

## 5 The Enlargement of the EU: An Additional Challenge for European Spatial Development Policy

### 5.1 A New Reference Territory for the ESDP

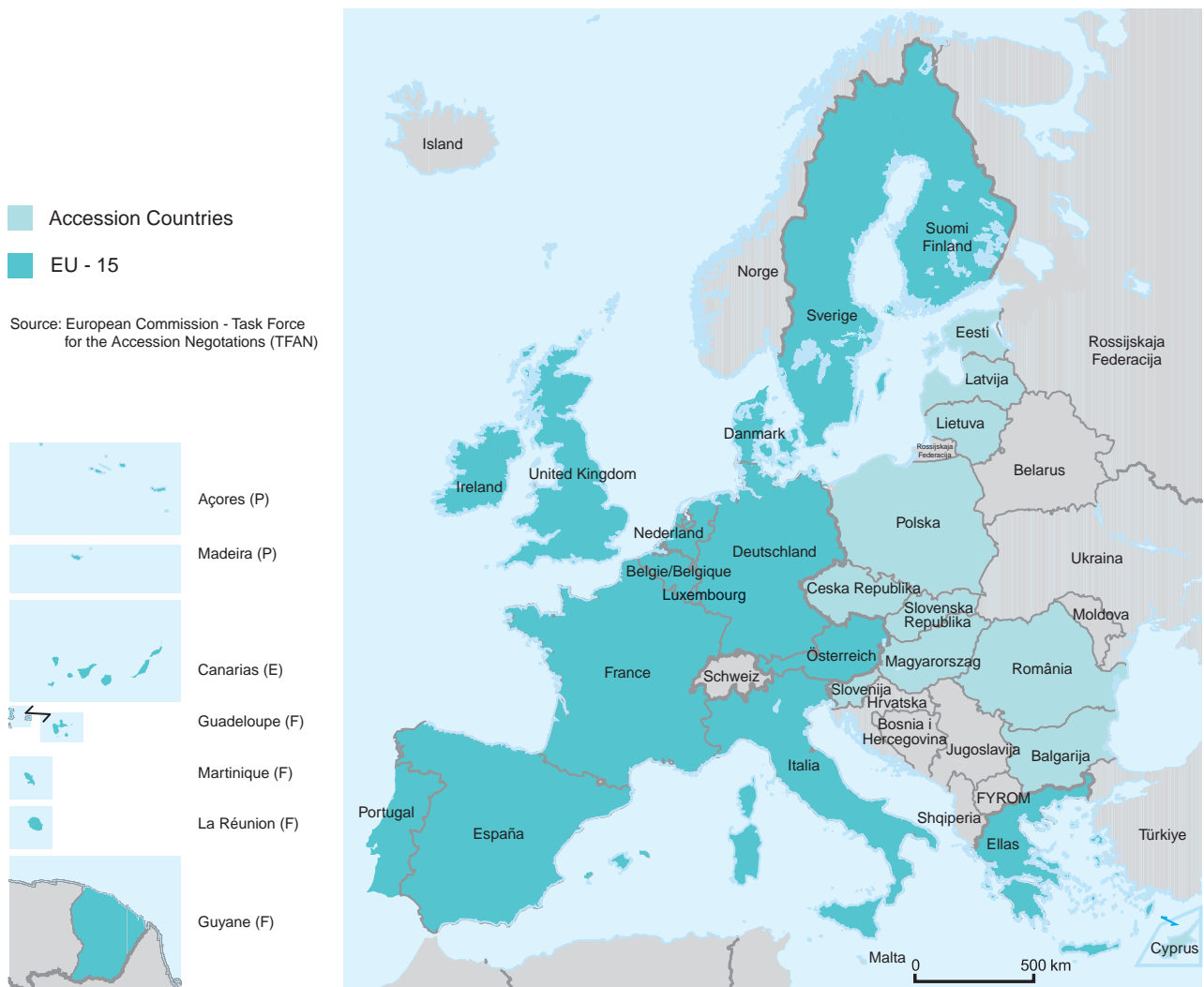
(190) When the first official draft of the ESDP was presented in Noordwijk in June 1997, the Member States and the European Commission agreed that a separate chapter should be added to the document. This chapter would deal with the challenges facing European spatial development policy posed by the enlargement process that had recently begun.<sup>41</sup>

(191) The whole purpose of ESDP is to serve as guidance for spatial development policy in the EU over the coming

years. The size of this territory is expected to increase during this period. Eleven countries have applied for membership of the EU. The enlargement of the EU by these Accession Countries will raise the total population by 28 % and will increase the size of the territory by 34 % (see Map 6).

(192) In accordance with the resolution of the Luxembourg European Council, reached at the end of December 1997, negotiations have been started with six applicants: Estonia, Poland, Slovenia, Czech Republic, Hungary and Cyprus. It is

Map 6: Enlargement Area



generally assumed that at least some of these countries will become full members during the application phase of the EDSP. Irrespective of when they accede, the EU has started granting extensive pre-accession assistance to the Accession Countries, which may have some significant impact on spatial development. The enlargement of the EU, which is most likely to take place in several phases, and the economic and political integration of the Accession Countries pose an additional challenge to European spatial development policy.

(193) This implies the need for a new territory of reference for the further progress of the ESDP. In this context, we are not only referring to the preparatory work for the enlargement of the Union by the eleven Accession Countries, but also to co-operation with third countries not interested in joining the Union, including those that will be neighbours after the enlargement has been completed.

(194) Before enlargement takes place awareness of the specific challenges posed by the enlargement region should be raised. To date, not enough work has been done to enable us to cover this here in as much depth as has been done for other spatial planning issues affecting the current Member States. In the further ESDP process, it will be essential to examine the policy options and proposals for applying the ESDP in relation to the enlargement. For this reason, we would like to look ahead and describe the next steps that need to be taken at the European and transnational level in order to develop a perspective for European spatial development policy that includes the enlargement area and involves the eleven countries concerned.

## 5.2 Main Features of Spatial Development in the Accession Countries

### 5.2.1 Population

(195) The sizes of the eleven countries concerned vary enormously. The accession of the Baltic countries, Slovenia and Cyprus would increase the number of smaller countries with less than 4 million inhabitants – that have not been strongly represented so far in the Union – to seven. Only Poland and Romania are large in territory and in population.

(196) The population density of the eleven Accession Countries (98 inh/km<sup>2</sup> on average) is slightly below the Community's current average (115 inhabitants/km<sup>2</sup>). The range of densities among the individual countries is much greater within the Union than among the Accession Countries. The population density of the least populated

Baltic countries exceeds that of some Scandinavian Member States.

(197) The spatial distribution of the population is different in the Accession Countries, with a generally much more concentrated settlement structure than in Member States. Roughly 62 % of the population in the Accession Countries lives in border regions, compared with only around 15 % within the EU-fifteen. Cross-border collaboration among the Accession Countries is, therefore, one of the great challenges to European spatial development policy.

### 5.2.2 Economy

(198) Economic prosperity (as measured by Gross Domestic Product – GDP - per capita in Purchasing Power Parities) in the Accession Countries (1995) is generally below that in the Member States. Within that, there is a great disparity. The accession country with the highest level of prosperity (Slovenia) is almost the same as the Member State with the lowest level (Greece; 67 % of the EU average). The Baltic countries plus Romania and Bulgaria are at the bottom of the scale in terms of a GDP per capita.

(199) After the far-reaching setbacks suffered at the beginning of the 1990s, most Accession Countries started to show relatively stable growth rates in the second half of the 1990s. These are generally higher than the growth rates in Member States and some of the Accession Countries have promising prospects.

(200) Employment trends are characterised by sharp falls in the originally high employment levels in the manufacturing sector and highly divergent developments in the generally declining agriculture sector (falling strongly in the Czech Republic, Slovakia and Hungary; stagnating in Poland and Slovenia; increasing in Romania, Bulgaria and in the Baltic countries). Unemployment rates are generally high. Regions with high percentages of jobs in industry and agriculture are in the worst position.

(201) There are enormous regional disparities in employment trends and economic growth in the Accession Countries. In particular, in capital regions and areas near to EU external borders GDP per capita (in Purchasing Power Parities) sometimes exceeds national averages by enormous amounts. As the capital regions and Western regions along the current EU external border have recently been developing at a breathtaking pace and are leaving the other regions way behind in the transformation process, we expect further increases in regional disparities. Among the losers are declining industrial re-

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gions with economic, social and environmental problems and disadvantaged rural regions (which on the whole have a higher share of the population than in the EU-fifteen) located beyond the influence of EU external borders and of metropolises along non-EU borders and in internal remote areas.

(202) Regional comparison shows that economically successful regions in the Accession Countries (Slovenia and several Czech regions) are already overtaking some of the economically weakest regions of the EU. The GDP per capita in the capital regions of Budapest, Prague and Sofia surpasses those of the weaker regions, such as in Greece, Portugal, Spain and Germany. The extent of regional disparities of the Accession Countries is comparable to that in the cohesion countries.

### 5.2.3 Transport

(203) In the Central and Eastern European Accession Countries, there have been dramatic shifts in several ways in the area of transport: geographically a shift from an eastward to a westward orientation; in terms of modal split, a shift from rail to road; and in economic terms, a shift from the public to private transport.

(204) The expansion and improvement of infrastructure constitute the greatest challenge for all Accession Countries. The challenge is to meet growing demand in the rapidly growing market economies and correspondingly provide an appropriate infrastructure which will enable a balanced development at the different spatial levels (international, national and local), to introduce new financing and management methods and to raise technical standards to those of the Community.

(205) Although the overcoming of inadequate infrastructure in the Accession Countries enjoys political priority, progress is constrained by a series of barriers. Among these are the lack of financial resources, as well as the fact that these investments are characterised by a low rate of return on investment, especially in the strongly growing road transport sector. Domestic and foreign investors have the best prospects in the attractive telecommunications and air transport sectors. The other sectors (especially rail transport) will continue to need strong international assistance.

### 5.2.4 Environment

(206) The situation with respect to the environment is generally very ambivalent. Most Accession Countries have managed to preserve extensive cultural landscapes and/or ecological systems undamaged to an extent that is hardly to

be found in many Member States. The number and size of national parks and other protected zones are impressive, although the actual protection in practice should not be overestimated.

(207) The relatively unimpaired ecological state of large parts of the enlargement area is now suffering from environmental strains such as air contamination from household emissions and road traffic (a high percentage of outdated vehicles), water contamination from the intensive cultivation of land and from industrial waste water. Environmental problems are highly concentrated in all the industrial regions. In certain hot spots, the damage to the environment has reached such a level (breaking ecological standards to a record extent) that it has consequences for the health of the population. It is appropriate to speak of environmental catastrophes in these cases.

(208) In general, the level of environmental pollution is already falling in the Accession Countries, and not only to the extent that production is decreasing. This indicates that active environmental protection policies are starting to take hold. On the one hand, we expect the continued progress of the economic reforms to further reduce the strain on the environment and to decouple it from economic growth. On the other hand, this will depend on the ability to finance the process, and to what extent a solution to the conflict resulting from the aim of improving the environment and that of maintaining industrial production can be achieved and the rather costly environmental standards enforced.

### 5.2.5 Conclusions

(209) The starting position of the Accession Countries should not be viewed solely as a source of problems. If an appropriate strategy for tackling the problems is adopted, most of them could be transformed into opportunities. Among these opportunities count the ability to avoid developments in spatial structures that have proved to be disadvantageous in some Member States, to exploit the macro-economic benefits of investments required, and to preserve and/or apply sustainable exploitation methods to resources not used to date.

(210) The task of meeting the challenges involved in the process of transformation is still mainly considered a national responsibility in the Central and East European Accession Countries. This does not leave any scope for applying regionally differentiated strategies. In this respect, most countries have little or no regional policy dimension to their policies. A tradition for spatial development and regional

policies similar to those of many EU Member States and as defined in the EU Structural Funds hardly exist. This is reflected by the lack of spatial development and regional policy instruments and institutions as well as by the fact that generally independent regional levels in the political and administrative territorial system do not exist.

(211) National spatial policies in the Accession Countries evaluated within the scope of Agenda 2000, prepared by the European Commission, have few common features that could serve as a link to EU regional policy in its present form (institutional partnership, regional development schemes, co-financing). These requirements are best met by the regional policies in place in Poland, Slovenia and Hungary.

(212) The general starting situation described up to now does not apply to Cyprus, whose overall conditions are fundamentally different from those of the remaining ten Accession Countries. This applies to the geographical location of the island in the Eastern Mediterranean, to its economic and political situation and to its size. Cyprus has only half the population of Estonia, the smallest of the Central and East European Accession Countries.

(213) The Cyprus' economy has reached relatively high rates of growth based, in particular on developments in the service sector. In this respect special attention shall be devoted to the importance of tourism, despite the set back of recent years. Gross Domestic Product per capita is lower than the EU average but above that of Greece and Portugal. Cyprus could based on its geographical position play a key role in an enlarged EU as a gateway country to the Middle East .

### 5.3 Specific Tasks of European Spatial Development Policy in the Future Member States

(214) The special challenge will be to pursue the basic goals of the ESDP under the conditions of enlargement without jeopardizing their attainment within the Member States. In a general political context, the specific contribution of European spatial development policy to the integration of the enlargement area into the EU will be

- I to clarify how investments by the public sector in the Accession Countries are implemented by different bodies that are largely independent of each other; how these interconnect and impact in one and the same territory (in

the context of the economic catching-up process and restoration and avoidance of serious environmental damage);

- I to identify strategies that can be used to reduce or avoid foreseeable conflicts between the different policy fields and administrative levels and to exploit possible synergies.

(215) Even though spatial planning is not an explicitly defined Community task, the Community's financial commitment in the Accession Countries clearly indicates its responsibility for ensuring that different policy measures do not counteract or neutralise each other. The need for European co-operation regarding the spatial co-ordination of the different sectoral policies is also true for the enlargement area.

(216) The low economic potential of the enlargement area and the increasing ties between the enlargement area and the Community's current territory, imply that the spatial development processes in the enlargement area will not take place as simple replicas of development processes within the current the EU-15, but will lead to new and specific tasks for European spatial development policy. For this reason, more attention must be paid to the time factor than has been necessary for spatial development policy at the European level to date.

(217) Under the given circumstances, spatial co-ordination plays a greater role in the Accession Countries than in the current Member States. This concerns, in particular:

- I the planning for the expansion of transnational transport infrastructure and the Community's transport policy,
- I measures for ecological restoration, in particular, of old industrial zones, and
- I measures for structural adjustments in rural regions.

(218) More intensive cross-border co-operation and transnational co-operation in spatial development will support the integration process in the enlargement area. This is true of both regions at the current external borders of the EU and for the border regions between Accession Countries within the enlargement area.

(219) The weak, and in some cases absent, regional level in the political and administrative structures of Central and Eastern European Accession Countries is one of the most important issues that requires the specific support of the EU for the establishment of regional institutions.

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These institutions should

- I improve the regional dimension of spatial information;
- I activate regional initiatives;
- I identify how EU regional policy, which depends on co-operation, is to be handled (partnership institutional regional development schemes, co-financing).

### 5.4 The Spatial Impact of the Enlargement on the Regions of the EU

(220) The future enlargement of the EU creates the need to reform EU regional and agricultural policies as presented by the European Commission in Agenda 2000. As the reform is still ahead of us, the spatial impact of the enlargement on the regions of the current Member States is hard to foresee.

(221) Based on experience gained from earlier enlargements of the EU, the increase in the number of poorer Member States will reduce the richer Member States' scope for manoeuvre in regional policy issues within the scope of European regional policy. It will require a stronger commitment of national regional policies to counteract widening disparities. The main task of European spatial development policy in this context is to help reduce infrastructure deficits in the Accession Countries.

(222) The impact of the economic opening up of the Accession Countries on the regions in the EU has been the subject of only a few studies. Further studies, regarding the impact of the enlargement on the regions of the EU, are required to accompany the integration process. These studies must take into account the dynamic process resulting from the economic reforms themselves as well as those resulting from the changed degree of accessibility.

(223) It may be assumed that the spatial impacts of the enlargement on the territory of the EU-fifteen will not be determined only by accessibility patterns, but also by the EU regions' capacity to respond to the new competitive situation. Structural shifts in the regions at the current external borders of the Union, which affect primarily the low-wage segments of the economy, may be interpreted as an accelerated adjustment process and are of limited impact.

### 5.5 The Policy Aims and Options of the ESDP in the Light of the Enlargement

(224) Generally, the three spatial policy guidelines of the ESDP should also apply to the enlargement area. It should be

taken into account when applying the ESDP that a large part of the enlargement area has to deal with the following situations:

- I a continued transitional situation in the political and administrative system, also affecting handling of spatial issues;
- I a rapid economic process of catching up with considerable potential for inherent geographical polarisation;
- I a technical infrastructure that is developing only very slowly and unevenly (telecommunication and air transport top the list, road way ahead of rail);
- I environmental damage, in some cases on an incompatible scale;
- I a public sector with considerably fewer financial resources.

(225) Rural regions in the enlargement area are affected especially by transformation problems. They show sharp economic disparities and have few urban centres. To a certain extent, the mix of sharp declines in production and employment levels, poor infrastructure and poor transport accessibility could lead to a massive wave of out-migration from rural regions and, as a consequence, to the collapse of their spatial structure. European spatial development policy must respond with adapted aims and options to the situation in the rural regions of the enlargement area, which account for a larger proportion of the total surface area than in the EU-fifteen. In this context, the sometimes restricted scope for action at the regional and local level within the political and administrative system must be taken into account.

### 5.6 Principles for Integrating the Enlargement Tasks into European Spatial Development and Planning

(226) The accomplishment of the enlargement, especially the integration of Central and Eastern Europe into the Union, is a new central task for European spatial development policy. It is not an occasion simply to adapt and extend the schemes developed within the current Union. European spatial planning means preparing for the process of enlargement, accompanying it and thus providing support. The enlargement process, which is characterised both by dynamic changes and by uncertainty regarding the timeframe of the various accessions, makes it absolutely necessary that spatial planning at the European level be organized on a co-operative basis with the support of the countries concerned and preferably be kept separate from formal accession procedures.

(227) An important mechanism for this is provided by the ongoing co-operation programmes in the area of transnational

spatial planning within the Community initiative INTERREG II C. The programmes for the Baltic Sea Region and the Central European, Adriatic, Danubian, and South-Eastern European Space (CADSES) already go beyond the Union's borders and cover all of the Central and Eastern European Accession Countries.

(228) These transnational programmes already form starting points, in addition to co-operation in the Council of Europe, for the further development of European spatial development policy as defined in the ESDP for the enlargement area. The new Community initiative INTERREG III (under the Structural Fund Programme Period 2000 - 2006) provides the operational and financial basis for the involvement of the Member States and the European Commission, including the Accession Countries.

(229) The spatial development policy of the EU must as a rule extend beyond the territory of the Member States, considering the perspectives of neighbouring countries and including these countries through co-operation. The same applies to the countries along the future external borders of the Union in Europe and to the neighbouring Mediterranean countries of North Africa and the Middle East. INTERREG III and the Council of Europe provide an appropriate framework in this context as well.

(230) The two transnational co-operation documents VASAB 2010+ (for the Baltic Sea region) and VISION PLANET (for the CADSES region), which are currently being prepared, offer strategic guidance adapted to spatial needs for the distribution of EU funds for pre-accession assistance, within the scope of the new PHARE programme (as of 2000) as well as within the scope of the new ISPA (Instruments for Structural Policies for Pre-Accession) and SAPARD (Special Action Programme for Pre-Accession Aid for Agriculture and Rural Development). This is significant since it means that the Accession Countries will have a jointly worked out strategic planning basis at their disposal for a spatially differentiated application of the funds within the programme period 2000 - 2006.

*It is proposed that Member States consider the incorporation of Accession Countries and neighbouring countries into the European spatial development policy as a central task in the years ahead. This co-operation will contribute to the preparation, promotion and achievement of the enlargement process.*

*The two INTERREG IIC programmes for the Baltic Sea Region and the CADSES region and their structures form a basis for the further development of co-operation between the ministries responsible for spatial development of the EU Member States and the Accession Countries. Equally important is the ongoing co-operation on spatial development policy among the Accession Countries themselves.*

*In applying the ESDP through transnational co-operation with and among the Accession Countries, it is proposed that networks be created for transnational spatial development policy within the enlargement area (to supplement those set up currently at the external borders of the EU).*

*For the regional and local levels, it is essential that the specific requirement for new institutional structures be addressed.*

*New policy aims and options that are needed for the specific tasks and problems in the Accession Countries should be based on relevant studies. The territorial dimension of a number of issues should be addressed. Instead of dealing with numerous issues for the entire territory, selective problem-oriented priorities should be set.*

*The involvement of the countries concerned from the very start is indispensable. For this reason we need to link the work of the Council of Europe closely to the process of further developing the ESDP.*

*It is proposed that Member States set up mechanisms for future co-operation at the transnational level as soon as possible, before the first countries accede. They will go beyond the time frame of INTERREG II C. It will be for the countries concerned and the European Commission to decide how far these mechanisms should go beyond the spatial framework established by the ongoing INTERREG II C programmes.*

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