

# The priorities and problems of the accession to the European Union

 Experiences from  
Estonia and Latvia



Estonian Institute for Futures Studies

# The priorities and problems of the accession to the European Union

*Materials of Estonian–Latvian  
joint research project and seminars  
in Tallinn on February 27, 2001 and  
in Riga on April 27, 2001*

Tallinn 2001

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# Introduction

The problems, which crop up in various countries during the EU accession, are partly similar, partly different. The meetings of the cooperation network (Network for the Integration of Central and Eastern European Countries into the European Union), which was created in 1999 at the initiative of the Bertelsmann Foundation and in cooperation with the World Bank have provided a pleasant opportunity to compare, discuss and debate over these problems.<sup>1</sup> During these debates the idea emerged to compare the accession practices of two neighbouring countries, Estonia and Latvia, and to do this via an analysis of the accession priorities.

It is not only the governments of certain countries, which deal with the EU accession. This is a significantly broader process, where not only the political and economic elite, but also the public, including the science community, have to understand why the accession is undertaken and for which particular goals. If these issues are not sufficiently clear, if the politicians are unable to convey the goals and bases of their activities to the public, the people will be alienated from the Europe project, resulting in mistrust, and reduced support to the accession process.

The above considerations brought along the idea of the Estonian-Latvian joint project – to create in both countries a multi-disciplinary (economics, political and social sciences) panel of experts, which would analyse the goals set for accession, to determine, which goals are of primary or secondary importance in accession and which are

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<sup>1</sup> More information about “Towards European Integration” project see [www.euointegration.net](http://www.euointegration.net).

not urgent or are inadequate. We would not claim that the structure of primary accession goals of either country determined in this publication is exactly what the governments of both countries have proceeded and currently proceed from in the accession negotiations. This is an idea of groups of experts about what the structure of goals should look like. The experts also pointed out the accession priorities, regarding which they have doubts, whether the official accession teams are sufficiently motivated to fight for them. And the data of public opinion studies, quite exhaustively reflected in the materials, apparently enable to note the aspects, where the ideas of the political elite and the public need not coincide.

The initiator of the joint project was the Estonian Institute for Futures Studies, which found an active partner in the Latvian Institute for Economics. The Bertelsmann Foundation was kind enough to support the project, which later found further backers among several Estonian and Latvian institutions. The methodology of the priorities study was defined and co-ordinated between the partners in the second half of 2000 and the teams of experts were formed. It was possible to report the results from the experts to the participants of a seminar held in Tallinn in February 2001. The work with the interpretation and generalisation of the data went on and a seminar in Riga in April 2001 enabled to present a more detailed comparison of the coinciding and different aspects of the experts' opinions of the two countries.

This publication consists of four chapters. Chapter One contains the more general reports of the Tallinn seminar, discussing the EU accession as such. The second chapter contains the main body of the joint project, i.e. the materials of the actual study of accession priorities together with a comparison of the results gained in both countries. The third chapter presents a review of public opinion studies concerning the EU accession. We consider this chapter an organic background to the priorities study. The final, fourth, chapter concentrates some materials only remotely related to the study and the held seminars, but which may be of interest to the readers in the opinion of the publishers.

# Background Presentations

ALAR STREIMANN,

*Deputy Under-secretary of the Ministry of Foreign Affairs of Estonia, Head of the Estonian delegation in negotiations with the EU*

## **Accession problems: an insider's view**

I am glad to welcome the participants of the seminar, including the Estonian researchers, who have addressed the complicated issues of accession, and the foreign guests. I would begin by expressing some ideas I have reached during participation in Estonia's accession negotiations.

First, I do have to note is that whenever discuss the Union then the variety of discussion subject is enormous. Secondly, you need long term thinking to the accession. The problem you will be solving today will have an impact for the years to come. We have to remember that the Union is today undergoing substantial changes. We have lately realised how difficult is the institutional reform and this debate will continue for three years until 2004, not in very distant future. We have to understand that the Union is nothing static, it is an evolving co-operation between its members.

The same can be told about the countries who have applied to become the members of the EU. There you would find even more changes and reforms, the difference being the substance of these reforms. And perhaps not always will it arise from natural process of internal political debate as in the member countries, but rather from the need to harmonise ways and means with the practises of the Union.

The harmonisation process is unprecedented in the European history perhaps leaving aside the post war period.



# The Tallinn Seminar Programme

"The priorities and problems of the accession to the European Union"

- 10.00 The introductory speech:  
*Alar Streimann, Deputy Undersecretary of the Ministry of Foreign Affairs of Estonia*
- 10.20 Hungary as the candidate country, the problems and the standpoints:  
*Andras Inotai, The general director of the Institute of World Economy of the Hungarian Academy of Sciences*
- 11.20 The accession of the new members to the EU and their economic development:  
*Jos Verbeek, Sr. Country Economist for Poland and the Baltics; The World Bank, Warsaw Office*
- 12.10 Coffee pause
- 12.30 Latvia in the EU accession negotiations:  
*Raita Karnite, the director of the Institute of Economics of Latvian Academy of Sciences*
- 13.0 The accession priorities of Estonia, the intermediate results of the expert-forum:  
*Erik Terk, the director of the Estonian Institute for Futures Studies*
- 13.30 The panel-discussion: Estonian accession priorities
- 14.00 Lunch
- 14.50 The value-orientations of the population towards the EU:  
*Paavo Palk, the councillor of the European Union Information Secretariat of the Estonian State Chancellery*
- 15.15 The attitudes towards the accession to the EU on the basis of the population surveys:  
*Marika Kirch, the councillor of the Economic and Social Information Department of the Chancellery of the Parliament of Estonia*
- 15.50 The panel-discussion: the population attitudes and the adaptation with the new conditions
- 16.20 The summaries of the seminar

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The seminar was organised by Estonian Institute for Futures Studies and took place on 27<sup>th</sup> of February, 2001 in the conference room of Estonian Ministry of Foreign Affairs (Tallinn, Island square 1).

It is unnecessary to say that all processes require great political tact, requiring intense dialogue with the people in order to explain what are the reasons and what are the results of these changes. It is necessary to receive objective opinions of the academic expertise in this process. And even further perhaps would be required to explain to the people what is the reason for the existing of the Union. But do we have enough time for these explanations?

I can only look at these processes from the Estonian viewpoint. As many of you know we applied for our membership already as soon as in 1995 and we started accession negotiations 1998. This integration process has been going for more as 6 years and the negotiations for the 3 years.

One may think that the biggest problems are related to accession negotiations. I must however correct this opinion. The problems would have and will be raised at the negotiations. But I am confident that we'll always find solutions. It will be difficult chapters like energy, regional policy, agriculture and difficult issues like oil shale, taxation. But this is the process where both sides have a common interest. They have an interest to come to an agreement and all technicalities of the negotiations will find optimal solutions. The real problems are the uncertainties concerning the future state of the EU itself.

### **Whether and when the Union will be prepared?**

There are two major issues left to solve: agriculture and the financing of accession. These issues are interrelated and need urgent attention. Do we really have to wait until the parliamentary elections in Europe have paved the way for the debate on these delicate issues? It has to do with the cost of enlargement. It is obvious that not much will happen in negotiations of agriculture chapter until summer 2002. Unless for example the Commission will not step out with special proposal as it did with enlargement strategy last Autumn.

The time dimension is very important and it is becoming increasingly important. The accession negotiations could be completed perhaps in substantive issues by the end of this year and perhaps even earlier. But it will not be possible to conclude the negotiations by summer 2002 the first accession will not take place before 2005.



**Alar Streimann** (on the left), the head of Estonia's EU-negotiators, had a number of issues to discuss with **Andras Inotai** from Hungary.

There are important issues related with timetable. First: in what form will accession start, what will be the scenarios of enlargement. Very sensitive issue is people's minds. It is important for people where is the boundary between co-operation between member countries and dominants in Europe.

It is also important to design the future of the European security and defence policy, to know enough about it. Will EU be the same as now or who can predict conflicts and what will be the means avoiding them.

Information about EU in Estonia till now is quite extensive. The question is what is the use of this information? Are people really interested in these issues?

Second issue is money. People want to know what will be the benefits for different groups of society. Will farmers have subsidies? Do we need subsidies in agriculture in the future? Do we need higher or lower taxes? This debate is going on intensely in Europe. Do we have to close small country shops, which do not meet EU standards? Or perhaps will every single person benefit by 1000 Shilling like it was in Austria.

If we look at what are the political opinions in different member countries we are really speaking about the window of opportunity between 2003 and 2005. Is it only a few years until the first countries could join the EU.

ANDRAS INOTAI

*Director of the Institute of World Economy of the Hungarian Academy of Sciences*

## **Problems and viewpoints of Hungary towards EU**

When we are talking about the EU enlargement process we have to avoid two traps:

First, all the 10 or 12, sometimes even 13 candidate countries are put to the same basket. In fact, these countries are extremely different. And it has already turned out during the previous negotiations how different, for the instance, are the derogation requests, how different are the derogation strategies of a single country.

Western-European press writes often about EU 27 and EU 35. Of course this is the strategic goal of having Europe united in the next 20 to 40 years, but it is certainly not the task of the next couple of years. If I were citizen of Germany or France and I would read in the newspaper that EU will have 21–27 members in the year 2004, I would certainly belong to those people who would immediately reject that plan. It is definitely not the way, how the Eastern enlargement should be communicated. My personal opinion is that the Eastern enlargement can only be successful when it is carried out according to a very clear strategy and to a fixed time table. It is not necessary to indicate the year of enlargement or enlargements as there is also no need to name the countries what will join or are expected to join at a given time. But important is to stress that here we are talking about the long process and only some countries will join in the first wave, and EU will not close the doors as it happened temporarily with the NATO accession.

I think that the enlargement process in Europe has reached a critical stage in three aspects. First, regarding the transforming countries. If you look at the history of transformation in the last ten years you can see, that at the beginning everybody shared the same principles:

- political democracy,
- multiple party system,
- functioning market economy.

Ten years later we see that the difference among the candidate countries has not become narrower but on the contrary, is increased.

The transformation process has reached the second stage and now the real issue is the sustainability of the stability of this process. If we look around we will see that some are still looking forward to an important policy reform what may have number of social and political consequences. The impact of that is hardly quantifiable at the moment. The same thing is happening with the accession to the EU. Everybody shares adjustment on taking on the *acquis communautaire* as a basic precondition for membership. The legal capacity differs in social and economic terms in various countries. This is valid until the statement is shared that everybody would like to harmonise with the EU. Sooner or later it will become clear that some countries will be able to do that and to diminish the shock, and some others will not. It is already in process but nobody is talking about it for understandable political reasons as it is very politically extremely sensible issue.

The second critical issue is the preparation of the EU enlargement. I'm very critical as many other experts with the results of the Summit in Nice. I'm although very much considered about the freshly emerging European nationalism in those countries that have been supposed to have already left behind the nationalistic past. Some of them are coming back to this rather dangerous past, dangerous for the future of Europe. At least in one aspect the meeting in Nice was a success, it eliminated the last barrier to the enlargement.

At the beginning, there have been three barriers to enlargement, build up by EU: one was the institutional barrier, the second was the financial, and the third was the agricultural one.

Several high-ranking persons from West and CEEC countries mean that there are some fears that the institutional reforms particularly connected to the new constitution can come to the agenda.

The second fear is that particularly in some French circles once again the reforming of the common agricultural policy has been put forward as a precondition. I do hope that the commission will be

strong enough to fight back all these efforts but it would be unwise not to think about and be prepared and fight back also on our side that kind of initiatives.

The third critical element is of course going on with the negotiations. We have reached the so-called hard core of the negotiations where new dynamism of the negotiations is already involved.

### **Hungarian experience**

We can assess the Hungarian accession to the EU in four different areas:

- in economic terms
- in legal terms
- in institutional terms
- regarding the public opinion

In economic terms Hungary is practically member or already member of the EU. 75% of the total exports goes to the EU. 65% of the imports comes from EU. Energy is still imported from Russia not from the EU.

More important is that Hungary has been the only country among the candidates in 1999 and 2000 where the external trade with the EU had a trend to increase. And increasing deficit in the trade with the non-EU member countries. This is due to the very special location advantages of the country for the activities of trans-national countries, the manufacture exports have risen to the 75%. Hungarian economy now belongs to the most transnationalised economies of the world. The latest UN report on world investment (came out in October 2000) shows that according to composite index consisting of four different indicators the Hungarian economy together with Singapore and Ireland belongs to the most internationalised ones. Regarding the structure of the Hungarian exports 63% of the total exports to the EU consist technology intensive goods.

This share is about 46% for the Czech Republic, 40% for Slovenia, 30% for Poland. It is a very clear structural difference and differentiation process. Even more surprising is the difference if you look at the exports of Hungary and of the other candidate countries to the largest import market which is Germany. We have calculated the unit export



# List of Participants in Tallinn Seminar

1. **Bahovski, Erkki** Journalist, Estonian daily newspaper "Postimees"
2. **Dunška, Margarita** Researcher, Institute of Economics, Latvia
3. **Haab, Mare** Head of European Union Information Secretariat, Estonian State Chancellery
4. **Hellam, Mall** Head of Open Estonia Foundation
5. **Hänni, Liia** Member of Estonian Parliament, Moderate faction
6. **Inotai, Andras** Director of Institute for World Economy, Hungary
7. **Kangur, Paavo** Journalist, weekly newspaper "Eesti Ekspress"
8. **Karnitis, Kriss** Researcher, Institute of Economics, Latvia
9. **Karnite, Raita** Director, Institute of Economics, Latvia
10. **Kirch, Aksel** Researcher, Institute of International and Social Studies, Estonia
11. **Kirch, Marika** Councillor, Economic and Social Information Department, Estonian Parliament
12. **Krips, Viive** Vice-Rector of Estonian Institute of Humanities
13. **Kukk, Kalev** Member of Estonian Parliament, Reform Party faction
14. **Lagerspetz, Mikko** Rector of Estonian Institute of Humanities
15. **Linnart, Mart** Journalist, "Radio Free Europe"
16. **Loogma, Krista** Project Director, Estonian Institute for Futures Studies
17. **Mikser, Sven** Member of Estonian Parliament, Centre faction
18. **Must, Ene** Project Manager, Estonian Institute for Futures Studies
19. **Ojuland, Kristiina** Member of Estonian Parliament, Reform Party faction

20. **Paling, Andres** Head of Foreign Trade Department, Estonian Chamber Of Commerce and Industry
21. **Palk, Paavo** Councillor, State Chancellery, European Union Information Secretariat
22. **Plaser, Monika** Department of Public and Foreign Affairs, Estonian Ministry of Agriculture,
23. **Purju, Alari** Dean of Faculty of Economics, Tallinn Technical University
24. **Raig, Ivar** Dean of University "Akadeemia Nord", Estonia
25. **Rajasalu, Teet** Senior Researcher, Institute of Economics
26. **Ribulis, Aili** Councillor, Delegation of the European Commission in Estonia
27. **Streimann, Alar** Deputy Undersecretary of Estonian Ministry of Foreign Affairs
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29. **Tarjus, Reeme** Office Manager, Estonian Institute for Futures Studies,
30. **Terk, Erik** Director, Estonian Institute for Futures Studies
31. **Tuisk, Tarmo** Researcher, Institute of International and Social Studies, Estonia
32. **Tõnisson, Liina** Member of Estonian Parliament, Centre faction
33. **Verbeek, Jos** Senior Country Economist for Poland and the Baltics, The World Bank, Warsaw Office.
34. **Vetik, Raivo** Director, Institute of International and Social Studies, Estonia



price of the Hungarian manufactory export to Germany and compared it with unit export price of the some other countries. It turned out that 1 ton of Hungarian manufactory exports to the Germany has the 4 times higher price than a Polish one. It is 3 times higher than the Czech exports, and almost 20% higher than the Austrian exports. This is the very clear sign of the structural differentiation also among the Central European candidate that belong to the first group of candidates.

### **The legal aspects.**

Legally, there is a certain delay in the last two years concerning the accession to the EU.

Hungary has got another year by the decisions of the European Union in Helsinki, that we did not asked for. Hungary does not need more years regarding legal harmonisation, so by the end of 2002 the country has to be ready.

Legal harmonisation is not only passing the law through the Parliament, it is also the enforcement of these laws and the EU is increasingly devoting attention to the enforcement capacity. The enforcement capacity of the country can however not be defined by government degree.

Foreign companies have not only transferred to Hungary money, technology, marketing, organisational know-how, but also *EU acquis*. And that is why the legal preparation of Hungary has started not only from the top, it has started also from the bottom and now the question is: what is the right government policy to bring as soon as possible this two processes into one.

The most important task in the preparation is certainly the institutional framework. There are number of problems in the public administration starting from the country selection or negative selection which has characterised practically all the first decade of the transformation process, political interventions, the incapacity of the regional administration, some quarrels between the central administration and the regional and local community etc.

### **Two big dilemmas.**

I do not now how we can get rid of negative differentiation process which is already taking shape? There will be foreign language speaking

EU bureaucracy on the one hand, and the other bureaucracy that will be completely separated from the EU related issues. So we know that if the public administration in the small country is split, qualitatively split, it creates the additional costs and additional losses and I do not know how we can deal with this problem in the next couple years.

### **What is the structure and priorities for Hungarian derogation?**

There are two potential approaches to define the derogation. First approach is, what was the experience of Finland, Sweden and also to some extent Austria who have elaborated rather limited number of derogation and mostly with success. Limited number means nine to ten. All the others have to become part of the homework.

The second approach was to investigate all those areas and all those EU rules very carefully that may hurt the Hungarian interests. It would require a lot of finances or numbers of new investments including human capital and institution building. It was also our task to ask for as many derogations as possible. That was the strategy of Hungarian government. Hungary has all together asked for more than 50 derogations. The argument behind this was that they know very well that we will not be able to achieve it with all the 15.

My position would have been to have much less derogation request. It would have been to some extent better to tell people just at the beginning, that government will not defend your interests in Brussels but it is ready to help people to support them in overcoming those problems caused by the request for derogation.

Until now Hungary has got one derogation request, that has been accepted by the EU. For business sector it is important that they have a very important pressure group, what happened for example with the tobacco industry. In the tobacco industry the nicotine content of the Hungarian cigarettes can remain 20% higher for the coming 5 years. There is one EU country – Greece where the nicotine content is also high.

If Hungary really would like to finalise negotiations by 2002, which has been the Commission's time-table, and there is a certain political pressure for that, then most probably the structure of derogation request has to be reconsidered.

JOS VERBEEK

*Senior Country Economist for Poland and the Baltics; World Bank, Warsaw Office*

## **The transition of Central Europe and the Baltics and the role of EU accession**

Accession to the EU will be the culmination and completion of the transition process for the ten countries in Central and Eastern Europe and the Baltics. The Copenhagen criteria are fully consistent with the objective of transition for these countries, which is to establish a democratic market economy.

In the decade or so since transition began, the ten candidate countries have made tremendous progress in establishing a democratic market economy, although progress has been uneven among the ten. The countries which were judged to have made the most progress – the Czech Republic, Estonia, Hungary, Poland and Slovenia (the “Luxembourg Group”)– were first invited (in July 1997) to begin accession negotiations (these began in March 1998). They were joined in December 1999 by Bulgaria, Latvia, Lithuania, Romania and the Slovak Republic (the “Helsinki Group”).

### **The transition recovery**

The speed of output recovery depended in part on the extent of the initial output loss, which in turn depended in part on initial conditions. Poland suffered the least output loss and enjoyed the quickest output recovery. By 1994 it had recovered to its 1989 real output level. Slovenia was the second country among the ten to recover from the transition recession; by 1997 it had recovered to its 1989 real output level. By 1999, two other CEEC-s – Hungary and the Slovak Republic – have also recovered back to their pre-transition real output levels, while the Czech Republic reached around 95 percent. Growth recovery was the slowest in Bulgaria and Romania; in 1999 real GDP in Romania was three-fourths that of its 1989 level, while it was only around 70 percent for Bulgaria.

Output recovery has been slower in the Baltic States, even after taking into account their later transition. Estonia is the best performer, but by 2000 its real output had recovered to only 93.7 percent

**Table 1. Real GDP index**

	1989	1991	2000
<b>Central Europe</b>			
Bulgaria	100.0	83.2	74.6
Czech Republic	100.0	87.3	98.0
Hungary	100.0	85.0	107.0
Poland	100.0	89.9	140.0
Romania	100.0	82.1	76.2
Slovak Republic	100.0	83.1	103.3
Slovenia	100.0	86.8	113.0
<b>The Baltics</b>			
Estonia		100.0	93.4
Latvia		100.0	68.7
Lithuania		100.0	71.9

of the 1991 level (at an equivalent point in time – that is, 1997 – all the Central European countries except for Bulgaria and Romania had surpassed the Estonian performance). The other two Baltic States fared considerably worse, with Lithuania reaching in 1999 only 70 percent of its 1991 real output level, and with Latvia reaching only 64 percent.

In most of the CEEC-s, output recovery was sustained once the turnaround began. The exceptions were Bulgaria and Romania where GDP fell again in 1996–97 and 1997–99, respectively, and the Czech Republic in 1997–99.

### **Emergence of groups at risk and rise in income inequality**

The progress made by the CEEC-s in establishing market economies over the last decade has been accompanied by a deterioration in living standards for some groups and a rise in income inequality. The deterioration in living standards for some groups – or the rise in poverty – has been larger and more persistent than many would have expected at the start of the process. Poland is a case in point: while poverty has come down from the peak in 1994 as the economy rebounded, poverty rates are still higher in 1998 than in 1991.

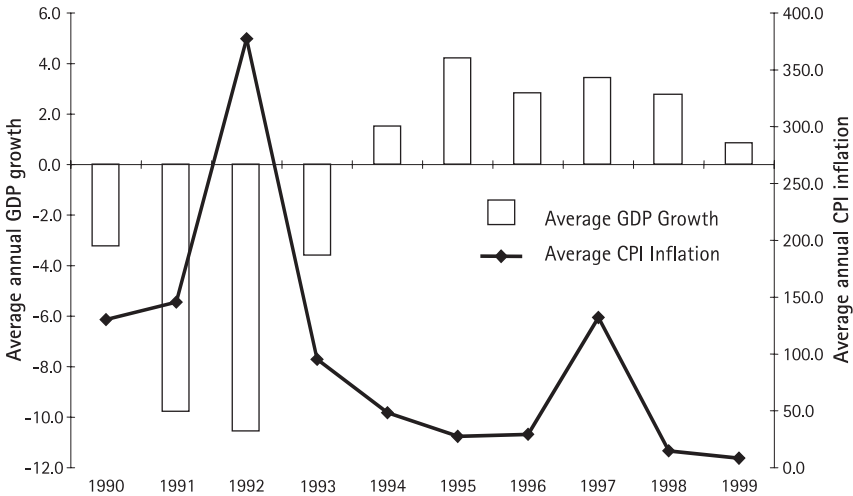
### **Role of EU accession in economic performance**

The process of EU accession that began first by the granting of the General System of Preferences (GSP), followed by the signing of the EA-s, contributed to output recovery in the CEEC-s through (i) the opening of export markets; (ii) foreign direct investment; and (iii) liberalisation of the trade regime. The provision of preferential market access to the EU under the GSP and later the EA-s helped cushion and reverse the output collapse in many of the CEEC-s by providing an outlet for their exports after the collapse of the CMEA. In fact, exports constituted the main engine of growth for many Central European countries, with the EU (and in particular Germany) quickly becoming their major trading partner. The redirection of exports towards the European Union was accompanied by a significant shift in the composition of exports away from traditional (essentially unprocessed) inputs (agricultural raw materials, ores, minerals, non-ferrous metals) towards manufactured components. This follows from the preferential access to the EU given to industrial products over agricultural products at the outset of transition. Over the period 1993 to 1998, total exports of the CEEC-s grew from US \$49 billion to US \$94 billion, with the share of manufactured exports rising from 70 to 75 percent. Manufactured exports have in particular been the driving force of CEEC exports to the EU. While redirection of exports from the CMEA to EU markets was initially responsible for this change in export composition, industrial restructuring and de novo private activities, both involving foreign investment, contributed to sustain this export performance in the highly demanding and competitive EU markets. The shift in the sectoral composition of exports towards manufactures, with the EU becoming the main export destination, are accompanied by several notable developments which illustrate the depth of the changes and the emerging patterns of specialisation.

*First*, the CEEC-s have become the second largest importer of EU products after the U.S. *Second*, the composition of CEEC trade with the EU in terms of end-use categories has been converging towards that of the EU, which reflects the process of catching up with the EU. *Third*, there is a growing similarity between the composition of exports and the composition of imports of the CEEC-s, which reflects

increasing intra-industry trade, and is the outcome of industrial restructuring. *Fourth*, there has been a shift in exports away from unskilled, labour-intensive industrial goods and natural resource-intensive products toward high-skilled, labour-intensive and technology-based products. The shares of the latter are particularly high in the exports of Hungary (67 percent of total exports), the Czech Republic (62 percent), the Slovak Republic (62 percent) and Slovenia (57 percent). At the same time, CEEC imports from the EU have also followed the same trend, with the most dynamic imports being products with high-technology and human-capital content. These imports embody knowledge and have a similar effect as technology transfers, and reflect the very significant progress in integration into EU markets at increasingly more sophisticated levels. *Fifth*, as in the case of highly developed countries, the CEEC-s have been experiencing a

**Figure 1. Inflation and growth in the CEEC-s in the economic decline and recovery period (in percent)**



*Note:* Contribution to growth (growth x share) measures what overall growth would have been if growth of the other sectors was zero. The Baltics were excluded because of insufficient data.

*Source:* World Development Indicators, World Bank.

**Table 2. Shares of total exports of CEEC-s to the EU (in percent)**

	1989	1993	2000
Hungary	33.5	57.9	75.1
Poland	39.6	69.2	69.9
Slovenia	n.a.	61.6	63.8
Romania	31.1	41.4	63.8
Czech Republic	n.a.	55.5	68.2
Latvia	n.a.	32.1	64.6
Slovak Republic	n.a.	29.6	59.1
Estonia	n.a.	48.3	76.5
Bulgaria	21.5	48.0	51.2
Lithuania	n.a.	17.0	47.9

faster growth of trade in manufactured parts and components than in manufactures. Between 1993 and 1998, the total value of exports of parts and components from the CEEC-s to the EU grew around five-fold, while that of manufactures grew around threefold.

### **Spurring trade liberalisation**

The accession process has helped spur the liberalisation of the trade regime in the CEEC-s. The EA-s and the subsequent amendments have obliged the CEEC-s to remove tariffs on industrial products over a period of ten years – by January 1, 2002 the CEEC-s would need to have lifted all barriers to industrial imports from the EU. In fact, in 1999 around 80 percent of industrial imports into the CEEC-s from the EU were already not subject to tariffs. Another area where EU-led integration has affected trade policies of the CEEC-s was their involvement in bilateral free-trade agreements (FTA-s). The CEEC-s have entered into two kinds of FTA-s: those signed among the CEEC-s themselves and with the European Free Trade Association, and the various agreements between the CEEC-s and other “non-accession” partners. The result of these FTA-s is that the CEEC-s have very low tariffs on industrial imports from preferential partners. In 1999, around 85 percent of all industrial imports from these partners were duty-free. That the EU accession process has contributed significantly to more liberalised trade regimes in the CEEC-s

can also be seen in the CEEC-s Most Favoured Nation (MFN) tariff policy. It appears that average tariffs on industrial products would have been much higher in the absence of integrationist arrangements. Although the CEEC-s have removed most tariffs and non-tariff barriers to imports from the EU, their MFN rates on industrial products remain significantly higher than in the EU, with the exception of Estonia, which has a free-trade regime, and Latvia, which has reduced all tariffs to or below EU levels in 2000. Therefore, except for Estonia, protectionist sentiments in the CEEC-s seem to have remained strong with respect to non preferential partners. However, it should be noted that distortions arising from higher MFN rates are not very strong since MFN suppliers account for only 10–15 percent of CEEC industrial imports (down from 100 percent in 1991), while the bulk of CEEC industrial imports are from EU producers who are efficient and provide strong competition.



The main speakers at the Tallinn seminar –  
**Jos Verbeek** (The World Bank, Warsaw office) and  
**Andras Inotai** (Institute of World Economy, Budapest).



# Results of the Experts' Surveys in Estonia and Latvia

## Priorities of accession to EU: Estonian experts' viewpoint

ERIK TERK

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### **Why is the clarifying of accession priorities important?**

As in case of every strategic decision, it is apparently important in a situation, where a country decides to join a community of states, to realise precisely, for the achievement of which goals it is planned to accede. This applies to the broader sense, why at all, as well as to the more limited sense: to the achievement of which results should one primarily orient in the accession process, what should be avoided, what could be sacrificed for which goals if necessary, etc.

The above may actually sound trivial, but at least as far as Estonia's EU accession process goes, it cannot be claimed that this elementary principle has been properly observed.

As probably in case of most other Central and Eastern European countries, in the period when the opportunity of accession with the EU (then still the Community) became topical, broad geopolitical and culture historical considerations were still predominant. Accession to the European Community was seen as an opportunity to distance itself from the eastward cultural-political space, to return to the family of those nations and cultures with which they sense greater historic closeness (it is true that this rhetoric has its weaknesses, since for example Estonia's historic relations with Germany have been anything but cloudless, and on the other hand, it would be

hard to consider Estonia's (or Latvia's) historic closeness to Portugal, Spain or Greece), to solve their security problems (although the EU is no NATO, but its membership apparently does provide some indirect security guarantee), and finally, to share through accession the successful economic and social development of Western and Northern Europe. Obviously, the initial information about the actual details of the latter benefit was relatively vague. Public opinion polls showed that support to the accession process was predominant in the initial period of the issue becoming topical.

As the British author Graeme P. Herd<sup>1</sup> has remarked, "while in the other Central and east European states, the European idea has occasionally been undermined by the perceived threat of supranational integration after 50 years of totalitarianism, such a debate has not characterized nationalist rhetoric in the Baltic states. Indeed, rather the opposite is true – emphasizing the Europeanness of Baltic cultures serves to heighten what many see as a clear cultural contrast with Russian "Eastern" culture. Rejoining the European family" is seen by many as a way to bolster national identity, rather than threaten it. Thus in the Baltic region, nationalists embrace EU integration as an opportunity to fulfil and further national state interests." These arguments were valid at least in the first period of accession, but nationalist sentiment has also emerged in Estonia in the recent years to some extent.

As the accession prospects became more realistic, especially after the starting of the negotiations, the situation changed somewhat. Concrete issues came forth: the harmonisation of the Estonian legislation with the EU one, the demands presented to Estonia in various chapters of negotiations (some of them, for example, the reconstruction of the food industry enterprises, were highly bothersome and expensive), some losses accompanying the accession (for example the need to impose import tariffs on goods from the so-called third countries with the resulting price rise) and the loss of profitable business

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<sup>1</sup> Herd, Graeme P. The Baltic states and EU enlargement. In: Back to Europe. Central and Eastern Europe and the EU. Ed. By Karen Henderson. 1999, UCL Press, p. 259–260.



Front row: **Mall Hellam, Margarita Dunska, Liina Tõnisson, Sven Mikser.**

(for example, tax-free trade with Finland). The actual negative aspects were compounded by excessive fears of possible threats. At the same time, there was little clearly positive information being added. In other foreign trade spheres with the exception of agriculture Estonia already had access to the EU markets according to the association agreement. The EU financial support besides the PHARE and Interreg programmes was delayed and its possible volume was unclear. The information available from the government was divided in two. On the one hand there was rather general rhetoric from the top leaders of the republic about the historic importance of accession, on the other hand, quite bureaucratic and formal information from relevant departments, incomprehensible not just to the ordinary citizens but also to specialists, on the chapters being discussed or closed during the various stages of negotiations without real explanations about the meaning of the issues, the desired goals or the consequences for Estonia. The common feature of both above-mentioned directions was the valuing of hasty negotiations.

It is somewhat understandable in such a situation that the attitude of the public as well as the economic circles started to become more negative. Doubts started to rise, whether Estonia's positions are being defended well enough, whether the haste is really justified. The EU accession was increasingly obtaining the image of an project for the political elite or for the officialdom. It was quite hard to counter these accusations, because the absence of clearly worded accession priorities made it difficult to explain, what were the actual goals of the negotiations besides merely becoming a member.

It is a general rule that the further the accession negotiations progress, the more pointed becomes the issue of victories and losses, of winners and losers.

Considering the above, we find it absolutely vital that Estonia's accession priorities be defined. This is important, above all, for more focused negotiations, for making correct decisions, not only "what should be preferred to what"-type choices, which can only be made in a rather limited number of cases during chapter-based negotiations, but for determining the proper ratio of, on the one hand, maintaining the rate of negotiations, and, on the other, the striving to achieve the best results on issues vitally important for Estonia. Secondly, defining the priorities is important in order to communicate better with Estonia's population and its various groups, to maintain the domestic social and political support necessary for the accession.

It would not be sufficient if the defining of the priorities came only from above, realised by politicians and officials. It is necessary, both for ensuring the quality of priorities and for boosting the confidence in general, that a broader social dialogue took place on this issue.

Determining the priorities is a rather typical objective-setting task, where feedback is of central importance. It is not enough to generate images of the final state, it is important to compare these images with the conditions necessary for their realisation, to make subsequently the conclusions about the adequacy of the objectives or the need to adjust them. In other words, the objectives are set to change the world, while the set objectives face the existing world with its limitations. In order to ensure really productive defining of objectives or priorities it is necessary that:

- a) the process involves different actors, which are concerned by the relevant policy-making, and
- b) several iterations took place, during which the practicality and feasibility of objective-setting could be compared and adjustments be made according to these comparisons.

In case of the project described here, it has been only partly possible to realise this ideal. The defining of priorities involved only researchers, although with various backgrounds, and a three-stage process was conducted, where the third stage foresaw the opportunity to consider some feedback from certain officials and politicians. Therefore this was only a single action in the defining of the accession priorities, in other words, the presented data are only an interim product. In order to continue the process in a productive manner, additional input studies are necessary to provide more adequate background information. First of all, so-called impact studies would be needed, showing the influence on various sectors of economy and Estonia's economy as a whole of various options of accession (or non-accession), as well as studies showing the benefits or losses of various social groups (winners-losers studies). Fortunately the Estonian Office of European Integration has already initiated at least some of such studies.

### **Participants of the expert study and the methodology of the study**

The Estonian expert study of accession priorities was conducted via e-mail in the period of January–February 2001. It included 20 economists, social and political scientists, some parliament members involved in the EU accession topic (in the latter case they had one of the above scientific backgrounds). Slightly more than half of the selected experts had economists' background, but social and political scientists competent in the EU accession issue could be found as well. Three participants, all Estonians, reside and work permanently outside Estonia: in Canada, in the UK or Brussels and in Washington. The list of experts is published in a separate box.

The officials currently involved in the EU accession process were deliberately omitted from the group of experts. Although the group lost some detailed knowledge as a result, the restriction was necessary so as to enable to compare at a latter date the positions of those

# List of Experts Involved in the Survey

1. **Bahovski, Erkki** Journalist of Estonian daily newspaper "Postimees"
2. **Eamets, Raul** Vice Director of EuroCollege, Tartu University
3. **Rajasalu, Teet** Senior Researcher, Institute of Economics, Tallinn
4. **Einasto, Mart** Vice Director of Tartu University Clinic
5. **Kukk, Kalev** Member of Estonian Parliament, Reform Party faction
6. **Lauristin, Marju** Professor, Department of Journalism and Communication, Tartu University
7. **Lobjakas, Ahto** Journalist (specialised on EU issues), Brussels
8. **Lõhmus, Peter** Analyst, IMF, Washington
9. **Miljan, Toivo** Professor of political sciences, Wilfred Laurier University, Waterloo, Canada
10. **Mäger, Marju** Politologist, Estonian Institute for Futures Studies
11. **Nutt, Mart** Member of Estonian Parliament, Fartherland faction
12. **Raig, Ivar** Dean of University "Akadeemia Nord", Tallinn
13. **Ruutsoo, Rein** Professor, Department of Politology, Tartu University
14. **Terk, Erik** Director, Estonian Institute for Futures Studies
15. **Trumm, Avo** Senior Researcher, Department of Sociology, Tartu University
16. **Tõnisson, Liina** Member of Estonian Parliament, Centre faction
17. **Varblane, Urmas** Professor, Department of Economics, Tartu University
18. **Vetik, Raivo** Director, Institute of International and Social Studies, Tallinn
19. **Vihalemm, Peeter** Department of Journalism and Communication, Tartu University
20. **Vihalemm, Triin** Analyst, EMOR market research centre, Tallinn

## Explanations to the terms of accession goals

### What is an accession goal?

A positively valued feature or component in an objective state, i.e. in the life in future Estonia. The autonomy of a single goal against this background is relative.

a) **goals to achieve** – to achieve something not possessed

**goals to maintain** – not to lose something valuable already possessed or to lose as little as possible

b) goal — something to be achieved through struggle at negotiations  
 — something to be achieved automatically with the development of integration  
 — something requiring action, but more extensive than the accession negotiations and immediate preparations for them

c) goals important for who? — Expert himself  
 — Political and economic elite  
 — Negotiating officials  
 — Estonia's population

directly involved and those outside the process. We presume that these differences of views will serve as a basis for a future discussion.

It can be argued, whether or not the panel of respondents can be termed as a team of experts or not. The argument against is that the respondents are not informed of the detailed policy of EU accession (it has been claimed that a situation has been created around the EU issues, where “outsiders” are simply not allowed to have access to information and the officials are therefore the only persons to understand the process.) There are at least two arguments in favour. First, practically all involved researchers are to some extent competent in the EU problems thanks to their scientific interests, subjects and work. Secondly, the questions addressed to them did not concern detailed problems, but the general goals of the process.

The group of researchers we involved can be viewed as a sort of “intermediary stratum” between the politicians and officials directly

involved in the affair (on the one hand) and the public (on the other hand). One hasty conclusion: namely, if the officials should be unable to explain to somewhat informed scientists what they are doing and why, there would be no ground to assume that they could develop any normal dialogue with the wider public. A manipulative campaign (“join the EU or face the Russian bear”) is another matter. If the politicians fail to involve scientists, they have lost an ally in the dialogue with the public as well as qualified labour, with whom they could organise the accession negotiations and the accession in a rational manner.

The above does not mean that the researchers should be more correct than the politicians or officials. The scientists’ positions are not above criticism, they can be one-sided (for example, only the non-economic, political aspect of an issue can be recognised or vice versa, some professional obsessive ideas can dominate thinking, etc.).

The evaluation was made relatively complicated by the fact that a goal as a category can be interpreted/comprehended in a different manner and it is difficult to stand in the “other man’s shoes” during evaluation: the goals (priorities) from the viewpoint of the Estonian people as a whole, of the negotiators, the responder’s personal viewpoint. (See the box).

The differentiation between the goals to achieve and goals to maintain used below has been taken from the “toolbox” of applied systems analysis (so-called Kepner-Tregoe technique).

### **The evaluation procedures**

The evaluation procedure had been drafted as follows. All experts were given a list of 33 potential accession goals. After it had been detailed (the experts were granted an opportunity to question some formulations or to add some new goals not included in the original list) they were asked to rate each of the listed goals in a five-point scale (5 – top priority, 1 – unimportant). There was an extra option to mark with X the goals considered totally inadequate or logically unacceptable to the expert,

The following step was to select from the body of 33 goals (goals to achieve and goals to maintain) 10 most important goals and to rank them (No 1 – top priority).



The use of two evaluation techniques was explained by the fact that in the one-by-one rating of goals in five-point scale it is hard to differentiate between the really important and the unimportant if the number of objects to be rates is large enough. The “top ten” rating is more efficient in this respect. But to rank all the goals would have been too complicated and laborious for the experts.

After the completion of the two above evaluation procedures the experts were asked to point out among the priority goals the ones, regarding which they had doubts about the official Estonian negotiation team’s ability to value them and to defend them adequately. It is of course necessary in the interpretation of the results to remember that the experts generally don’t have sufficiently detailed information about the progress of negotiations in Brussels (or the knowledge of every expert may be different). But the rating did provide certain general picture of the issues, regarding which the negotiators are more or less distrusted.

### **Results of the expert study**

The analysis of the results showed that out of 33 potential goals (no matter, whether according to the technique of ranking the top ten or the weighing of all potential goals) a rather definite body of 11 priority goals was selected. It appeared that by comparing their ranking, these goals can be further divided into “top league” and “first league”, using the sports expressions. We shall further present these two “leagues” as tables. Besides the difference of opinions along the “officials – researchers” axis, the table also shows the differences between the researchers themselves in the comprehension of precision of some goal or another. The reasons of emergence of these differences were later separately discussed.

The abbreviation GTM in the tables marks the goals to maintain.

Based on the results of the expert study the following generalised conclusions can be made.

a) it seems that the general liberal economic ideology is almost as natural to the Estonian researchers as to the Estonian political and economic elite. A superficial approach could presume that the reason was a greater representations of economists on the panel as compared to social and political scientists. But a more detailed analysis shows that a

**Table 1. “Top league” goals**

Goals	Average rating in five-point scale	Presence among top ten goals	Difference of opinions among experts	Distrust of negotiators
Foreign investments	4.4	69	Low	Low
EU markets	4.3	56	Low	Low
EU funds to economy as a whole	4.1	63	Rather high	Low
GTM Avoidance of too hard obligations	4.0	50	Low	High
Impulses for development via common information space	3.9	56	Average	Low
Indirect security guarantee	3.9	56	Average	Low
Improvement of Estonia’s image	3.9	44	Rather low	None

**Table 2. “First league” – also important, but lower than “top league”**

Goals	Average rating in five-point scale	Presence among top ten goals	Difference of opinions among experts	Distrust of negotiators
EU funds support to regional development	3.8	56	High	To certain extent
EU funds for specialised spheres (agriculture, fishing)	3.9	44	Average	Low
GTM Avoidance of price rise	3.8	25	Average	High
Participation in benefits of EU eastward expansion	3.6	25	Average	Low

number of political and social scientists also represented the liberal economic approach. The general idea emerging from the study results can be expressed by the phrase “through new markets, improvement of Estonia’s image and investments related to the former towards (economic) prosperity.” The EU financial support (especially to regional development) is (somewhat) less valued as compared to the above complex of goals. Such an approach in itself strikes one as bold and positive, but whether or not it is quite adequate, is still open. For example, the economist Alari Purju claimed in the seminar that at least the calculations, based on other countries with lower economic development, which have joined the EU so far, tend to show the predomination of the sums from the EU support funds over those earned from extra markets and private investments. It should be considered in Estonia’s case that we already have a very extensive free trade agreement with the EU. The debate mentioned above deserves further discussion and more calculations, this time based on new information. But the result be of mainly theoretical importance, since there is no actual conflict between these two goals, unlike some other pairs of goals.

The resulting ranking as a whole can be considered quite economy-centred. The experts’ opinions coincided to a rather high degree and it can be claimed that there was a rather close vision of the desirable accession goals.

- Obtaining indirect security guarantees are among the “top league” of priority accession goals, but does not rank as high as could be considered according to the political rhetoric sometimes practised in Estonia.
- It seems that the experts do not feel the EU accession to sharply contradict the hopes of making business with Russia, as “participation in the benefits of the EU economic eastward expansion” (NB! The project of strengthening the EU Nordic dimension) does fit among the priority goals, although at the bottom. At the same time the goal “Retaining the existing competitive advantage in Eastern trade” is not considered worth supporting. Conclusion: if Estonia should make business with Russia, then rather in the EU context and together with the EU;

- It is interesting that as far as the valuation of the EU support funds financial allocations is concerned, the opinions of different experts differ quite widely, especially regarding money for the reduction of differences in regional development.
- It was somewhat amazing that the goal “Impulses for development via common information space” made it to the “top league”. It does sound well and hardly anyone could oppose this goal, but it is nevertheless strange that a hitherto little-discussed goal passed a number of others, which are also considered highly positive. It deserves further discussion.
- The experts do not feel much distrust towards the negotiators regarding a majority of the important goals. There is little doubt that they aim at new markets, investments, improvement of Estonia’s image, security guarantees etc. But this “ideal landscape” ends as soon as the **goals to maintain** emerge like avoidance of obligations too hard to meet, avoidance of rapid price rise, extra bureaucracy, etc. Regarding these goals, the **distrust level is quite high**, there is apparently fear that the negotiators may give up these positions without much fight for the sake of speedy negotiations and praise from the EU.



**Ivar Raig** (University “Akadeemia Nord”) and **Andres Paling** (Estonian Chamber of Commerce and Industry) are skeptical about quite a number of problems connected with the EU-negotiations.

We shall not discuss the goals, which gained average ratings, but some interesting conclusions can also be made when analysing the list of goals rejected or deemed insignificant (see Table 3).

**Table 3. Goals rejected or deemed as peripheral**

Goals	Average rating at five-point scale
Access of Estonian elite to all-European posts	1.8
GTM Avoidance of rapid termination of tax-free trade	2.1
Protection against American mass culture	2.2
GTM Avoidance of import tariffs on third countries	2.3
Contribution to shaping of Europe's future	2.3
GTM Opportunities to retain independent monetary policy	2.4
GTM Protection of local labour against foreign competition	2.4
Guarantee against setbacks in domestic politics	2.5
Better cultural exchange with European countries	2.8
Population's access to jobs in EU countries	2.8
GTM Protection of local producers	2.8
GTM Avoidance of deterioration of relations with Latvia and Lithuania	2.8
GTM TM Retaining control over development and use of infrastructure	3.1
GTM Retention of existing competitive advantages in Eastern trade	3.3

- It can again be claimed that the experts are liberal as to their attitude. The Estonian experts consider as indefensible or unworthy of defending a number of economic policy goals (protection of local producers against foreign competition, protection of local labour market), which other countries consider important and attempt to defend at the negotiations. It can be stated here that the attitudes

- of the government and the experts more or less coincide, but strongly differ from the more conservative attitudes prevailing among the people. Neither is the mass culture considered to pose a threat or presumed that accession to the EU will change much in that respect (the cultural elite in Estonia holds a different opinion).
- The opinion of the experts' panel, just as that of the Estonian government, is quite individualistic concerning co-operation with Latvia and Lithuania. Staying "in the same boat" with them and making extra efforts for this is not seen as a goal by majority of experts.
  - The idealistic goals like contributing to the shaping of Europe's future and better cultural exchange with the EU countries are considered peripheral in this context (compare with the valuation of the "common information space". Table 1).
  - Although a heated discussion took place in Estonia over the need to preserve the currently existing tax-free trade aboard airliners and ferries, to request a derogation, the presented arguments have apparently failed to convince the experts of the panel. They clearly leave this goal among the less important ones;
  - Better access of the population to jobs in the EU is not considered an important goal. Therefore: a derogation to the new member countries regarding the free movement of labour is not an issue to concern the Estonian economists and social scientists.
  - While politicians and several humanities intellectuals have seen the EU as an important guarantee against possible domestic political setbacks, the expert panel does not consider it important.

We should stress here, however, that very far-reaching conclusions cannot be based on the list of goals at the bottom of the ranking. Some of them may be directly rejected by the experts (for example, the elite's departure to posts in Brussels), most have been valued as positive, but are overshadowed by other more important ones. The other aspect is cognitive: a goal may be important in itself, but drops to the bottom of the list simply in the context of EU accession.

## Some thoughts of experts after completion of study

After the completion of the study and the generalisation of the results the Estonian side organised a supplementary round of e-mails with its experts to discuss the reasons of differences between the rating of some issues and what to think of the key issues of accession. Some excerpts follow.

### Why did various Estonian experts evaluate the regional policy dimension of EU accession differently?

- ✓ "I imagine that there may be two reasons. First, Estonia's own regional policy priorities are not particularly clear. Since the regional policy so far has not been particularly successful, the regional differences have not been reduced, an opinion emerges that the EU support funds will not be of much use either."
- ✓ "I tend to think that the ability of different regions to appeal for money is relatively different. The following principle will work: where there is administrative capability, or where success is already apparent, things will become even better, because there are people, who can deal with Brussels. To the places where nothing is going on and where is no such competence, no money will be directed. It is different with the development of infrastructure, if local railways or proper roads could be built, the above theory need not be 100 percent accurate."

### Economy, society, institutions

- ✓ "We are calling for a number of derogations at the negotiations, some colleagues think that we ask for too little. Maybe, but is this always so? For example, take the environmental derogations. Are we then willing to live longer in an unsatisfactory environment? For example, why are we not using the income from privatisation to improve the environment? Or is the Tallinn-Tartu road such a high priority that it warrants a loan, while environment is not? But this is not at all an issue of the EU

negotiations, but of Estonia's economic policy. I am nor sure, whether I would be happy if our officials should succeed to win the right to keep on polluting the bodies of water with untreated sewage."

- ✓ "In the present discussions in Estonia, the EU subventions and prices rise are predominantly discussed. It seems that they mutually balance each other. The issue, which for example is debated in Denmark – what will be the future role of the councils elected by the public (including the parliament) versus the bureaucrats of Brussels and the members of the Euro-parliament and representatives of great powers – has not yet been raised in Estonia by the people, the parliament or the government."
- ✓ "The results of the experts' panel reveal a contradiction. The body of priorities proposed by us, as well as by the government, is quite liberal. At the same time we fear that we cannot perform certain tasks we have to take, because our institutions are weak. But maybe they are weak because we have been running this version of naive-liberal policy:"
- ✓ "The demand for bureaucrats would increase in the future even if Estonia would not join the EU. The accession will bring along an increase demand. In my opinion, the cadre of public officials has been improperly trained here: to obey orders rather than to be conceptual thinkers. But if our bureaucrats follow orders without thinking, how should we act in the huge and confused EU? We need not only to study the Euro-standards, but to constantly negotiate with the European bureaucrats, not only on the accession issue, but also as a member over the constantly changing *Aquis Communautaire*. More than 300 committees discuss in Brussels every year the new articles and the abiding by the existing ones."



# List of Potential Goals for Expertise

## I The Possible goals to achieve:

1. The better access to the new markets in the European Union.
2. The access to additional finances from the support funds of the EU in order to increase the general economic development of the state.
3. The access to additional finances in order to decrease the in-state differences of regional development.
4. The supplying of additional finances from the assistance funds of the EU in order to improve the specific fields, like agriculture and fishery.
5. More close and familiar economic legislation for European Union countries, which would increase possibilities to operate better in international business (to get investments, carry out operations, etc).
6. The larger inflow of foreign capital.
7. The possibilities to benefit from economic expansion of the EU towards the east (to Russia and other CIS countries).
8. The increase of prestige of the country in the world as of the country corresponding to the criterions of the EU.
9. Achieving indirect security guarantee as a result of increased connection to the western countries.
10. The acquiring of general European cultural and social norms.
11. The guaranteeing of using the high standards of the EU in different spheres of life (safety, environment protection, etc).
12. The enabling of better access of citizens to the foreign jobs.
13. The enabling the citizen rights of the EU to the citizens of the country (for example the consular protection in foreign states where country has no embassies).
14. The guaranteeing of jobs in Brussels for the elite of the country.
15. The possibility to give own contribution to the shaping of Europe as the integral whole.
16. The better cultural exchange with the EU countries.
17. The better protection together with the other EU countries against the expansion of American mass-culture.

18. To get through the common European information space the scientific, technical and the other impulses necessary for development
19. Certain guarantee against possible authoritarian, corporate, etc setbacks in local politics
20. The additional opportunities for the development of Northern European (Baltic Sea area) integration.
21. The additional opportunities for improving the cooperation with the (distant from the country) EU countries (for example France, Spain).

## **II The Possible goals to maintain (to avoid the negative effects):**

1. To avoid taking responsibilities which would lead too quickly to the expensive economy and thereby will decrease competition abilities of the country.
2. To avoid taking responsibilities which would lead to the excessive increase in bureaucracy or which would not be correctly executed because of the level of institutional development.
3. To avoid as much as possible the establishment of import tariffs for the "third countries".
4. To avoid the worsening of the relations with other two Baltic States.
5. To preserve the competition advantages in the "Eastern" (Russian, CIS) trade (free-trade zones, etc).
6. To avoid the fast end of tax free trade on ferries and planes.
7. To protect in certain fields local labour from foreign workers.
8. To protect in certain fields local producer from too strong foreign competition.
9. To preserve certain possibilities to regulate the using of local infrastructure.
10. To maintain the freedom in tax-policies.
11. To preserve the possibilities of independent monetary policy.
12. To protect the local cultural environment (including the language use).

## Priorities of accession to EU: Latvian experts' viewpoint

RAITA KARNITE, KRISS KARNITIS

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### **Project mission**

Latvia, as well as Estonia, will join the European Union in the future and the negotiations between these states and the EU are developing positively. But unfortunately the people are not informed enough about the problems of accession to the EU and there has not been a serious public debate on this issue. The work related to the accession takes place in the foreign and other ministries, therefore, from the point of view of general public, behind the locked doors. The whole process lacks discussion at experts' level and in a public sphere. Technical information through newspapers about the perspective dates of the accession, as well as about closing and opening of the chapters of negotiation program with the EU is what the general public gets from the available information sources. They lack explanations at what conditions the integration will be carried out, who will be the winners or losers of the enlargement of the EU etc.

According to the view of the most of the people quite a few information has been announced about how the accession with the EU will actually influence the life in Latvia and the information is mainly positive, negative aspects have been left out. Not only general public, but also academic people are polarised in their opinions about the EU accession – from strictly negative to strictly positive. Unlike general public that usually has limited impact on opinion creation in the state, academic people are these who educate young generation. Their opinion is an example for others. For this reason it is very important to know how independent experts assess the integration process. It is also important to promote the experts representing different spheres of knowledge to express their common position about the problems relating the accession process and to present this to the wider public.

With this purpose the Institute of Economics, Academy of Science, Latvia, joined the project for detailing the accession priorities launched by the Institute of Future Studies in Estonia, and hopes to contribute to the filling of the gap in the social discussion about joining the EU.

### **Structure of the Latvian experts' group**

As far as the goal of project was to get experts' opinion about the EU integration process, the Latvian team was selected from experts of the academic world – university lecturers and researchers. Experts from the University of Latvia, Banking College of Higher Education, Institute of Agrarian Economics, Institute of Philosophy and Sociology, Institute of European Integration associated with the Latvian Medical Academy, Latvian Institute for International Affairs, Baltic Strategic Research Centre, Institute of Economics of Latvian Academy of Sciences, Stockholm School of Economics in Riga, Institute of International Relations of the University of Latvia, Ministry of Culture of the Republic of Latvia (all in Riga), Latvian University of Agriculture (Jelgava), Daugavpils Pedagogical University, Liepaja Pedagogical Higher School participated in the project.

The experts were asked to assess the importance of the full range of priorities and problems of the EU integration. The expert pool included specialists in economics, sociology and political science. The selection of fields of activities was based on suggestion that these spheres dominate above all others in the EU integration process. A total of 14 individuals participated in the project.

A majority of the respondents (60.0%) work in the field of economics or closely related fields. Next larger group is experts in political science (27%), while sociology was somewhat under-represented in the expert opinions – only two individuals represented that sphere.

The main criterion in the forming of the group was that the corresponding specialists should be familiar with the problems of Latvia's EU accession. It is therefore unsurprising that the project managed to involve economists to the greatest degree. That conclusion is hardly unusual, because as a rule considerations about EU integration from the economic point of view dominate.

The division of experts, including the domination of economists, has to be kept in the mind when looking on further analysis of data.

**Table 1. Most important goals to be achieved – “Top league”**

Goals to achieve	Average estimation of the goal Max = 5
The better access to the new markets in the EU	4.67
The access to additional finances from the assistance funds of the EU in order to increase the general economic development of the state	4.47
The supplying of additional finances from the support funds of the EU in order to improve the specific fields, like agriculture and fishery	4.47
Achieving indirect security guarantee as a result of closer ties to the Western countries	4.33
The access to additional finances in order to decrease the in-state differences of regional development	4.27
The larger inflow of foreign investments	4.27

### Goals to achieve

According to the methodics agreed upon by the Estonian and Latvian sides the potential accession priorities were divided into goals to achieve and goals to maintain. Let us now view these groups of priorities one by one.

The answers are presented in a special table. In this table, the first column shows average priority estimation of goal, calculated as arithmetical average. It is based on the first stage of the evaluation procedure, where every potential priority was ranked according to a five-point scale. The second column shows mode – the more often appearing assessment. The third column shows percent of respondents that listed each particular goal among the ten most significant ones. The fourth column represents a synthetic indicator that shows the position of the particular goal in the potential list of most significant (i.e. among top ten) goals (priorities). The fifth column shows percent of respondents who suspect that each particular goal may be underestimated by the Latvian official team negotiating with the EU.

Mode	Marked among 10 more significant goals (% of answers)	Position among priorities (less is better)	Critical goals in % of answers
5	100	51.0	40
5	87	70.4	27
5	73	92.7	47
5	87	<b>51.9</b>	7
5	80	97.5	33
5	73	66.8	27

Analysing the goals to achieve we sorted them in the order of importance according with average estimation given by experts. After the data were sorted, it emerged that the goals (priorities) divide quite clearly according to their popularity in different groups. The most important group (“top league”) predominantly consists of goals of economic and financial nature (Table 1). As the sole exception, among purely economic and financial goals, high mark was also given to the goal “Achieving indirect security guarantee as a result of closer ties to the Western countries” (fourth position on the list).

In the first group of goals average estimation vary from 4.67 points (the highest estimation for the entire list) to 4.27 points. Mode shows that the most often appearing value in the answer for all of the goals in the first group was 5 points, what means that experts opinion was quite unitary and most of them have estimated these goals not simply with high mark but also as of highest importance.

The third and the fourth column show that majority of experts ranged goals listed in the Table 1 among ten most significant, but in this assessment experts were not so unanimous. By setting priorities

**Table 2. Next goals to be achieved in the order of importance –**

Goals to achieve	Average estimation of the goal Max = 5
To get through the common European information's space the scientific, technical and the other impulses necessary for development	4.20
More close and familiar economic legislation for EU countries, which would increase Latvian possibilities to operate better in international business (to get investments, carry out operations, etc)	4.13
The increase of Latvian prestige in the world as of the country corresponding to the criteria's of the EU	4.00
Certain guarantee against possible authoritarian, corporate, etc setbacks in local politics	3.80

experts conclude that from the whole group the most important goal is "To achieve better access to the new markets in the European Union". All experts ranked this goal in the most significant group and many of them marked it as the first priority (the lowest value in the fourth column or first position on the total list of priorities).

On the contrary the goal "The supplying of additional finances from the support funds of the EU in order to improve the special fields, like agriculture and fishery", albeit having high average estimation, was ranked as significant less often than, for instance, "Achieving indirect security guarantee as a result of closer ties to the Western countries" with lower average estimation.

The goal "The larger inflow of foreign capital as the ground of economic development" also has got somewhat contradictory assessments – third highest average estimation according to the "individual" ranking procedure, but mentioned as a top ten goal by less than three quarters of evaluators. It is clear that the rankings of that goal differ quite significantly among the various experts. Those having listed it among top ten have as a rule placed it quite high on the list of priorities. Therefore it rises among the four most significant in the column.

## “First league”

Mode	Marked among 10 more significant goals (% of answers)	Position among priorities (less is better)	Critical goals in % of answers
5	67	79.5	20
4	67	85.5	20
3	60	103.3	20
5	40	75	20

In overall situation all of the “Top League” goals as a whole have got quite a high percentage of experts who think that Latvian official negotiations delegation fights for the goal less than it should (column “Critical goals” in the Table 1). Only the goal “Achieving indirect security guarantee as a result of closer ties to the Western countries” is the one regarding which the experts have no objections to its significance in the accession negotiations.

The next group in order of importance is what can be generally characterised as development goals (Table 2).

Average estimation for these goals vary from 4.20 to 3.80. The goals presented here have been estimated lower than economic/financial ones in Table 1, still their position among priorities is also high. In this group of goals the experts’ opinions vary much more than in previous group and also mode show lowest figures. Interesting numbers can be observed in estimation of the goal “The increase Latvia’s prestige in the World”. Average evaluation for this issue is 4.00, which is quite high, while mode is only 3. It means, that experts opinion was quite different in this issue and high average evaluation is due to some high marks, while larger number of answers



**Table 3. Goals the experts disregard or consider insignificant as**

Goals to achieve	Average estimation of the goal Max = 5
The additional opportunities for improving the co-operation with the (distant from Latvia) EU countries (for example France, Spain)	2.73
The better protection together with the other EU countries against the expansion of American mass-culture	2.60
The acquiring of general European cultural and social norms	2.40
The possibility to give Latvian own contribution to the shaping of Europe as the integral whole	2.40
The guaranteeing of EU jobs for Latvian elite (Brussels, etc)	1.33

were under average. 60% of respondents ranked this goal among ten most significant, yet it had a relatively low position in the ranking of “top ten” goals (fourth column).

Also assessment of the goal “Certain guarantee against possible authoritarian, corporate etc setbacks in local politics” (goal number 17 in Table 2) indicates some unconformity in experts’ opinion. On the one side, only 40% included this goal in the list of significant goals, still all of them have put it on a high position (sixth position in the total list of priorities).

In the fifth column of Table 2 the results for given goals are identical. One fifth of the experts have marked each of these goals as underestimated in accession negotiations, which is lower than in case of a number of goals in Table 1.

The goal “The possibilities to benefit from economic expansion of the EU towards the east (to Russia and other CIS countries)” barely missed Table 2, i.e. the “first league”, according to its average ranking. The difference of opinions among the evaluators can also be mentioned in this case. Only one third of the experts placed it among the top ten, but those doing so placed it at the very top of the list. Therefore this

compared to the others

Mode	Marked among 10 more significant goals (% of answers)	Position among priorities (less is better)	Critical goals in % of answers
3	13	105.0	27
4	7	135.0	13
2	0	0	13
2	7	150	13
1	7	150	0

priority won third greatest priority index in the 4<sup>th</sup> column among the achievement goals and the sixth most important ranking among overall potential priorities.

Without speaking about goals of average ranking, we shall now view the bottom of the table.

While the rejection of the lowest goal “Guaranteeing of EU jobs for Latvian elite” hardly requires any further comments, the low ranking of the rest could be explained in two ways: either they do not occupy a central position on the negotiations agenda and will be automatically realised during accession or the experts consider the Latvians sufficiently European not to see the official EU accession as a problem. It is also possible that the low ranking of these goals was influenced by the makeup of the Latvian expert team – many economists and few sociologists.

Unfortunately it can probably be concluded that the Latvian experts have underestimated several potentially available positive social issues accompanying the EU accession and even quite well-educated experts do not feel themselves as being potential citizens of the European Union.

**Table 4. More important goals to maintain (in the order of**

Goals to achieve	Average estimation of the goal Max = 5
To protect the local cultural environment (including the language use)	4.27
To protect in certain fields with indirect means local producer from too strong foreign competition	3.80
To avoid taking responsibilities which would lead to the excessive increase in bureaucracy or which would not be correctly executed because of the level of institutional development	3.47
To preserve certain possibilities to regulate the using of local infrastructure	3.47
To maintain the freedom in tax-policies	3.27
To avoid taking responsibilities which would lead too quickly to the expensive economy and thereby will decrease Latvian competition abilities	3.13
To preserve the competition advantages in the “Eastern” (Russian, C IS) trade (free-trade zones, etc)	3.07
To protect in certain fields local labour from foreign workers	3.00

### **Goals to maintain**

All goals in this section could be divided mainly into the following subgroups:

- protection of local economic system (producer, consumer via regulation of local infrastructure, national tax policy, competition advantages on Eastern markets, local labour, national monetary policy, independent trade relations with the third countries)
- protection of local cultural environment,
- not adopting excessive responsibilities.

The experts have evaluated the protection of the local cultural environment as the most important goal to maintain (4.27 points). 87%

importance)

Mode	Marked among 10 more significant goals (% of answers)	Position among priorities (less is better)	Critical goals in % of answers
5	87	61.2	13
5	73	54.5	67
5	60	86.7	33
3	73	96.8	20
3	60	78.3	7
5	60	58.3	40
5	60	76.7	20
3	60	88.3	33

of experts put this goal on the list of most significant goals, and it was the third on the list. In addition, just 13% of experts mentioned this goal as underestimated by the Latvian negotiating team.

At this point, it is reasonable to remember the division of experts according to their background – 60% of them are economists. Nevertheless, they rank the economic goals of this section much lower than this cultural one. Probably the experts identified protection of cultural environment with the protection of sovereignty and national identity. These two issues form basis for doubts and euro-scepticism.

The protection of the local market experts' have positioned as the second one (3.80 points) with quite a large cut in evaluation compared with the first (0.47 points). However, this goal ranks first on

## Opinions of participants of the final conference in Riga

At the final conference of this project in Riga in April 2001 the audience was asked to fill a simple three-question questionnaire, where they were asked to list briefly the goals that should be achieved, the goals that should be maintained and the main mistakes. The responses to the questionnaire follow.

### Important goals to maintain:

- to protect sovereignty and national identity
- to protect intellectual and cultural capacity, including to avoid brain drain,
- to provide for powerful state and local government institutions that could be able to establish independent state system in Latvia in case if EU cuts out,
- to avoid lost of freedom in decision about belonging to EU,
- to avoid uneven population of Latvia,
- to avoid lost of potential finances from the EU funds,
- to avoid intensive immigration and expansion of back-alley industry or other enterprises,
- to avoid economic dependency from richer countries,

### Goals that should be achieved are:

- to strengthen national identity and national state by using unification as a mean,
- security, more protected border with Russia,
- strengthening of democratic principles and traditions,
- rights to operate freely in economic area that legally belongs to Latvia,
- improvement of economic and social conditions, welfare,
- protection of interests of Latvia on international scale,

- positive diversity of society, enriching from cultural exchange with European countries,
- better state management, elimination of corruption,
- better economic environment due to unified economic legislation, higher competitiveness, wider challenges for economic development,
- consensus in society, elimination of gap between rich and poor groups of population, secure and stable social environment,
- to maximise utilisation of EU funds.

**Among mistakes of integration so far, the participants mentioned:**

- too much appreciation and too formal implementation of integration requirements,
- lack of criticism in assessment of integration conditions, as well as current situation in Europe,
- lack of information and explanations in society, lack of positive information about integration processes, especially in rural areas,
- failure to develop public interest towards integration perspectives and life in the EU,
- negative phenomena in the EU: growth of bureaucracy, increasing gap between the rich and the poor, ignoring of education in EU,
- inadequate informing of society about competition conditions in the EU and how to build competitiveness, for instance, the role of education,
- weak co-operation of several institutions, dealing with the EU integration in Latvia, poor quality of information about Latvia, that is submitted into EU institutions,
- insufficient attitude to integration aspects with more practical nature (incomes, taxes, tariffs),
- lack of information about obligations that Latvia has obtained, and their consequences.

the list of most significant goals (while just 73% of experts have mentioned this goal significant). It is important that protection of local producer (with indirect means) is also marked as the most critical (66.7% of experts) in both parts of survey: in goals to achieve as well as in goals to maintain. It means that experts consider the local market protection from too strong competitor as the most underestimated issue in Latvia's delegation accession negotiations.

The third and the six positions in the 1<sup>st</sup> column, i.e. according with the average estimation, are taken by the goals providing for reasonable responsibilities. The goal "To avoid taking responsibilities which would lead too quickly to the expensive economy and thereby will decrease Latvian competition abilities" was ranged second on the total list of priorities.

Experts have marked also local labour protection (33.3%), avoiding taking responsibilities which would create expensive economy (40%), and avoiding taking responsibilities, which would create increase in bureaucracy or which would not be correctly executed because of the level of institutional development (33.3%) as underestimated in accession negotiations.

Some economic issues have got very low or contradictory estimations. Again, experts evidently underestimate significance of independent foreign trade. The goal "To preserve the competition advantages in the "east" trade" was positioned seventh, however was forth on the total list of priorities. The goal "To avoid as much as possible the establishment of import tariffs for the "third countries" was pre-last according with the average estimation and ninth on the total list of priorities.

When comparing the top of the goals of maintain with that of the goals to achieve, we notice that the two most significant goals to maintain "To protect the local cultural environment" and "To protect the local producer from foreign competition" have won a comparable rating to the goals to achieve in Tables 1 and 2.

As for the possible goals to maintain like the retention of independent monetary policy and avoidance of introduction of import tariffs to goods from the "third countries", as well as the issue, which recently became topical in Estonia, avoiding the abolition of tax-free trade on airliners and ferries, the Latvian experts did not consider these issues important.

## Similarities and differences in the evaluations of accession priorities of Estonian and Latvian researchers

ENE MUST, ERIK TERK

*Estonian Institute for Futures Studies,*

RAITA KARNITE, KRISS KARNITIS

*Latvian Institute of Economics*

When observing the first 10 or 15 priority goals<sup>1</sup> according to the researchers of the neighbouring countries, we can notice that majority of them coincide. At the same time it is still possible to identify some differences, which seem significant, in the list of main goals as well as, especially, their ranking.

In case of either country, a number of rather self-evident, predominantly economic goals are apparent: access to the EU member countries' markets, additional financing for the development of economy as a whole and especially its infrastructures from the EU support funds, receiving an indirect security guarantee, improvement of the country's image thanks to success in accession, benefits from the common EU information space. Several goals denied by the researchers or considered insignificant also coincide: protection against the American mass culture, acquiring European culture and social norms, guaranteeing of EU jobs for domestic elite.

Unfortunately, one's own countries are not seen as real contributors to the cultural and other enrichment of the EU. It can be guessed that the reason is not some particular egoism, but rather a "poor relative's complex" developed during the hard transition period.

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<sup>1</sup> List of potential goals for evaluation and the methodics of evaluation see page 40–41 and 28–32.



Among the differences, the differing placement of the extra foreign investments as an accession goal in the ranking of objectives should be mentioned. The Estonian experts place it first, while the Latvian specialists move it significantly backward and rank as seventh.



**Ene Must** (Estonian Institute for Futures Studies) bore the main border of management in the organisation of the experts' work and the Tallinn seminar.

The difference of perception of extra foreign investments as a goal is noticeable, but not very large. One might even consider the difference accidental, caused by methodology or different makeup of the experts' panel. But when observing the placement of some other goals in the ranking, this explanation seems unlikely. Goals like the protection of the local producers in certain circumstances, retaining opportunities for the regulation of infrastructure hold slightly higher places in the Latvian estimates than in the Estonian ones. Similarly, it is considered important to obtain money for economic sectors connected with special ethnical sentiment as agriculture and fishing. It can therefore be claimed that the Latvian panel considers the stressing of the

interests of national capital more important than the Estonian one.

It is remarkable that the Latvian researchers consider the protection of the local cultural environment (including the language) in the accession one of the priority goals, the most important among the so-called preservation goals. The same cannot be said about the Estonian panel. If we note that the consideration of obtaining even an indirect security guarantee via accession is ranked slightly higher by the Latvians than the Estonians, one can conclude that the Latvian experts consider their country and culture somewhat more threatened than the Estonian ones.

Some other differences can be noted as well: the Latvians value the obtaining of extra finances for regional politics slightly higher than

the Estonians; they also see, unlike the Estonian, the EU accession as an important guarantee against possible authoritarian and corporate tendencies. The Estonians value successful accession as a factor boosting the country's image slightly higher than the Latvians. But these differences are not as large as to enable to make more serious conclusions, considering the somewhat different panel structures (the significance of economic experts was lower among the Latvians).

The difference among the preservation goals is quite significant. In Estonia's case, priority is granted to the avoidance of accepting hard-to-achieve goals and a rapid increase of costs in economy. Among the Latvian respondents, besides the already mentioned preservation of the cultural environment, the avoidance of excessive bureaucracy is seen as a significant goal.

The goals, whose achievement is considered as threatened by the respondents, and where they would prefer to keep a close watch of the negotiations, differ as well. While the Estonian experts consider as the more important goals the avoidance of hard-to-meet obligations, price rise and (to a smaller degree) the regional political issues, the Latvian experts see as threatened the protection of the local producers, obtaining extra finances for agriculture and fishing, ensuring the Latvian citizens working opportunity in other EU countries and negotiation issues concerning the Russian market, as well as the EU markets access. It can also be seen that the Estonian experts have slightly more confidence in their negotiators than the Latvian ones in general.

## Excerpts from panel discussions of Tallinn seminar

### PANEL No 1: The accession priorities of Estonia

LIINA TÕNISSON

*Member of Estonian Parliament, Centre faction*

**“The arguments, which worked in the Nordic countries, have no effect in Estonia.”**

The Estonians believe in the EU less than the Hungarians do. When there are more than 60% of Hungarians who are in favour of the EU, then in Estonia there are about 50% of those, sometimes even less, therefore the government in Estonia has not succeeded in finding the right means or methods to relate to the people. What is the reason? It seems that the acclaimed methods of informing the people about the EU that have been used in Finland and Sweden are not working here, as the Estonians are by nature distrustful of power. However, this distrust should somehow be overcome. The main problem lies in the involvement of the people. This business is deficient here in spite of the money spent on it.

IVAR RAIG

*Dean of the University “Akadeemia Nord”*

**“There is a lack of impact studies!”**

In the negotiations the goals that Estonia should attain when integrating with the European Union have not been sufficiently discussed with the people and the politicians. In order to convince the people, there should be good arguments, but such arguments cannot be worked out without conducting the impact studies. Such studies existed in Sweden, Finland, and currently exist in Slovenia. Unfortunately, Estonia,

and Hungary as well, according to Professor Inotai, have fallen behind in that respect. Estonian politicians are lacking the background material, on the basis of which to explain to the people the necessity of joining the EU. It has not been clearly stated what Estonia gains or loses when joining the EU or when not doing it. There are no concrete studies, and the government does not finance them; only a few of them can be found.

ALARI PURJU

*Dean of economic faculty, Tallinn Technical University*

**“It is not correct to make a fetish of export to EU”**

Sometimes we are forgetting the essential phenomenon that arises in market economy – there emerge different resources and combinations in different places that determine what is being produced etc. This type of changes in economy predominantly take place due to the market-related factors. The conditions are somewhat influenced



Front row: Tarmo Tuisk, Alari Purju, Mall Hellam.

by the policies led by the countries, but it is nevertheless the outcome of economy based mainly on private economy. The export and import to and from the EU countries cannot be a goal in itself. In Scandinavian countries, for example, this percentage is approximately 50, in other words, significantly lower than in Estonia. It has its causes, which work through the markets.

From the point of view of the structure of economy and export, when comparing export in Estonia for example with the export of Central European countries, it can be seen that Estonia is falling behind Slovenia and Hungary in the production of know-how-intensive goods and services. The export and structure of economy in Estonia are based on labour-intensive production and raw materials. When the integration is taking place, it is important to follow what are the sequent structural shocks like that can take place in Estonia. Or to see if it is the result of the so-called continuous process or if it takes place through very drastic changes based on the changing of trade conditions.

Convergence is another relevant topic. It is assumed that an inevitable convergence occurs when joining the EU. When looking at the period following the Treaty of Rome, there was the neo-classic process of convergence going on up to the 70s. After that this kind of economic-political trend changed, and in the 80s the differences increased. This approach, resulting in the formation of structural funds, endeavoured the appearance of the new process of convergence.

It is important about the EU what Estonia can get from such support funds. Catching up is a result of long-time development. For example, it took Finland and Ireland to achieve their present position. That is why all of these economic policies that are aimed at some kind of miracle, for example that we can have in short time the 9% or 12% economic growth, to the level of 75%, are improbable.

About the subject of labour and the circulation of capital it can be said that it is bad when the institutions are working against the markets. This conflict is to a large extent present in the EU.

Finally, the Estonian experts estimated that gaining access to markets and investments is more important to Estonia in the accession process than the availability of the EU support funds. I dare to question this conclusion. The accession experience of Ireland, Portugal

Spain and Greece certainly shows the immense importance of the support funds.

IVAR TALLO

*member of Estonian Parliament, Moderate faction*

**“Joining the EU is a priority in itself”**

The EU itself is a priority for us. Accession to the EU is a total process, the results we gain are all interconnected. Obviously, the accession is immeasurably more important to Estonia than Estonia’s accession is to the EU. As the population is so small in Estonia, then joining the EU is not done because of an expansion of the European market. It is not useful for Estonia to demand any special terms from the EU. There are two problems Estonia has to watch closely:

- 1) to get prepared for risks (structural shocks),
- 2) to get prepared for the opportunities offered by the EU.

The structural means that have the access should be made use of as effectively as possible. At the present moment we do not have sufficient institutional capability to do this.



Member of the Estonian parliament **Kristiina Ojuland**  
(on photo with economist Teet Rajasalu)  
was an efficient moderator of the Tallinn seminar.

## PANEL No 2. The attitudes of population and the adapting of the population to new conditions

ERKKI BAHOVSKI

*Journalist of "Postimees", specialised on EU issues*

### **"Explaining the EU to the public is not an easy task for the Estonian media"**

At the beginning of the nineties the EU was a far off foreign piece of news for the Estonian media, and the main information that reached the Estonian media came through the translated articles. The inviting of Estonia to the accession discussion in 1997 can be called a turning point. It became clear then that the EU is more of an internal piece of news, also in the sense that it is broader, including economy, sports, culture etc. In 2001 the Estonian media, at least the major media publications, understand that the EU is a whole, and that the task of foreign news is to follow what goes on in the EU and also what goes on in the candidate countries. One of our problems lies in the fact that the press in Estonia is so small that it cannot support the correspondents in the countries, which have important developmental processes for us, e.g. Hungary, the Czech Republic, or Slovakia, as the major news agencies need not pay so much attention to the particular aspects, which interest us. They talk about general problems, e.g. about the "mad cow disease" that by now has also influenced Estonia. Some years ago there would not have been such a process.

Another point that makes our work difficult is the fact that media is still business; we cannot escape this. There arises the dilemma that the news, and the mission and educating people are two different things. It has been discussed how to make the EU more understandable for people. This would presume the educational and vocational nature of a journalist. At the same time a media publication has to compete in the market and succeed. It should emphasise the news, but the EU is a topic, which makes it difficult to write actual news about it. Media has understood that this is a process of great importance, but that it does not provide such news as was the shooting at the picture of the opposition leader in our domestic politics. Such

news cannot be expected from the EU; and like Mr. Ilves, the Minister of Foreign Affairs, said in his interview to “Postimees”, nothing happens suddenly in foreign policy, there is a process going on there. This makes the journalists face very difficult tasks.

To what extent should the people know about the EU? They are not able to acquire all the information about the EU, it is too much. The question lies rather in the fact from which channels they receive information, or what are the secondary sources. The *acquis*? And the negotiated terms are primary, but what are the secondary sources like, the reports that are made on the basis of information coming from the primary sources and on the ground of which people make their conclusions? The media are without doubt one of these secondary sources, but the media cannot be a research establishment. Because of the smallness of the Estonian media we cannot expect a journalist to reach a generalising result by using the all-embracing statistics. An academic research institutions could get this result in some months usually. The press needs an independent channel of information (for example a think-tanks).

After Estonia becomes a member of the EU, the situation will be even more complicated. In that case Estonia will have its correspondent in Brussels. As of now the news from Brussels are not of primary importance to Estonia; for us the news from Moscow are at the moment more relevant as Russia is closer to us, and we have a historical experience with Russia. Later the priorities of the Estonians can change in favour of Brussels, and in this case the media in Estonia have also bigger responsibilities.

MIKKO LAGERSPETZ

*Rector of the Estonian Institute of Humanities*

**“EU, this means a stable society!”**

There has already appeared the second group of euro-sceptics in Estonia: Igor Gräzin, Uno Silberg and others. Siim Kallas has also come out with euro-sceptic standpoints. Also the Czech liberals are relatively euro-sceptic. Some people are of the opinion that the scanty restriction of economy in Estonia guarantees in future its ability to



compete, but it is in conflict with joining the EU. There are fewer standards than elsewhere in Estonia. How to explain that the adoption of new standards is a positive move? At the moment the reason for establishing many new standards is said to be the joining the EU, but it is not explained that the supplementary taxes go to the treasury of the Republic of Estonia. It is convenient to blame the EU when the Government does not want to take political responsibility for some decision. Another kind of political message is needed here, which would be based on the vision of society where public power has a positive, co-ordinating function for it to be legitimate. The positive side of the EU is a stable society that is based on the agreement (consent?) between different social groups. People should be informed about the positive outcome the euro-standards can bring along.



Discussions between participants are a valuable part of any seminar – **Teet Rajasalu, Andras Inotai, Raivo Vetik, Krista Loogma.**

## Public Opinion About Joining EU

PAAVO PALK

*Counsellor to the EU Information Secretariat*

### Value orientations in people's attitudes towards joining the EU

Communicating EU enlargement is an area of increasing importance throughout contemporary Europe. It is an issue of significance as well as concern not only in those states who aim at re-establishing their place in the Western World but also for those, who have already joined the "Club".

European Commission introduced in its last progress report a new subsection to evaluate the readiness of candidate countries to join EU – the need for information. In annual report released in November 2000 the European Commission said: "An effective communication strategy will not be limited to emphasising the objective political and economic benefits of enlargement; rather it should seek, via an interactive process, to allay people's concerns and fears."

From the viewpoint of the most of the candidate countries in Central and Eastern Europe this was not an announcement of major importance and it remained unnoticed among the larger audience. However, for Estonia the public sentiment towards EU is definitely a matter of concern.

The international opinion research made in November 2000 in all candidate countries demonstrated that Estonia's audience is one of the most euro-sceptic in the whole Eastern Europe. According to the poll 46 percent of Estonians support EU accession and 28 percent are against. This means that compared to all candidate countries the attitude of Estonians is one of the most euro-sceptic and only Latvian and Lithuanian public is more critical towards EU accession.

Does it mean that Estonia is not doing enough in informing public about the EU accession? If someone says so, I strongly disagree.

It has been obvious for Estonian decision-makers for a half of decade at least that the progress in EU negotiations and forthcoming membership referendum, which is supported by all political parties, will increase demand of EU information. Consequently we foresaw a need to introduce different tools for EU communication: publications, media programmes and people to people networks – and they all work pretty well.

As to this date we can speak about four main EU info-centres in Estonia which are complemented with 8 regional EU info-points and EU info-officers in all 15 counties, to cover the country of 1.4 million people as a whole. European Union Information Secretariat of the Estonian State Chancellery co-ordinates their activities, provides training for a staff and acts as an advisor and mediator if needed. In 1999 the regional points organised all in all about 100 EU info-days, over 50 topical seminar-series, about 30 discussion-clubs. To this setting there belongs also the special free-of-charge EU telephone. Also internet has been made use of to the largest extent in order to provide for maximum transparency and timely information.

How can one then explain the limited enthusiasm of Estonian audience regarding EU accession? I think that above mentioned poll also provides us with an answer. In the poll all respondents had to say where they will lose and where they will win from EU accession. Usually the answers from Estonia and other Eastern European countries did not differ remarkably. However, when asked how the EU accession will affect consumer prices, the difference between Estonia and the rest of CEE became crystal clear.

In average 49 percent of respondents from all applicant countries said that after the accession they would win in consumer prices and only 20 percent considered themselves losing. In Estonia 24 percent of respondent said they would win and 59 percent said they would lose.

And majority of Estonians must be right here precisely because our economy has been so open and liberal. It is obvious that prices will rise when tariffs will be introduced instead of free or even subsidised EU import that our consumers have enjoyed so far. In parallel

both increase of excise taxes to the minimum EU level and more strict regulations for industries lead to higher prices, too.

The example of the attitude towards the changing prices also demonstrates that we cannot use in Estonian EU information the same arguments as the latest EU accession partners, especially the Nordic countries did. Estonia is quite a unique country where the business paper is sceptical about joining the European Union.

Does it mean that because of inflationary pressures Estonia should not join EU? No, of course not. The idea of Estonian EU accession is viable both politically and economically. However, the higher prices linked to EU accession mean that the main Eastern European problems in EU communication are even more aggregated in Estonia.

### **What should we bear in mind while communicating the EU?**

French have designed the RISC system where people are divided into ten different value groups. The size of those groups is equal for the six biggest EU member states.

In Estonia, within the RISC system, the EU supporters can be found in the groups that are called enthusiasts, mobile networkers, moral guides and social climbers. The opponents of the EU are the *survivors*; keywords to describe this group are security, safety and seclusion. The groups of high energy pleasure *seekers and rooted traditionalists* are also opposed to the EU. The rest of the groups – guardians, care givers and pragmatics – are in between.

All value groups supporting the EU have higher than average number of non-ethnic Estonians, the keyword being openness to the new. These target groups absorb the information more easily, they value specialist suggestions, there are more educated people and those who feel considerably secure about the future.

The higher EU-support among non-ethnic Estonians indicates that unfortunately, there is also a specific Estonian or Baltic problem: “a rush from one union to an other”.

Opinion polls show that public is more sceptical towards EU in Baltic states than in other Eastern European countries. It is hard to give here one predominant reason for this, but the memories of being part of Soviet Union do have a long-lasting impact on the society as a

whole. Native Estonians associate the detailed regulations, adopted far from their homeland, with memories of the Soviet rule.

Such value groups as *care givers*, guardians and pragmatics illustrate the *wagers*, among whom there are no clear preferences. It is important to them that the background be explained. By the way the majority of the elite or the wealthy belong to the group of *pragmatics*. For them the suggestions of specialists are specially important while making decisions concerning the accession.

The group of high energy pleasure seekers makes pro or contra decisions regarding the EU based on the recommendations of their acquaintances. Similar feature is characteristic also to the other EU opponents. The difference between groups opposed to EU is that high energy pleasure seekers are mostly urban people, though the survivors and traditionalists originate from the rural areas.

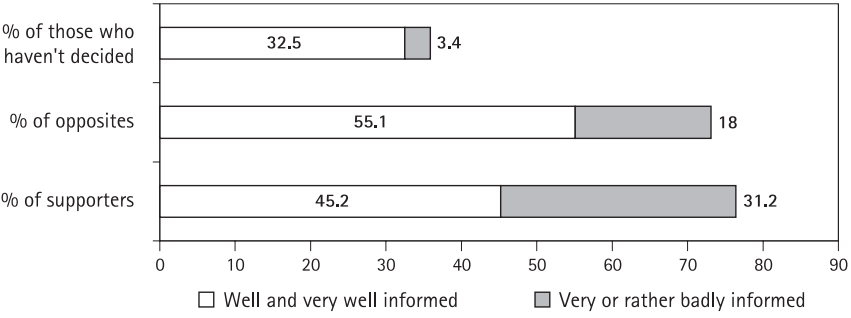
How does being informed change attitudes towards the EU? The supporters are to an extent better informed but the difference in the levels of being informed is not substantial. 55% of the supporters and 45% of the opponents think they have enough information. The difference is in the sources of information and in the real level of EU-knowledge. The supporters know better where to find information. 66% of the supporters and 29% of the opponents are interested in the information about the EU; 69% of the opponents are not interested (Figures 1, 2, 3).

EU benefits for the general public reveal themselves mainly on the macro-economic level (increased security, more investments), which are difficult to understand due to the prevailing abstract nature they have. Negative aspects come on a micro-economic level and are easily seen (increase in food prices, especially sugar and excise taxes).

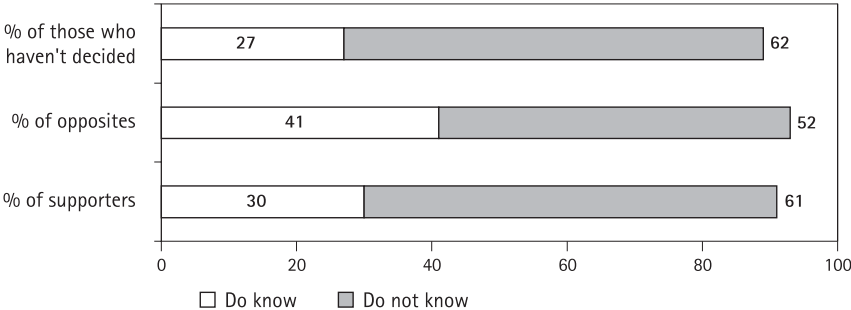
A poll conducted by a public opinion research company *Saar Poll* shows that 26% of the EU supporters are convinced that the EU will improve their economic situation. Ca 6% of the opponents to the accession is of the same opinion. What the opponents think will happen is the loss of independence, the supporters do not consider the loss of independence to be a too big of a change (Figure 4).

Considering all the above, only one strategy is applicable – people are to be explained the advantages of the accession. We have not

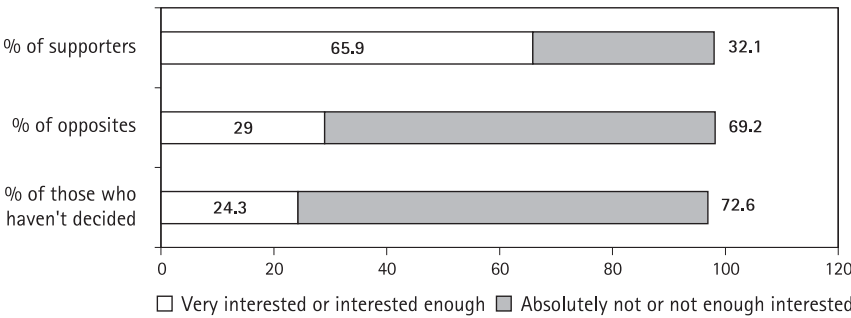
**Figure 1. How informed are people about EU and the problems concerning that?**



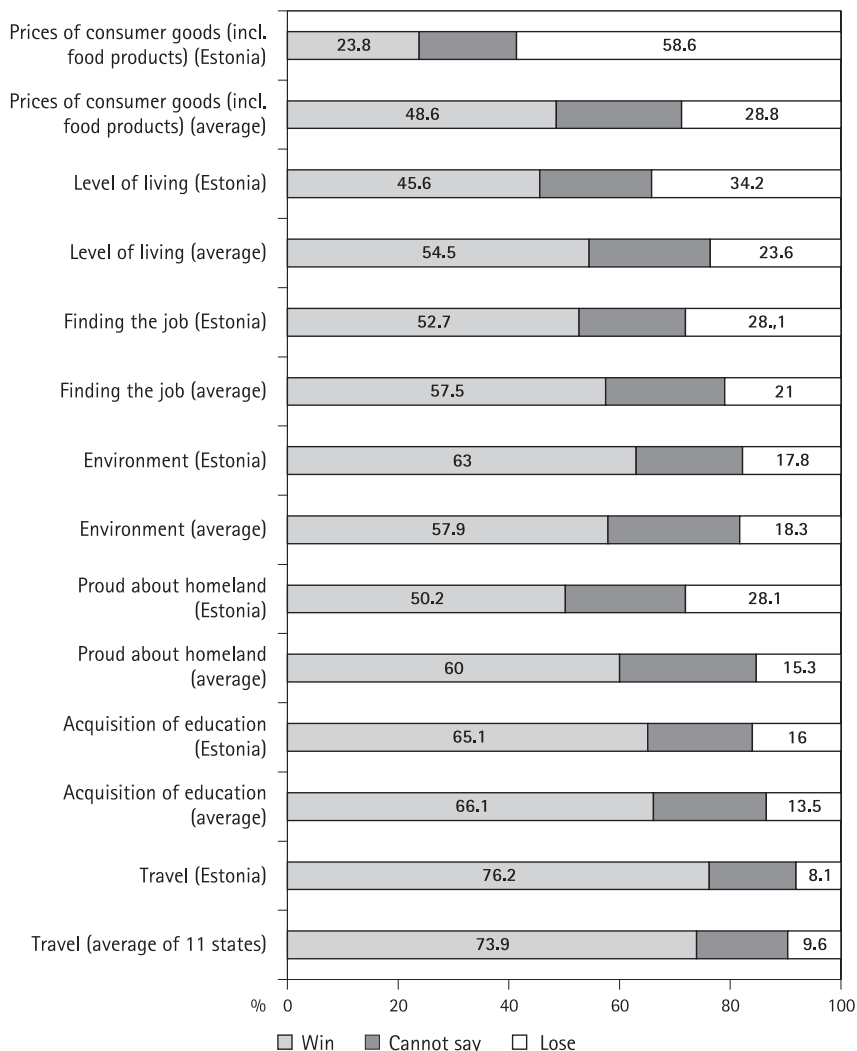
**Figure 2. Do you know from where to get the information about EU?**



**Figure 3. How interested are the people in EU and the problems concerning of that?**



**Figure 4. Will You or/and intimate people of you win or lose in next fields, if ... (state) will join with the EU?**



explained individual issues sufficiently. This is the source of considerable scepticism. We have said that the prices will go up but the growing income has been mentioned very seldom.

World Bank has expressed their general opinions regarding the usefulness of the accession to the candidate states but no detail study has been concluded. We need more thorough impact studies about EU accession.

It is especially important to explain the background in the case of those who have not decided over their position yet. However, when the resources to communicate are limited and information is too general only the most impressionable groups will be reached. While communicating with other groups it is important to show individual possibilities and to explain the issues in detail. RISC system demonstrates that especially the groups looking for more detailed and personal information have not made up their mind yet.

How to go about this? I am convinced that neither our Soviet past nor our liberal and open economy will deny us of full EU membership. However, Estonia has to pay more attention to EU information than the other candidate countries.

First and foremost we need reliable people-to-people networks, giving more active role in EU information to different NGO-s. Trade unions, youth and pensioner organisations, clubs for women, but also entrepreneurs and specialist associations should be more actively involved.

The main thing however, is to prove convincingly to the majority of Estonians how the macroeconomic benefits from EU accession will reach their level. We can not deny that with EU accession food, especially sugar becomes more expensive for all Estonians. What we should and will do is to prove for Estonians that in EU the rise of income will out-weight the price losses.

Openness and liberal business-friendly policies have been good brands for Estonia – there is no doubt in it. Those policies have helped us to convince European Commission that our economy is definitely able to cope with competitive pressure and market forces in the European Union, which enables us to be among the first Eastern European countries to join it.

Open and liberal economic policies have not only made our economy able to cope with competitive pressure and market forces in the European Union. It has made our enterprises though and flexible enough to transform the macro-economic benefits of EU accession into higher salaries.



MARIKA KIRCH

*The Counciller of the Department of Economy and Social Info, Estonian Parliament*

## **Attitude towards joining the EU on the bases of population studies**

In the analysis I will use the studies made in Estonia by the Estonian public opinion survey companies Saar Poll, Emor, and Turuuuringud Ltd. Although there are quite a number of studies made, they are mostly simple opinion surveys that offer certain tendencies and the trends on the level of percentage distribution. There is need for more profound analyses, where the percentages would be placed also into the context of local and economic development. A difference can be perceived between the studies and the referendum. People have greater sense of responsibility at the referendum, so they act somewhat different there.

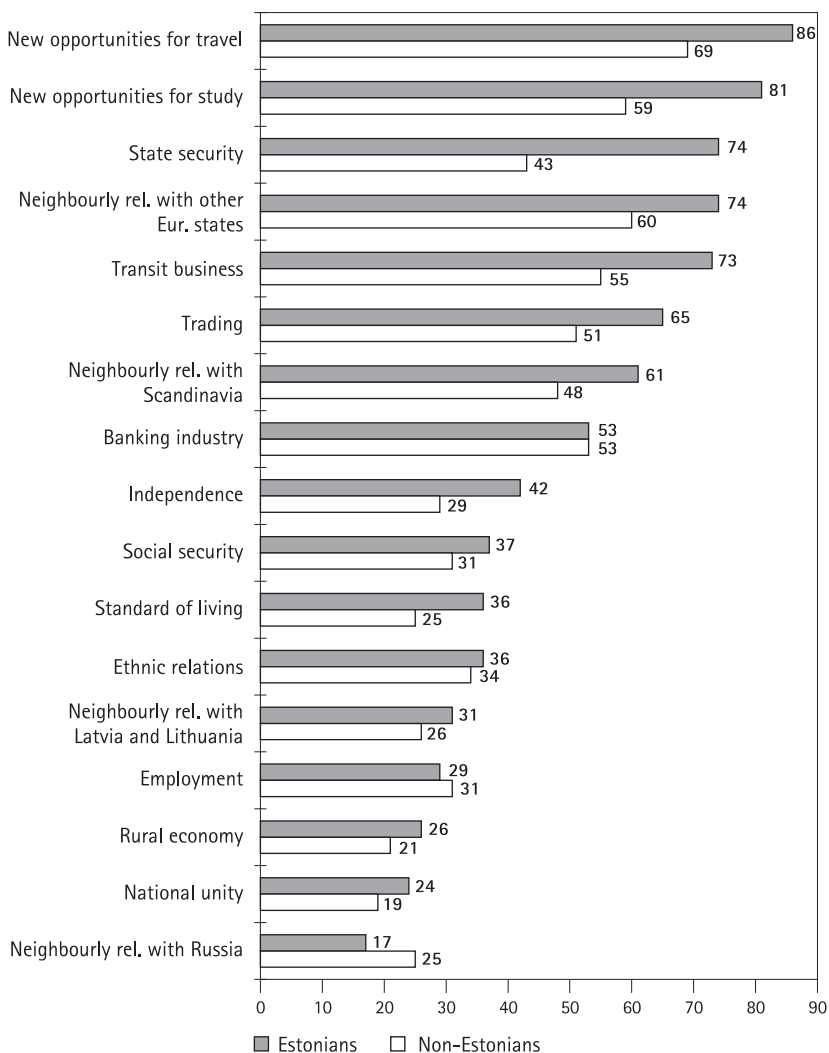
Next I will discuss the opinions of different groups and will compare some data of Estonia, Latvia, and Lithuania. I will also handle the influence of Russia on the opinions of joining the EU, and the EU versus NATO. The trends carried out according to the data of Saar Poll show that the opinion of joining the EU is quite unstable, the linear trend has changed significantly (not in the ascending style). The opinion has been influenced by the general political background in society, as well as by the economic situation of the population.

On the whole, such social demographic indexes as residence, education, sex, profession or sphere of activity have influenced the opinions relatively little. In different regions the dominating socio-economic indexes (as the rate of unemployment) are affecting the opinion, however, the region should not be considered an important criterion. Recently, the income of population has become the most essential factor here. People with higher income favour the EU, and the higher the income, the less there are people who would not participate in the referendum. The lower the income of people is, the less they would take part in the referendum.

### **What do people expect from the European Union?**

According to the studies of 1999, the opinions of the Estonians and non-Estonians are relatively different (Figure 1). The Estonians are

**Figure 1. Attitudes of Estonian people concerning the possible positive effects of integration with the EU (% of positive answers)**



expecting more from the EU. The non-Estonians expect from joining the EU that the relations with Russia will improve. The opinion of non-Estonians of joining the EU is more that of general political, this

being a good decision to their mind. But if we look at the separate spheres in a more differentiated way, they are not very optimistic. The values of openness and safety (like travelling and the studies) are more important. Also the later opinion surveys show similar attitudes.

According to the latest study of Richard Rose, which gives the general survey of the attitude towards the EU, the Russian-speaking are the most optimistic. Political stability is considered to be the most essential outcome.

The attitudes of the Estonians and the non-Estonians in Estonia are similar to each other, also when compared to Latvia and Lithuania. The Russian-speaking population in Latvia and Lithuania show a less positive stand.

### **The change in consumer prices as an outcome of joining the EU**

The prices must be considered a very important factor. One of the reasons for scepticism about joining the EU is the fear of rise in prices. According to different studies, about half of the population in Estonia is living on the very verge of managing financially. People largely get the impression that they have been left alone with the rise in prices. The income of the officials dealing with the euro-questions is high, and they are not interested in the rise in prices. Both the Estonians and Russian-speaking people think that it is a very negative effect.

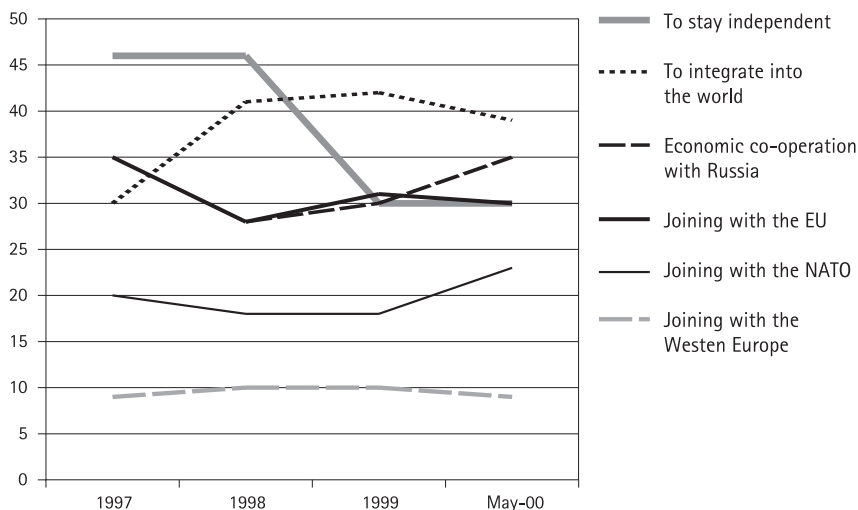
### **The readiness to emigrate (working population)**

The third of the Russian-speaking people in Estonia are ready to emigrate for good. 16% of the Estonians are ready (willing) to emigrate.

### **How does Russia influence Estonian independence in the context of joining the EU?**

The attitude of the Estonians is largely influenced by the vicinity of Russia. Estonia must take into account and has taken into account the vicinity of Russia. The income and the standard of living have become the main factors in the differentiation of the population. It is one of the few questions where the Estonians and non-Estonians have significantly different opinions. This very opinion is of major importance in the context of joining the EU. It is vital at the referendum what the relations between Estonia and Russia are like at that very moment.

**Figure 2. Which are more important for Estonian people? (%)**  
(Saar Poll/ ELIS)



According to the study of Saar Poll, the integration into the world economy has become substantially essential; joining the Western Europe is considered quite irrelevant (Figure 2).

Joining the EU is the priority; there are different attitudes towards the co-operation with Russia and towards joining the NATO. These are two opposite processes. The non-Estonians think the co-operation with Russia is a relevant priority, the Estonians, on the other hand, consider joining the NATO more important.

One of the significant reasons for the euro-scepticism is the low standard of living in Estonia. People are not sure if they can manage the same way in the EU. When life does not become more prosperous, it is difficult to find any arguments why people should vote for the EU. The principled choice comes from the geopolitical situation. The attitude towards the influence of Russia and also towards the independent Estonia has become more moderate. When there is no big fear of the eastern neighbour, there arises the question that if we do not gain anything economically from joining the EU, then why to

hurry. Our people here, characteristically to the northerners, are quite restrained; they tend not to make any decisions with great haste.

There is no substantial discussion about the subject of joining the EU going on yet. It has started only around the constitution. If there is the need to change the constitution, and when there is, then what does it bring along and how does it influence the sovereignty of Estonia. This is the main trump of the euro-sceptics. Now there is no substantial discourse about the problems. People do not have an overview about what the committee of negotiations has exactly agreed on. There is also little information about stipulating for the exceptions.

The scepticism of intelligentsia is based on the fact that it is not possible to discuss about the actual terms of joining. Ordinary people do not think about the terms important for the state. The quality of living is low enough, for what reason the euro-norms would become ridiculous. The goal that should be attained in a couple of years is in some spheres so unreal that no substantial discussion can start here, as it would not be taken very seriously. In addition to that there is the overall alienation of power present, which has been indicated by public opinion surveys in the last two years.

### **Assessment of the development of democracy in Estonia in 1991–2000:**

Until 1999 the opinion of democracy among the Estonians and the non-Estonians was somewhat different; from 1999 on the opinion has fallen. The overall phenomenon of alienation of power does not promote the practical and constructive discussion about the EU.

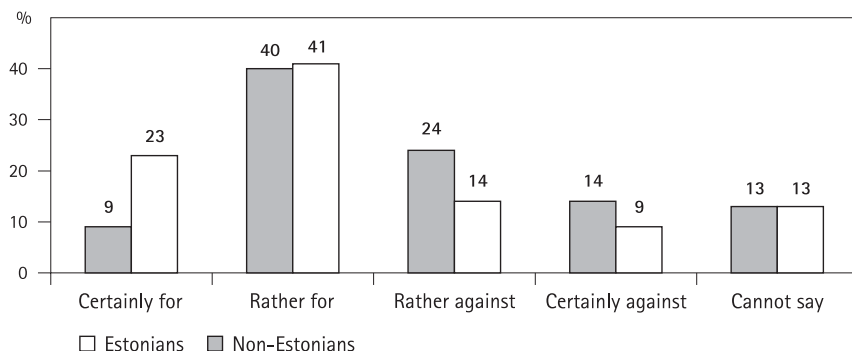
RAIVO VETIK

*Director, Institute of International and Social Studies, Estonia*

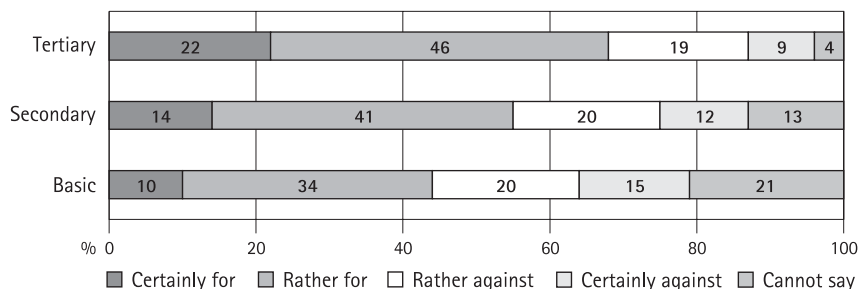
### **Differentiating factors in Estonian EU-related public opinion**

My speech is based on two studies: the comparative study of 13 European countries (10 East-European countries, Germany, Greece and Spain) within the V framework program of the EU and the R. Rose's Baltic barometer. The attitudes of the Estonian people are as follows.

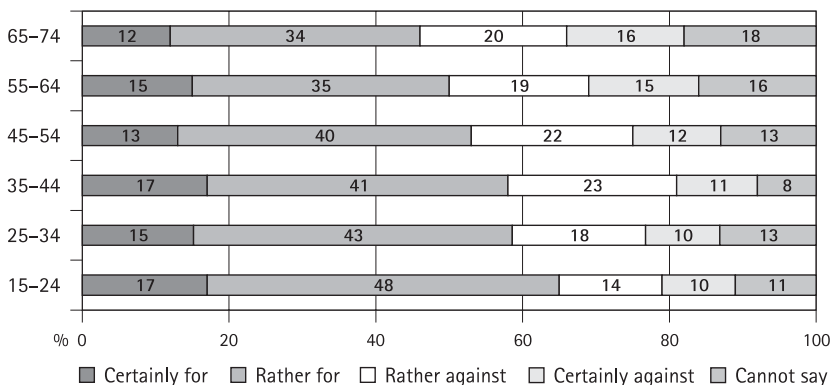
**Figure 1. Opinions about Estonia joining the EU**



**Figure 2. Opinions about Estonia joining the EU by education**



**Figure 3. Opinions about Estonia joining the EU by age groups**

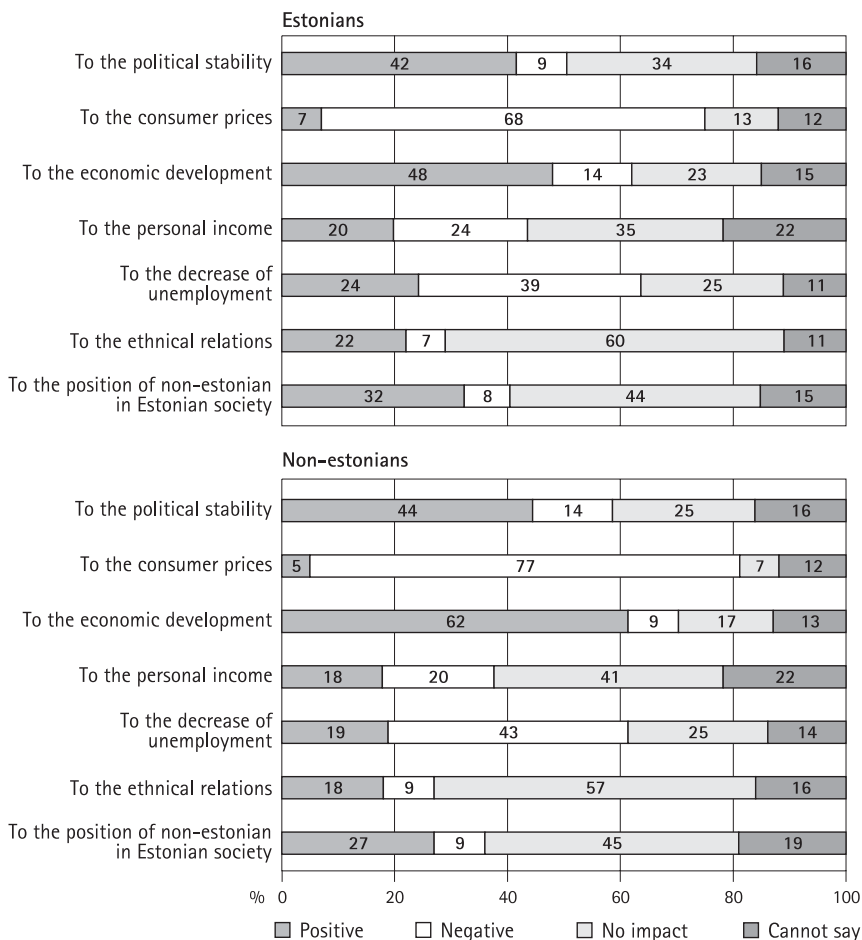


Non-Estonians are more interested in joining the EU. Education plays an important role in forming the attitudes. With general education 50% are the supporters, with higher education the percentage is 70. Age is also important, younger people are more in favour.

### What does the member status bring along?

Non-Estonians think their income will decrease, the prices will go up, and unemployment will grow. Estonians are less prone to such

**Figure 4. Impact of Estonia joining with the EU**



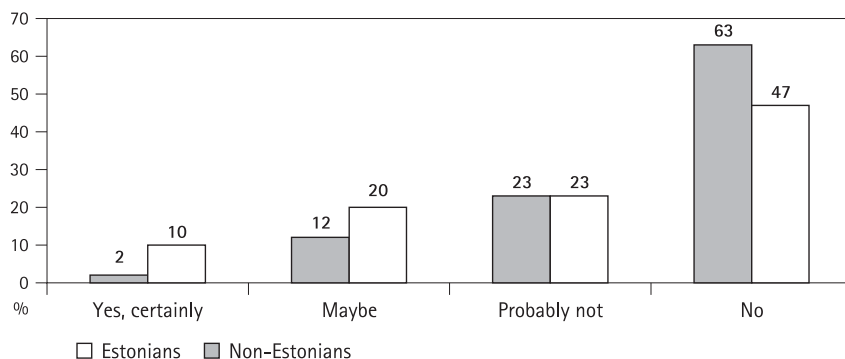
opinions. At the same time non-Estonians are more supportive of the EU. For them life today in Estonia is problematic, they feel discriminated and they are hoping that joining the EU will solve their problems. They are even ready to sacrifice their increase in salary, etc.

### Do people in Estonia plan to emigrate upon joining the EU?

Mostly younger people would do that. The percentage among Estonians is relatively low. Among non-Estonians young people of 15–24 years of age are ready to do that. In that case our problems would be the number and age of the population.

Before joining the EU we should work on our self-reliance. We are having problems with identity, more than 90% thinks we should increase our country's self-reliance. Do we have to explain the EU priorities to people when the politicians know that there is no alternative to the EU? Yes, we most definitely must do that. People want to know. If the tendency develops, the result of the referendum will probably not be a positive one. Besides polls, studies with objective data should be conducted. Compare countries, etc.

Figure 5. Would you emigrate to another state?





## **Situation of public opinion in Latvia<sup>1</sup>**

Public opinion poll organised by the European Integration Bureau (EIB) in February 2001 shows non-essential changes in public opinion about joining the EU. If referendum about joining the European Union would be tomorrow, 41.4% of Latvia's inhabitants would vote "for", 32.7% would vote "against", while 26% are undecided.

In comparison with public opinion poll organised in November, the number of those who would vote "for" has relatively decreased (- 3.9%), although we have to take in account that eventual statistical mistake of the poll is +/- 3%. The number of those who have no opinion has slightly increased, while the number of those who would vote "against" has not changed.

Responding to the question about the **general attitude** towards the European Union, almost half of the respondents – 49.7% (58.3% in November, 2000) have indicated positive attitude, 36.3% (34.3%) have more or less negative attitude, while 14% (7.4%) have not been able to give an answer to this question. Since the number of those who indicate more or less negative attitude towards the European Union, has not changed significantly, we can conclude, that some of the respondents who have had a positive attitude so far, have reserved their opinion in public opinion poll organised in February.

The citizens of Latvia generally have more positive attitude towards the European Union than non-citizens (correspondingly 53.3% and 37.4%). It is important still to remark that the number of positive answers has decreased – by 7% among citizens of Latvia and even by 14.9% among non-citizens.

Positive attitude towards the EU is more often indicated among younger respondents (especially 18–24 years old), respondents with higher level of education and income, pupils, students, managers and housewives. On average, peasants, pensioners and entrepreneurs traditionally have more critical attitude.

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<sup>1</sup> The published material is an updated version of the presentation; the results of some polls conducted since February have been used as well.

Most of the respondents – 60.1% – suppose that Latvia should join the European Union; 34.7% of them suppose that it should happen until 2005. Still 14.5% of respondents suppose that Latvia should never join the European Union.

43.5% of respondents are able to indicate particular organisations that offer public activities in order to inform the society about the EU. Some respondents – 1.6% – say that they have heard about such activities but unfortunately cannot indicate any organisation that offer them. Still more than a half of the respondents – 54.9% – cannot name any organisation, dealing with EU integration issues.

European Integration Bureau (29.1% of respondents), followed by the European Commission Delegation in Latvia and the European Union Information Centre (both – 12% of respondents) are most frequently named among organisations, that offer public activities in order to inform the society about the European Union.

The public opinion poll results indicate that 30.1% of respondents lack the general information about the EU. 25.7% of respondents would like to receive more information about social and health protection policy, but 24.3% – about policy of employment. In comparison with results of opinion poll in 1999, number of those, who suppose they lack the information about some particular spheres, has decreased.

Even more interesting results about general public opinion are available in the “Question of the day” section of one of the most attended Internet news page [www.delfi.lv](http://www.delfi.lv). For instance, on May 4, 2001 the “Question for the day” was: “Are you: euro-optimist, euro-pessimist or euro-neutral”. From the total number of respondents (2350) only 35% were euro-optimists, 37% were euro-pessimists and 28% were euro-neutral.

If compare this data with public poll of European Integration Bureau about general attitude to the EU integration, the percentage of europessimists is quite similar (36.3% in EIB pool and approximately 36% in Delfi.lv), while other results differ dramatically (optimists: 49.7% in EIB pool and approximately 35% in Delfi.lv, neutral: 14% in EIB pool and approximately 28% in Delfi.lv).

Less differences can be observed if compare Delfi.lv answers with answers to the question in EIB public poll “If referendum about joining

the European Union would be tomorrow (41.4% of Latvia's inhabitants would vote "for", 32.7% would vote "against", while 26% are undecided).

It is important to take into account the respondents' structure of both surveys. We suppose that in EIB survey respondents' structure responds to the average structure of Latvian society. As far as Delfi.lv news' page is in Latvian, its audience presumably is mainly Latvians. Internet users (including visitors of the discussed page) are mainly young people with modern views, who are familiar with new technologies, have access to the Internet and relevant user's skills, and therefore, are more informed about the global processes than others. Large part of Delfi.lv clients is students. The fact that Delfi.lv survey demonstrates more pessimistic view compared with EIB data contradicts to popular opinion that especially young, skilled and modern-minded people should be more interested in EU accession and more informed about the process.

Moreover, observations in Latvian high schools indicate that especially students coming from rural areas are critical to EU integration. For instance, according to a very simple survey carried out by European Movement Latvia Jelgava branch in Jelgava (Inga Svarinska), pensioners are more positive towards EU integration than students. From the experience of public discussions in Latvian schools and high schools, carried out by the European Movement Latvia quite regularly, young people demonstrate standardised attitude (positive or negative) towards EU integration that seems based rather on stereotypes than personal appreciation of the current and future processes.

There are some possible reasons why the differences appear in poll results.

First, the different timing should be mentioned. EIB public poll covers period up to February 2001, while Delfi.lv was carried out on May 4, 2001. The tendencies of decrease of positive answers and increase of these who are not interested/don't know were observed in EIB investigation also. Still this reason can not explain so large differences.

Second, different nature of the polls could cause different results.

The Delfi.lv public poll reflects opinion of people in the everyday life. This is one of everyday questions, so respondents give their feeling

on the moment and their answers could not be considered as seriously weighted from the point of view of what is better and what worse. EIB public poll results can be considered as more weighted and thought over. More complicated nature of questions constrain people more to think about what exactly they feel and what exactly will be the best thing for them.

Still the Delfi.lv poll gives reason to think deeper about the question – what actually is public opinion about EU integration, and how it corresponds to the governmental or political opinion? In this context another important question appears – what impacts public opinion in Latvia? It is obvious that among number of information sources, experts' opinions are positioned quite high. Therefore it is important to better find out the views of experts about the impact of accession on various spheres and the desirable policies.

## **Additional Articles on EU Enlargement Issues**

SIGNE RATSO

*Deputy Secretary General of Eurointegration, Ministry of Economic Affairs of  
Estonia*

### **Accession expences and benefits**

It is clear that accession to the EU requires certain efforts, expenses, sacrifice. These negative aspects may often be quite directly apparent, while the benefit may initially remain abstract. This is as complicated or even more so as to answer the question, what does one gain from paying the taxes.

When making our own or family budget we must consider the income in order to be able to define the things that are affordable for us. At least once a year, filling in the income tax return forms, also the taxes, which have been paid, are calculated.

It is far more difficult, however, to find how much each and everybody has personally gained from the taxes paid. The benefits can take many forms: new roads and streets, clean water, school education, medical care, libraries, transport supports, etc.

The same applies to joining the European Union – it is much easier to calculate the expenses than the benefits. The first are easily definable in numbers but the benefits are not only quantitative but also qualitative.

### **The poor gain more**

The general rule is that the “poor” gain more. State budgets support the less secured members of the society and so does the European Union support its less developed regions. As the Estonian gross do-

mestic product (GDP) constitutes only one third of the average in the European Union, Estonia will get back more in different supports than it pays to the EU budget.

Estonia's contribution will be in the area of 1% of the GDP; we will get back in the amount of up to 4% of the GDP plus the additional 1–2% of the GDP for the development of agriculture and rural development.

The European Union structural means support both extensive infrastructure and environmental projects (road construction, water cleaning systems, etc.) and the activities which are directed to the development of enterprise, tourism and technology, improvement of employment, vocational education, training, etc. We not only get new necessary infrastructure and environment projects but building them will also provide employment to people and different enterprises in Estonia. The prerequisite to get financing from the EU is co-financing from the government. The rate of co-financing is 15–25% in case of developing the infrastructure and human resources of the public sector, 40–50% in case of developing the private sector infrastructure and more than 50% when the support goes to individual companies. The state economic development projects (supporting the development of enterprise and technology, tourism development) get additional funding from the EU.

In addition to direct support we can also count on indirect benefits. The union means greater stability, it promotes influx of foreign investments. Also the international agencies of financial ratings take it into consideration and the price of direct loan money will go down.

Special investments into promising areas (information technology, electronics industry, biotechnology, etc.) enable jobs with higher salaries and enhance competitiveness of employers and the whole of Estonia.

We hereby provide a brief list of accession-related benefits and requirements from two positions: those of the entrepreneur and the consumer.

#### **Benefits to entrepreneurs:**

- freedom of establishment – entrepreneurs of the EU member states may operate freely over the whole territory of the EU;

- better export conditions – can sell their products and services within the EU internal market without customs – or any other limitations;
- free movement of resources – free movement of workers and freedom of investments;
- stability of investment climate – possibility to freely incorporate investments, decrease in the “price” of money;
- opportunity to take part in the EU science and technology programs and co-operation projects;
- support to small and medium enterprises – helps to enhance competitiveness;
- scale effect – on a bigger market narrower specialisation is possible, expenses on product unit will diminish;
- simplification of evaluation for conformity – product conformity check may be done in Estonia, which makes it easier and cheaper for the entrepreneurs.

#### **Requirements for entrepreneurs:**

- growth of competition – equal terms and conditions of competition and state aid, competition will be an issue also for the companies who have until now enjoyed monopoly or market domination privileges on the Estonian market;
- additional investments – to bring production into conformity with the EU health care, hygiene and safety standards and requirements.

#### **Consumer benefits:**

- wider choice of goods and services and digressive prices due to competition;
- more efficient consumer protection;
- more jobs – the development of small enterprises gives more employment opportunities, also in the areas with high rate of unemployment;
- increase in income – income develops towards the average in the EU;
- freedom of movement – opportunities to find study and job opportunities within the EU;
- more training opportunities – the EU structural funds also support training and retraining;

- cleaner environment – cleaner air, water, etc.;
- more effective social protection.

### **If we do not join the EU**

What would happen should Estonia decide not to join the EU?

According to the study ordered by the foreign investment agency last year the total of 75% of the inquired companies in Germany and Great Britain claimed that joining the EU would increase their interest in investing into Estonia. Entrepreneurs in Finland, Norway and Denmark claimed the same in 56% of cases. For comparison, freeing investments from income tax would allure investments in 35% of cases in Finland and with 39% of Danish entrepreneurs.

Which means that an important part of investments, especially from faraway markets, may never come to Estonia.

The entrepreneurs who have already invested in Estonia and who have been interested in exporting to the EU markets (and who have counted on Estonia joining the EU) may in their turn go to “better pastures”.

This scenario would also stop the EU money from coming to Estonia as these funds are mostly connected with preparing Estonia for the future membership. Should Estonia postpone the integration into the EU, the available support would be divided between a bigger number of countries, i.e. there will be less to get.

Estonia’s economic growth of recent years has mostly been based on export and foreign investments, which are both very much connected with the EU. Possible trade barriers and decreasing investments could also inhibit further economic growth.

The EU is no paradise with all benefits catered, of course, but the chances for economic growth are considerably better within the EU than outside it. However, economic growth is the only thing can increase the standard of living for all of us.



## ERKKI BAHOVSKI

*Journalist of daily newspaper "Postimees"*

### Irish warning

The recent negative result of the referendum held in Ireland has provided a subject for different interpretations. The conflict between the European Commission (and European Central Bank) and Ireland over the latter's recent macroeconomic policy has been commented on very often.

Ireland's negative decision regarding the Nice Treaty does not show so much the danger of the European Union to Ireland's rapidly growing economy but rather the agreement's extensiveness and maybe even excessive complexity.

Indeed, just a couple of months prior to the Irish referendum the European Union had done something quite unprecedented in its history – they reprimanded Ireland for her budgetary and tax policies, which could lead to the overheating of economy.

The reprimand could be formally considered justified, because Ireland's policy threatened to not adhere to the obligation of maintaining low inflation rate within the limits of the European economic and monetary union. But the situation could be interpreted in a number of different ways. First, Ireland's economy as a whole had successfully developed and the Irish could present many arguments showing that the reasons of the above-estimate inflation were foreign, rather than domestic in origin.

The situation could be interpreted that the EU simply did not want to allow the Irish economy to grow and the Irish people to profit from the economic growth.

And now the Irish apparently had had their revenge – they said "no" to the Nice Treaty.

In addition to the above-mentioned "no" there are also some other reasons.

The Irish press, however, leaves an impression that one of the most important questions that bothered the Irish was certainly neutrality.

Ireland has remained neutral and does not belong to NATO either.

The present Nice Treaty is quite strong on the European Union defence issues being a rather radical further development of the de-

fence policy of the Köln (Cologne) and Helsinki summits. Estonia's neighbours – the Finns and the Swedes – are also worried about neutrality. But they never displayed as heated emotions as Ireland, besides, what is very important here, they will not submit the Nice Treaty to referendum either.

Neutrality is a complicated problem, which has not been a key question in referendums until now.

When the Danish first rejected the Maastricht Treaty in 1992 it included clauses they did not like. But neutrality was not an issue because in those days the European Union did not involve itself in defence policy. But it does so now and provisionally it remains open how they are going to explain to the Irish the possibility of remaining neutral in the European Union. Neutrality is not made of rubber, however, and it cannot be extended similarly to financial and social policies. Switzerland has not even joined the UN because of its neutrality.

To what extent may the Irish decision have been guided by a desire to brake the enlargement so as to “keep the soup from being watered”? After all, until now Ireland has been one of the countries to have received the most help from the structural funds. This consideration may have been important and the emergence of a minor scandal in Ireland seems to point at this, namely the brochures sent home to citizens before the Irish referendum did not mention the enlargement of the European Union at all.

Either way, the EU enlargement or the structural funds issues apparently were not the primary motive for the Irish to vote “no”. Besides, the subventions to Ireland will end soon anyway as economy has developed well enough recently for the country to be omitted from the list of support recipients.

It is supposed that one of the reasons for the negative response must have been low turnout (approx. 30%).

But the Irishmen's negative decision makes one wonder about the theoretical foundations of the European Union. When in 1957 the European Economic Community started off with the Rome Treaty, it was an economic one first and foremost. The growing economic community justified itself, but the continuing inflation was increasingly noticed also outside economy to the background of the achieved success.

Step-by step the European Community started to gain new dimensions. The Maastricht Treaty gave the community a political dimension but the late 1990ies gave something else – defence policy implications.

The Irish referendum may be denoting that the European Union is at the crossroads. Just like in the early 1960ies when the dispute was about the advantages of a customs union or a free trade area. Or like in the early 1990ies when the issue was giving Europe a political dimension and extending the role of the commission. These were not easy decisions to make just like the Nice Treaty was not an easy thing to put together.

Maybe this is the right place to ask if the Nice Treaty was the best of all the alternatives. The agreement is clearly very extensive and (possibly) even too complex, therefore it is easy to find problematic aspects in it. The agreement we are talking about should be a signpost for the European Union of the 21st century. Maybe the discussion should still continue? The discussion is actually going on: the secret fears of the European Union countries – free movement of labour and structural funds – were revealed only after the Nice Treaty. The Irish added yet another important issue – neutrality.

It probably would not be right to try to work out definite solutions to the problematic aspects before the candidate countries have been accepted as they will all have their own views on the future of the European Union.

Until today the visions about the future of the European Union have actually centred around the forms of governance. But what are the economic bases of the union? How is it possible to guarantee the citizens of the European Union democratic rights and control over the activities of the union? These matters are not the same as 50 years ago and the Irish were right in that respect to make the European Union think about the long forgotten issues.



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