2010); a transition period for the harmonization of sales taxes for wind- and hydro-generated electrical power (until the year 2007); for the preservation of a 5% sales tax on heating energy sold to residential consumers (until 30 June 2005). We are also applying for an exception for the compulsory VAT registration for a turnover threshold of a specific volume. Also under discussion has been the ability of Estonia's tax administration to collect data and to answer information requests from member countries. Various solutions are currently being discussed in the negotiations of the taxation chapter, and according to optimistic predictions we should be able to close this chapter in the first half of this year.

The primary issue for our applications in the energy chapter relates to oil shale. At the moment it is probable that solutions will be found regarding the transition periods for the opening up of the energy market and for the financial scheme for the renovation of the Narva energy plants. Estonia has also proposed transition period applications for the financing of research into oil shale - what are the best technologies to implement concerning oil shale production and for certification of oil shale chemicals .

Regarding the areas of agriculture, regional policy and structural funds, and financial and budgetary provisions (the so-called finance package), future negotiations will be based on the European Commission's proposals made public on 30 January 2002. We hope the European Union reaches a common position on the aforementioned chapters in the near future, which will allow us to begin discussing these chapters at the negotiating table no later than June.

The government is confident that the forthcoming agreements related to the so-called finance package must be based on three principle positions:

upon accession the new members are guaranteed equal conditions for competition,

our financial position must improve significantly in comparison to the pre-accession years,

no single transition period should be allowed to extend beyond the European Union's current budgetary period, which runs until 31 December 2006.

Based on these principles it should be possible to maximize the utility of the resources available within the Berlin finance agreement.

The criteria for closing the chapter on regional policy and structural funds were fixed at the end of the year 2001. Agreements on the concrete monetary figures related to the chapter on financial and budgetary provisions will be finalized in the final phase of negotiations. The provisional closure of the chapter on regional policy depends to a great extent on us. Foremost is Estonia's ability to prove that we are capable of implementing the structural instruments, however, it also depends on how the member states' discussion of financing the enlargement progresses.

With the coming negotiations for the chapter on agriculture Estonia must turn its greatest attention to production quotas (firstly to milk quotas) and to the reference periods for deriving their fundamental calculations. In addition to this an application will be made for an increase of harvest reference yields for cereals and for an increase in the reference areas of cultivated fields. It can be said that today there is a realistic opportunity for agreement on this section of the chapter on agriculture.

The exact course of negotiations in the second half of the year is difficult to predict in any detail. According to a positive scenario, we will succeed in achieving a majority of agreements by October. This would leave open only the final package of negotiations. The second half of the Danish Presidency is supposed to concentrate on closing the chapters on finance-related issues, which would allow for the announcement of the successful end of negotiations at the Copenhagen summit.

A large part of the negotiations' success or failure depends on finding solutions with the European Union on the more problematic issues. And the same amount of responsibility falls on our national work. The European Commission's fall progress report will play the determining role on the completion of negotiations. This year the Commission will present its evaluation with which the candidate states can complete their accession negotiations by the end of the year and then start working on concluding the accession agreement. Reports will be presented in mid-October this year, which is a month earlier than is customary. Thanks to this the Commission's evaluation will be available to the candidate states well before the enlargement discussions at the Brussel's summit of 24-25 October. In the event that we merit a positive evaluation from the Commission, we can then come before the Estonian people and ask that they approve the government's negotiating efforts that have extended over four years and that they decide whether Estonia will join the European Union in year 2004 or not.

In order that Estonia be among those states that complete the accession negotiations at the end of the year, we must concentrate our maximum effort on our national homework over the coming two months – the review prepared by Estonia must be presented to the Commission in two months and three days' time.

Among the work that must be dealt with in our national preparations is ensuring a sufficient level of administrative capacity, an issue on which the European Commission has placed greater stress today than it had previously. The evaluation of our administrative and judicial capacities forms an important part of the Commission's progress report this year. The first general report on the candidate states' ability to implement the *acquis* will be given at the Seville Summit on 21-22 June.

As was mentioned by Mr. Prime Minister, Estonia's accession to the European Union in 2004 would presuppose that we would have passed over 80 still outstanding legislative acts during this time. In addition to this, member status will mean we still have to pass, amend or supplement many of our current laws.

When this government assumed its office it undertook a comprehensive revision of the EU integration action plan, and it tied deadlines to the necessary draft bills that needed to be worked out. Throughout its time in power the government has unceasingly worked on fulfilling the action plan. This week on Tuesday a

meeting took place with the chairmen of the Riigikogu's committees, the purpose of which was to review the bills that needed to be passed and the corresponding schedule. At the moment there are 15 draft bills being proceeded that, from a Eurointegration standpoint, need to have more attention focussed on them and a fast-track passage. For three of these – the laws on criminal procedure and misdemeanour procedure, the courts act – they have been under consideration since the year 2000. In addition, I would like to stress the critical importance of passing the trademark law, the state budget amendment law, the employment contract law and the work accident and occupational disease law.

Honoured Members of the Riigikogu,

It has been previously stated from this rostrum that the decisive year has been reached. More than ever there is truth behind this statement, because we have now reached the final stages of a process that started four years ago connected to concrete tasks and deadlines. My personal opinion is that this process should not be taken as a fearful responsibility of work, but rather as our responsibility on behalf of the Estonian people. We have the historic opportunity to realize one of the priorities of Estonia's foreign policy – joining the European Union.

I thank you.