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European Union Committee

24th Report of Session 2006–07

**The Further
Enlargement of the
EU: follow-up
Report**

Report with Evidence

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The Further Enlargement of the EU: follow-up Report

1. The process of enlargement has been an integral part of the development of the EU over the last 50 years. We published our Report “The Further Enlargement of the EU: threat or opportunity?” on 23 November 2006.¹ The Report evaluated the impact of previous enlargements; looked at attitudes towards future enlargement; considered the concept of ‘absorption capacity’ and the debate concerning the borders of Europe; took a detailed look at candidates and potential candidates for membership and considered possible alternatives to enlargement and the probable costs of not enlarging.
2. The Government’s Response to the Report was received on 18 January 2007, and we take this opportunity to publish that Response. Our Report was debated in the House on 9 May 2007.²
3. The Ambassador of the Republic of Croatia, His Excellency Mr Josip Paro, appeared before the Committee on 1 May 2007 to discuss enlargement and the accession of Croatia to the EU. In this Report we make his evidence available to the House for information.
4. The key topics in the evidence are:
 - The accession process and how Croatia is progressing (QQ 1, 7)
 - Anti-corruption measures (QQ 14–15)
 - British support (QQ 1, 18)
 - Croatian public opinion regarding accession (QQ 3, 11–12)
 - Delays relating to the Commission (QQ 1–2)
 - Enlargement fatigue and the future of Europe (QQ 1, 9–10)
 - The European Parliament’s support for Croatian accession (Q 3)
 - Institutional reform and the accession of Croatia (Q 3)
 - The International Criminal Tribunal for the former Yugoslavia (QQ 14–16)
 - Judicial system reforms (QQ 14–15)
 - NATO (Q 1)
 - Relations with Slovenia (QQ 1, 10, 17)
 - The Swoboda Report on Croatian accession (QQ 13–14)
 - The timetable for accession (QQ 3–8).

¹ “The Further Enlargement of the EU: threat or opportunity?” 53rd Report, Session 2005–06, HL Paper 273.

² HL Deb 9 May 2007 cols 1489–1530. To read the debate, go to <http://pubs1.tso.parliament.uk/pa/ld200607/ldhansrd/text/70509-0008.htm#070509115000002>.

APPENDIX 1: GOVERNMENT'S RESPONSE TO THE REPORT, "THE FURTHER ENLARGEMENT OF THE EU: THREAT OR OPPORTUNITY?"

Setting the scene

The history of the EU, as well as the legal texts on which the EU is based, show that the process of enlargement has been an integral part of its development over the last 50 years. (para 3)

1. Enlargement has been at the core of the success and development of the EU. Enlargement has enabled the peaceful re-unification of Europe across the Cold War divide. In the words of the Prime Minister in Warsaw in 2003: "*In the era of globalisation, nations like ours need to come together as allies and fashion the new Europe for our and others' national interest. To make it outward, not inward; to make it economically effective, not economically feeble; to use Europe to make our voice heard louder and stronger in the world.*" and helped us to respond better to the challenges of globalisation.
2. We agree that development of the EU has gone hand in hand with enlargement. Since the first enlargement in 1973, of which the UK was a part, each successive enlargement has added to our prosperity, our range of rights and opportunities and our ability to compete in a tougher global market. Enlargement has cemented the values of democracy and the rule of law across Europe.
3. The December 2006 European Council concluded that: "*Enlargement has been a success story for the European Union and Europe as a whole. It has helped to overcome the division of Europe and contributed to peace and stability throughout the continent. It has inspired reforms and has consolidated common principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law as well as the market economy. The wider internal market and economic co-operation have increased prosperity and competitiveness, enabling the enlarged Union to respond better to the challenges of globalisation. Enlargement has also enhanced the EU's weight in the world and made it a stronger international partner.*"

Current attitudes towards enlargement

There is a sharp contrast between public perceptions (and some political rhetoric) about the impact of the last enlargement and the assessment of it by most experts. (para 7)

Perhaps the single biggest obstacle to future enlargements is inadequate public support in Western Europe, combined with a hostile or ambiguous stance taken by many political leaders in the Member States. Little attempt has been made to explain the benefits that enlargement has brought. (para 26)

Much public opposition to future enlargements stems from misunderstandings about the impact of past enlargements, in particular the accession of the Central and Eastern European countries in 2004. As subsequent chapters explain, this impact has been positive. The governments of the existing Member States, supported by the European Commission, must make significant efforts to explain the impact of enlargement to Europe's citizens, including issues such as migration, the

link between enlargement and globalisation and the need to find a way of living harmoniously with different religious communities. (para 50)

Attitudes towards enlargement remain fluid, are influenced by non-enlargement related developments (such as economic growth) and are partly related to lack of information about enlargement. A concerted effort on the part of EU politicians and other opinion formers could help to increase public support for enlargement. (para 59)

4. We agree that there is often a sharp contrast between public perceptions and expert analysis of the benefits of enlargement and more needs to be done across the EU to correct misunderstanding and explain the benefits. We agree on the importance of public support and that public attitudes remain relatively fluid and influenced by concerns over factors unrelated to future enlargement (such as low levels of economic growth). We also agree on the need for proactive efforts to explain the benefits of EU membership and enlargement (such as tackling crime, promoting energy and climate security). The December European Council agreed that better communication and greater transparency are important to ensure public support. The November 2006 European Commission Enlargement Strategy Paper proposes expanding its support for civil society dialogue; listening to the concerns of the public to enable it to communicate more effectively on enlargement and making public key documents such as final EU common positions and producing user-friendly information to explain the accession process.
5. This Government has always been a strong advocate for enlargement. We will continue to make the case in speeches and articles to both domestic and international audiences. Parliamentarians, business leaders, journalists and other opinion formers—have made significant contributions and we hope will continue to do so.
6. Some of the most powerful advocates of enlargement are not politicians or business leaders but people who have direct experience of the benefits of enlargement: farmers who rely on workers from new Member States, small businesses that have found dynamic partners or new customers, and British tourists who enjoy weekend trips to the Baltic or buy holiday homes on the Black Sea.
7. In addition to proactive communication, we would also underscore the importance of a rigorous application of the criteria for membership to candidate and prospective candidate countries. This will ensure that all new member states are fully prepared for accession and build public confidence in the effectiveness of the process.

The impact of the last enlargement

It is safe to assume that the impact of the 2004 enlargement on the new members was roughly 20 times larger than on the old ones. (para 67)

8. We agree that the impact of enlargement is significantly greater on the candidate countries than the existing members because of the relative sizes of their economies. But the cumulative benefits of a larger, more competitive single market continue to accrue.

Although the available studies have relied on very different assumptions and methodologies, they have come to broadly similar conclusions: First, the impact of eastward enlargement on the EU-15 has been limited.

Second, the impact—though small—is positive. Third, as pointed out above, much of the impact has taken place already since economic integration between Eastern and Western Europe has proceeded gradually since the early 1990s. Most studies conclude that the cumulative economic gain for the old EU is below 1 per cent over a period of five to ten years. (para 76)

9. We agree that the impact of A10 accession was positive for the EU 15. UK merchandise trade with the new member states increased by 392% between 1992 and 2005, nearly ten times as fast as with the rest of the world, and is steadily rising. There were around 14,000 UK firms exporting to Central and Eastern Europe in 2001. Firms like Tesco, Unilever, Vodafone and BP are successful investors in both new member and candidate states.
10. The Commission's paper on the economic impact of enlargement highlighted that the three countries that opened their labour markets to the A8 countries (UK, Ireland and Sweden) were also among the top performers in employment rate growth amongst the EU 15 in the two years following accession. From the UK point of view, although it is not currently possible to measure reliably the impact of A8 migration on economic growth, a 2002 Treasury estimate attributed 10–15% of economic trend growth to migration. In its February 2006 Inflation Monitoring Report, the Bank of England confirmed that overseas workers—including those from the A8—played a significant role in boosting the available pool of labour and helping ease shortages, therefore helping to keep inflation down. The Department of Work and Pension's two reports (May 2005 and February 2006) on the impact of enlargement on the UK labour market found that the broad outcome had been to increase output and jobs. More generally, the expansion of the single market to more than 500 million citizens will bring long-term benefits in an increasingly competitive, globalised economy—widening the consumer base and increasing competition.
11. The benefits of enlargement are also evident in other key areas where increased co-operation makes for a more effective response to cross-border problems such as international crime and trafficking in people and drugs. It also helps to promote security and stability, human rights and the protection of the environment. In the cases of Bulgaria and Romania these environmental benefits are quite dramatic. In 1990, in Romania “degradation [in the Danube Delta region] was reaching serious proportions through engineering works and inappropriate land uses... Pollution carried downstream in the Danube... threatened fish life...[and] drastically reduced the numbers of migratory fish (sturgeons, hausem, ship sturgeon, and Russian sturgeon)” (Source: UNEP). Now there are over 800 natural protected areas in Romania, which represent over 5% of the national territory. These include three biosphere reserves, two Ramsar sites (protected wetlands), and 18 landscape reserves. In Bulgaria, air quality around the Maritza's three power units, once identified as Europe's number one environmental ‘hotspot’ for sulphur pollution, have dramatically improved through EU investment and action by the Bulgarian government. A new plant on the site will be using state of the art pollution control technology and will meet the relevant EU and Bulgarian emission standards for particulates. Similarly, at the Kozloduy nuclear plant dangerous Units 1–2 were taken offline early in negotiations and 3–4 were also closed upon accession. These are all examples of the benefits of enlargement.

The increase in the number of Member States and the concomitant wider spread of interests and positions has made aspects of EU decision-making

more laborious. But suggestions that enlargement could lead to gridlock in the EU institutions are not borne out by evidence. (para 105)

12. We agree with the Committee that EU institutions and decision-making systems have adapted remarkably well to the challenge of decision making at 25. The EU institutions are not currently facing gridlock due to recent enlargement. However, there are some institutional questions that must be addressed. In particular, existing treaties require us to look again at Commission size now that Bulgaria and Romania have joined the EU. We have already said that we are ready to consider whether steps can be taken on the basis of the existing treaties to make the EU more effective. We will be discussing these issues over the coming months under the German Presidency.

We recommend that in future the EU does not endorse target dates for EU entry until the accession negotiations with the candidate in question are almost complete and the EU is fully satisfied that the candidate can assume the obligations of membership. (para 118)

13. We agree. This approach was recommended by the Commission in its November 2006 Enlargement Strategy Paper and endorsed by the December European Council. Neither Croatia nor Turkey has yet been offered target entry dates as part of their negotiation process. But we believe it is positive that both countries have set themselves internal targets to help energise their reform efforts and pursue their own individual pace of progress.

It is essential that future enlargements do not import existing disputes about borders, the treatment of minorities and recognition into the Union. At the same time, however, the EU must be careful not to allow third countries to effectively gain a veto over the accession of a candidate by preventing the settlement of an existing dispute. (para 123)

14. The Government believes that the EU should ensure that any candidate country fully meets the requirements for membership. In practice this means meeting the so-called Copenhagen criteria.

15. In this context full account needs to be taken of any existing disputes about borders, the treatment of minorities and recognition related issues. We also agree that the EU should be careful not to allow third countries to gain a veto over the accession of candidate countries by introducing new requirements over which the candidate country does not have full control.

The EU must use conditionality in a consistent and credible manner. Rather than aiming for a “big bang” enlargement of the Western Balkans, the EU should stick to a system under which each country progresses towards membership as fast as its pre-accession preparations allow. (para 130)

16. The December 2006 Council conclusions reaffirmed that the EU should keep its commitments towards all the countries that are in the accession process, moving forward on the basis of strict conditionality at all stages of the negotiations, and judging each country on its own merits. We fully endorse this approach.

Absorption capacity and the borders of Europe

The Copenhagen accession criteria have enabled the EU to encourage and monitor economic and political change in the candidate countries. The EU

should not modify the list of the criteria or set them in stone by including them in a future treaty. (para 136)

17. We agree. The UK firmly supports a rigorous but fair accession process based on the Copenhagen criteria. However, as the Committee notes, this should not prevent us tailoring our approach in the light of experience. For example, in December 2006 the EU agreed various improvements suggested by the Commission to enhance the management and quality of the accession process, including its proposal to tackle difficult issues like administrative and judicial reforms and corruption early on in the process. The accession process has successfully evolved to meet different challenges over the last fifty years. We cannot anticipate all the challenges that we will face in the future.

Since the EU Treaty gives any European country the right to apply for Union membership, any attempt to draw a final boundary around its territory which excluded European countries would not be consistent with the Treaty. Moreover, politically it would be undesirable for the EU to attempt to define its final boundaries since this would weaken the EU's ability to encourage positive change in potential candidates. Ambiguity is preferable to a definite 'no'. (para 143)

18. We agree. The December 2006 European Council confirmed that the EU would keep its commitments regarding the ongoing accession negotiations with Turkey and Croatia and that the future of the Western Balkans lies in the EU. But we must also keep the EU's door open to countries like Ukraine and Belarus, however distant a prospect candidate status might be. Bringing irreversible democratic and economic reform to these countries will benefit all Europeans. The EU treaties provide that "any European state" may apply to become a member of the Union. The treaty does not define how this is to be interpreted geographically. We note that, 1992 Commission report entitled 'Europe and the Challenge of Enlargement' stated that: "*the shared experience of proximity, ideas, values, and historical interaction cannot be condensed into a simple formula, and is subject to review by each succeeding generation. The Commission believes that it is neither possible nor opportune to establish now the frontiers of the European Union, whose contours will be shaped over many years to come*".

The debate about absorption capacity is harmful since the term is inherently vague and is interpreted by many in the candidate countries as an excuse for closing the Union's doors. However it now seems unlikely that the debate will go away. We therefore believe that it would be best if the term was deconstructed into its individual components and considered in that light. The debate would then shift onto solid ground and focus on real issues such as budgetary capacity and institutional adjustments. "Absorption capacity" would become a to-do list for the existing Member States rather than a barrier to the candidate countries or an excuse for delaying or preventing their accession. (para 153)

19. We consider it to be firmly in the interests of existing Member States and candidate countries that the EU should be properly prepared for future enlargements and that these preparations should proceed in parallel with the accession negotiations. The Copenhagen Council of 1993 acknowledged the importance of the EU's absorption capacity and the impact of enlargement on the EU's institutions, budget and common policies has been considered in advance of all previous enlargements. The question of absorption capacity (now renamed integration capacity) was discussed at the European Council in December 2006 on the basis of the Commission's "*Special report on the EU's*

capacity to integrate new members.” There is no stated intention to revisit this issue in the immediate future. We do not believe that any assessment of integration capacity should create a new barrier for candidates. Their progress through the accession process should continue to be based on their success in meeting the Copenhagen criteria and accepting and implementing the body of EU legislation and policies known as the *acquis*.

The political context for future enlargements

A larger EU will need institutional change and more efficient decision-making procedures. It will also require a rebalancing of the respective representation of large and small countries. An overstretched and ineffective EU cannot play a stabilising role in its neighbourhood and the wider world. We recommend that EU governments acknowledge that the Constitutional Treaty will not be adopted in its current form. Sensible and functionally oriented improvements to the working practices of the Union could be dealt with in a new intergovernmental conference; including a careful review of the rationale for all institutions where currently there is one representative per Member State. (para 167)

20. Mr Hoon made a Written Ministerial Statement to Parliament on 5 December regarding the Government’s approach to consultations on the future of Europe under the German Presidency. We can make no presumption about the outcome of this process or whether/when there will be a new intergovernmental conference. Nor is it for the UK alone to say what will happen to the Constitutional Treaty: that will be a matter for agreement among the 27. But we believe the EU needs now to focus on policies that are directly relevant to citizens’ lives, such as energy security, climate change and counter terrorism. Any reform of EU institutions must have a clear logic and help deliver practical benefits.

We believe it would be a mistake for the EU to impose an artificial “pause” on enlargement while these institutional debates are proceeding. Such a pause would be destabilising for applicants and could become a trap from which it would be difficult to emerge (if a pause was officially declared it would also need to be ended by a unanimous decision, which may prove problematic). Instead, the Union should proceed in a measured way, handling all applications on their merits, neither accelerating nor retarding the process. In fact, this would mean at most one more accession in this decade, namely Croatia. (para 168)

21. We agree with the Committee that ongoing discussions on the future of Europe do not mean that we should bring enlargement to a halt, and we would not support a “pause”. The December European Council agreed that *the enlargement strategy based on consolidation conditionality and communication, combined with the EU’s capacity to integrate new members forms the basis for a renewed consensus on enlargement*”. It also confirmed that the EU would “*keep its commitments regarding the ongoing accession negotiations*”. The programme of the German Presidency reflects that commitment to make progress with the accession negotiations. We will work closely in support of the Presidency and Commission to move Croatia and Turkey’s accessions forward.

A Union of 27 or more Member States will require more flexible ways of policy-making. While the idea of a “core Europe” is unlikely to gain traction, the increasing use of “variable geometry” or “enhanced co-operation” appears both inevitable and indeed desirable. While moving in

this direction, the EU needs to take care not to endanger existing achievements, such as the single market, and to ensure democratic accountability of new initiatives. (para 176)

22. Article 43 of the Amsterdam Treaty provides for “enhanced co-operation”. These provisions allow Member States who wish to co-operate more closely in certain areas to be able to do so. However Article 43 also sets out rigorous criteria for the activation of Enhanced Co-operation to ensure policy consistency among all Member States and to safeguard the EU Single Market. To date, the Enhanced Co-operation provisions of Article 43 have not been activated. However, moves towards de facto enhanced co-operation are a reality as the Committee points out. We fully concur on the importance of the integrity of the Single Market, and the need for democratic accountability.

The budget review of 2008–09 must take into account the possible impact of future enlargement. A serious restructuring of the EU’s spending priorities will be required for successful future accessions, in particular those of Turkey and the countries of the Western Balkans. (para 181)

23. Our aim is to achieve a modern, outward-looking European Union, enabling member states to respond to the challenges of globalisation and deliver opportunity, fairness and prosperity for all our citizens. These priorities should be reflected in the Budget of the EU. The December European Council invited the Commission to provide impact assessments on key policy areas in the course of the accession negotiations.

24. The 2008/09 Budget Review is the opportunity to create a budget that meets the challenges of the 21st Century and takes into account the prospect of future EU enlargement. We will aim for an ambitious and fundamental review, guided by a principled approach that calls for advancement of the national and EU public interest, proportionality and sound financial management.

Candidates and potential candidates

If the countries of the Western Balkans are to be able to address their many challenges in terms of economic reform, statehood and the integration of minorities they need to be offered a credible EU perspective. Without such the Western Balkans could turn into an area of political and economic instability surrounded by EU Member States, where nationalism, economic deprivation and organised crime could flourish. The Union could be faced with the stark choice between integrating the Western Balkans into the EU or having to take responsibility for running them as protectorates if they turn into failed states. The Union must therefore adhere to its Thessaloniki commitment to the eventual accession of these countries and should avoid any linkage between the entry of Turkey and the entry of the countries of the Western Balkans. (para 195)

25. We agree with the Committee that a credible EU perspective for the Western Balkans should be maintained. The UK Government remains committed to EU enlargement for the Western Balkans and firmly believes that the only viable solution to the region’s difficult past is a European one. We are therefore pleased that the December 2006 European Council re-affirmed that the future of the Western Balkans lies in the European Union. The December Council also reiterated that each country’s progress towards the EU depends on its individual efforts to comply with the Copenhagen criteria and the

conditionality of the Stabilisation and Association process. We support this too.

The accession of the Western Balkans confronts the EU with new challenges compared with the previous eastward enlargement. The countries that joined the EU in 2004 were relatively homogenous, stable nation states that were motivated by the desire to ‘rejoin Europe’. In the Western Balkans, the EU is dealing with more fragile, fractious countries. To help these countries along the path to greater stability and prosperity the EU needs a more proactive approach: simply setting conditions and waiting for governments to fulfil them in their own time will no longer be enough. The EU must also devote real resources to the accession process, both in terms of expertise and money. Since the accession of these countries will take time, the EU needs to find ways of maintaining momentum for positive change. It should gradually integrate the candidates into various EU policy areas, and should include them in a customs union. (para 196)

26. We agree that enlargement to the Western Balkans presents the EU with new challenges. But some of the most difficult issues are already a central part of the accession process, including the challenges of administrative and judicial reforms and tackling corruption and organised crime. We should maintain step by step the process of supporting these countries to implement the changes required for EU membership. We agree we should provide both financial and technical support to assist the countries of the Western Balkans meet the conditions of the “*acquis*” and Copenhagen criteria. The EU’s Instrument for Pre-Accession (IPA) provides the financial support to help the countries achieve this. Between 2007–2013 55% of the Instrument for Pre-Accession (total budget €11.57 billion) will be allocated to the Western Balkans. As part of this, the EU’s Twinning programme funds secondments of public sector experts from EU Member States. This enables us to help them to reform their administrations in line with European standards. We agree that finding ways of maintaining momentum for positive change is important. We therefore very much welcome the recent signing of the enlarged and amended Central Europe Free Trade Agreement (CEFTA), which now includes all the Western Balkan countries. The agreement is a substantial step forward both economically and politically and a move closer towards a future European wide free market.

Croatia is making good progress with its accession preparations, and the EU should not discourage the country by making its accession date dependent on an agreement on institutional reform among the existing member-states. If the EU has not agreed institutional changes by the time Croatia is ready, the minimum changes required for Croatian membership would need to be included in Croatia’s accession treaty. It is important that Croatia should be able to join the Union if and when it has completed its accession talks, not only for Croatia but also for the credibility of the EU accession progress. Delays in Croatian accession would send a negative signal to the Western Balkans. (para 204)

27. The Government welcomes the report’s comments regarding Croatia. The country has made solid progress since accession negotiations began on 3 October 2005. Negotiations have been provisionally closed on two chapters (Ch25—Science and Research and Ch26—Education and Culture), and opened on a further three (Ch17—Economic and Monetary Policy; Ch20—Enterprise and Industrial Policy; and Ch29—Customs Union). We are

confident that further chapters will be opened during the course of the German Presidency. The UK continues to support Croatia's preparations proactively. We are providing £600,000 of bilateral assistance this year targeted at specific EU related issues in addition to our contribution through EU-funded projects.

28. We agree that Croatia should join the Union as soon as it meets the necessary standards and that any unnecessary delay to its accession would send a negative signal to the Western Balkans. If necessary institutional adjustments to enable Croatian accession could be made in Croatia's accession treaty.

The EU must do more to acknowledge the progress that Turkey has already made. The EU member-states should strive to maintain a more consistent and coherent line, reassuring Turkey that they remain committed to admitting it as a full member, if and when the accession negotiations have been completed. (para 226)

29. The Government agrees with the Committee that Turkey has made a great deal of progress in recent years, including abolishing the death penalty, significantly reducing torture, ensuring constitutional rights for women and improving the cultural rights of minority groups. However, there is more to be done, and the Commission's 2006 report stated that "the pace of reform has slowed". We continue to urge the Turkish Government to address areas of continuing concern such as freedom of expression.

30. The December 2006 European Council reaffirmed that it would honour existing commitments to Turkey and other countries that are in the enlargement process. Furthermore, the agreement at the December 2006 General Affairs and External Relations Council allows negotiations with Turkey to move ahead and the EU to continue to pursue the strategic objective of Turkish accession.

Given the strategic importance of Turkish accession for the long-term development of the wider Europe, the EU should not allow the question of Cyprus to derail the accession talks. A compromise needs to be found under which Turkey implements its commitments under the Ankara protocol while the EU lives up to its promise to free up trade with Northern Cyprus. Until such a compromise is in place, the EU may decide to suspend the negotiations on a limited number of chapters directly related to the customs union. If the negotiations were halted altogether, it would require a tremendous effort on both sides to re-start them. (para 227)

31. The Government agrees that the question of Cyprus should not be allowed to derail Turkey's accession negotiations. Indeed, it is our view that steady progress in Turkey's negotiations will increase trust and interaction between the parties and improve the prospects for a resumption of settlement negotiations under UN auspices.

32. Turkey must of course fulfil its obligations to all Member States, including fully implementing the Additional Protocol to the Ankara Agreement. At the December 2006 General Affairs and External Relations Council, EU Member States agreed not to open 8 chapters and not to close any chapters until Turkey has done so. At the same time, the Council agreed that all other work should continue, and that chapters for which technical preparations have been completed should be opened.

33. We are also pleased that support for resuming work without delay on a Direct Trade Regulation to end the isolation of the Turkish Cypriots will be reiterated by the January 2006 General Affairs and External Relations Council and that work on this will be taken forward by the German Presidency. We will continue to support efforts to achieve agreement as soon as possible.

Whatever the hesitation and hostility hanging over Turkey's accession negotiations, we believe that it is in both Turkey's and the EU's best interests that the accession negotiations be pursued in good faith and with a will to bring them to a successful conclusion. (para 228)

34. The Government agrees. We are pleased that EU Member States reaffirmed at both the June and December 2006 European Councils that they would honour existing commitments to Turkey and other candidates.

Possible alternative to enlargement and the cost of non-enlargement

The EU needs to have an attractive and effective policy to work with those countries that do not have the immediate, or even medium-term, prospect of membership. The European Neighbourhood Policy (ENP) is a promising start but the EU needs to improve it through better incentives, tougher conditionality and more differentiation among the participating countries. An effective ENP may also have to distinguish between the EU's European neighbours and the neighbours of Europe, between those that ultimately harbour hopes for membership and those that do not. In the case of the former, an ENP that is construed as alternative to membership is unlikely to be acceptable. For the eastern neighbours, the ENP could be turned into a waiting room for membership. At the very least, the ENP should be "membership" neutral. (para 245)

35. We agree with the conclusions of the report that the EU needs an effective policy to work with countries that do not at this stage have a prospect of EU membership. The European Neighbourhood Policy (ENP) offers a framework through which the EU can engage with its eastern and southern neighbours on social, political and economic reform. Supporting the development of prosperous, stable and democratic neighbours is strongly in the EU's interests. Failure to support neighbouring countries in their reforms has a number of potential negative consequences for the EU, for example in terms of illegal immigration, poor environmental standards, and lack of energy security. We agree that there is scope for the ENP to be improved to offer better incentives to partner countries, and to this end will continue to work with partners to explore where the EU can strengthen its offer.

36. The ENP is 'membership neutral' and does not prejudice the future of the eastern neighbours' relationship with the EU. We strongly agree that ENP should not be an alternative to membership for Eastern neighbours. This would be unacceptable to the Eastern neighbours. The prospect of EU membership is a powerful lever for reform. Closing off this option would doubtless have serious implications for the reform process in the east, engendering some of the negative consequences for the EU described in the preceding paragraph.

Neither Turkey nor the countries of the Western Balkans are likely to accept a "privileged partnership" however it is defined as a substitute for full membership of the EU. Repeated calls for a privileged partnership

from EU governments could have a demotivating effect on the candidate countries. (para 255)

37. We agree that any reference to privileged partnerships risks undermining the momentum for reform in Turkey and the Western Balkans. Member States have agreed to stand by existing commitments to countries that are in the accession process, most recently at the December 2006 European Council. The clear objective of negotiations is full membership, although as in any negotiations the outcome cannot be guaranteed in advance. We will continue to work towards that objective.

If the EU were to halt or considerably slow down the enlargement process, it could face heavy costs in terms of political instability and economic stagnation in its neighbourhood. The most immediate and severe impact would be in the Western Balkans. Although a return to war and bloodshed looks unlikely there would likely be an upsurge in nationalism and current positive trends in governance and economic reform would be halted. (para 268)

The Member States should therefore keep to their commitment to offer full membership to both Turkey and the countries of the Western Balkans if and when they are ready to assume the obligations of membership. (para 269)

38. We agree on the likely detrimental impact on the political stability and reforms in the Western Balkans of a halt or considerable slowing down of the enlargement process. We would also underscore the potential detrimental impact on the reform process in Turkey. We fully endorse the Committee's conclusion on the importance of honouring our clear commitments to Turkey, Croatia and the other Western Balkans countries.

**Enlargement and South East Europe Group
Foreign and Commonwealth Office
January 2007**

APPENDIX 2: RECENT REPORTS FROM THE SELECT COMMITTEE

Session 2005–06

Evidence by Commissioner Franco Frattini, Commissioner for Justice, Freedom and Security on Justice and Home Affairs Matters (1st Report, Session 2005–06, HL Paper 5)

Correspondence with Ministers: June 2004–February 2005 (4th Report, Session 2005–06, HL Paper 16)

Ensuring Effective Regulation in the EU (9th Report, Session 2005–06, HL Paper 33)

Evidence from the Minister for Europe—the European Council and the UK Presidency (10th Report, Session 2005–06, HL Paper 34)

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Evidence from the Minister for Europe on the Outcome of the December European Council (4th Report, Session 2006–07, HL Paper 31)

Government Responses: Session 2004–05 (6th Report, Session 2006–07, HL Paper 38)

The Commission's 2007 Legislative and Work Programme (7th Report, Session 2006–07, HL Paper 42)

Evidence from the Ambassador of the Federal Republic of Germany on the German Presidency (10th Report, Session 2006–07, HL Paper 56)

The Commission's Annual Policy Strategy for 2008 (23rd Report, Session 2006–07, HL Paper 123)

Minutes of Evidence

TAKEN BEFORE THE EUROPEAN UNION COMMITTEE

TUESDAY 1 MAY 2007

| | | |
|---------|------------------------|-------------------------|
| Present | Blackwell, L | Harrison, L |
| | Bowness, L | Marlesford, L |
| | Cohen of Pimlico, B | Roper, L |
| | Geddes, L | Thomas of Walliswood, B |
| | Grenfell, L (Chairman) | Tomlinson, L |

Examination of Witness

Witness: **His Excellency Mr Josip Paro**, Ambassador of the Republic of Croatia, examined.

Q1 Chairman: Ambassador, may I welcome you very warmly. We last saw you here when you accompanied Vladimir Drobnyak in a very interesting session on the accession programme and we are delighted to see you here now to give us an update. May I begin by offering Croatia our condolences on the death of Ivica Racan, your former Prime Minister. He did come here to the House of Lords and a number of us entertained him to tea in the Lords dining room. For him it seemed to be a great occasion because he discovered the joys of English scones with Devonshire cream and strawberry jam and we found him very charming and very interesting. We are aware of what he did for Croatia in his term as Prime Minister in steering it very firmly towards the European Union, to the West, and we are very moved and sorry that he had this awful illness and died much too young. I would like if I may to ask you whether you would like to make an opening statement, Ambassador, on how Croatia is progressing and then we will go on to some of the other questions. We think it would be very helpful if you would like to say a few words on where things stand on your accession.

His Excellency Mr Josip Paro: Thank you very much, my Lord Chairman. Thank you also for the condolences. The former Prime Minister Racan played an important role, in bringing Croatia closer to the European Union but above all in bringing the European political culture to Croatia. I am sure that nothing will be the same in Croatia after his death. It does not mean that things are going to be worse. I would say that while he has left his party well prepared for the democratic processes he has also left Croatia as his own legacy as a democratic and modern European country. Thank you for paying attention to that sad event. Also, thank you very much for inviting me and for giving me an opportunity to talk about Croatia because somehow, although there are people who believe that it is not a bad thing to be a low-profile accession country, acceding almost under the wire into the European

Union, I think it is very important that Croatia remains in the focus of attention of people like you who are part of the decision-forming and decision-making process. In the final analysis, you cannot sneak under the wire into the European Union, because it is a legal act on which every country will be asked about. The good thing is that not every citizen of the European Union will be asked about that; not even French citizens will be asked about that! As you know, Croatia has been exempted from the French constitutional obligation to be subject to the referendum on its Europe Agreement. In general, we are satisfied with the dynamics of the accession process. After a year of, I would say, reluctance or problems for the European Members to define the new terms and methods of the accession process, the process itself has taken off quite rapidly during the last 12 months. The screening process has finished and we will continue to focus this year on opening as many chapters as possible and closing some chapters provisionally. We are now focused on fulfilling the opening benchmarks, and we expect in the next half of this year to be able to work also on fulfilment of the closing benchmarks. As you know, the process is not as easy as it was for the countries of the fifth wave of enlargement. One of the most important novelties is the benchmarking. In other words, in order to open chapters, if the Member States decide, Croatia is expected to fulfil the opening benchmarks. In other words, we have to do what is required to prove that we are ready for opening the negotiations. Also we expect that once the adoption of the *acquis* on a particular chapter has been done we will be given the closing benchmarks relating to Croatia's capacity and capability to implement the *acquis*.¹ However, we would especially like the European Commission to be a little bit more expeditious in dealing with our part of the task and homework. Sometimes we feel that the Commission is a little bit slower than we would expect. We would certainly appreciate it very much if

¹ On reading this transcript, the witness wished to add "So far we are coping quite well."

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the Member States' governments would give an incentive to the Commission, especially DG Enlargement, to enlarge themselves because at present only between ten and 15 people are working on Croatia. Sometimes that creates delays which are not really necessary in our opinion. Formally we expect very soon to be able to open and close what I would call some very easy chapters, ie, foreign security and defence policy, chapter 31. I am informed that we have already been waiting six months for the European Commission to prepare the draft common position, which for such a chapter one would expect not to be really very difficult. Opening and closing those apparently easy chapters would certainly give an important boost to public morale and also to the morale of the vast negotiating team who are doing the work really enthusiastically. Such efforts by the European Union would be especially welcome in the light of the frequently made noises about enlargement fatigue. I have to say that Croatia's accession is evolving in a very difficult and very different political climate from the one ten years ago. We do not feel as warmly welcomed to Europe as was the case with the fifth wave enlargement countries. Also, based on the lessons learned from the fifth wave, our procedures are more cumbersome than was the case before. When you combine the cumbersome procedures with so many questions in the air about the future of Europe, sometimes it is very difficult for the government to engage popular support for otherwise very difficult reforms which the government has to undertake. This is especially true in terms of deregulating the economy while the general public is used to the benefits and rights from the socialist times. In that regard expediting the negotiating process whenever possible would be most welcome. I would certainly like in this place and on this occasion to express my government's gratitude to the British Government for the staunch support to our accession which we have enjoyed in the last two years or so. I am sure that you have been informed that two months ago, during the visit of the Europe Minister, Mr Geoff Hoon, to Croatia, a Strategic Partnership document was launched which is basically an extremely well-focused support for our accession process in the areas where there is the highest need of assistance. These are, I would say at the moment, difficult areas like justice and home affairs, competition and the environment. Also, although it is not directly the subject of the Select Committee, Croatia enjoys very important political and technical support for accession to the North Atlantic Treaty Organisation and we expect this year, at the latest in December, to be invited to become members, which we find a very encouraging sign. I know that NATO and the European Union are not directly related, but at least in terms of public perception I think this is a step forward in joining the

family of democratic nations of Europe and in general of the West. There are a couple of problems in relation to our accession that we believe are not directly or in any other way related to the *acquis*. One is the blocking of chapter 13 on fisheries at the COREPER level by our dear neighbour, Slovenia, which insists on the opening benchmark being related to the implementation of a particular environmental agreement. We would like to see it unblocked, considering that this question is strictly a bilateral issue and is not part of the *acquis*. Also, I would like to avail myself of this opportunity to bring to your attention the possibility that such bilateral problems can be used or sometimes indeed abused by particular Member States and that should be avoided at all costs. I am not going to get into the details but there are also some other examples of this not really very principled position.

Q2 Chairman: Can I at this point, Ambassador, say that some of our members will have particular questions on that that they would like to ask you. Thank you very much indeed for that excellent introduction. I know that our colleague, Lord Blackwell, wants to pursue the matter of the relationship of the institutional future of Europe with your own accession, but let me just go back to one thing you have told us which I think is important, and that is the fact that in your view the Commission, with its ten to 15 people, may not be, as it were, applying the pressure that is necessary to be able to move this forward as fast as it could go. As you know, we are on the record and therefore I leave to you, obviously, how you want to respond to this, but is there the impression in Zagreb that there is foot-dragging simply because there are other issues, such as institutional issues, which are not resolved because they do not actually want this process to go faster than seems convenient to them? Can you venture to answer that, but again I say you are on the record, so I leave it to you how you answer it.

His Excellency Mr Josip Paro: My answer is yes.

Chairman: Thank you very much. Let us turn to Lord Blackwell.

Q3 Lord Blackwell: Ambassador, could I pick up this point about the relationship between your accession and constitutional treaties? First, it would be useful to understand how much of a constraint you see that, whether there are ways through or whether you are dependent on some kind of settlement on the treaty changes and how that affects the enlargement timetable. Secondly, I would be interested in your reflections on the various proposals in the constitutional treaty as you see them as a new member in terms of whether there are any there which cause you problems as a new member signing up.

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His Excellency Mr Josip Paro: I am afraid that I am going to disappoint you. Certainly I have my private opinion about the Constitution and the discussions which are going on, but there are two elements which are very important to bear in mind in relation to Croatia's concern. One is that there are already quite secretive discussions about the future of the treaty in which we are not taking part. So we do not know much. It seems, (and now I will speculate a little bit), that there will be no convention, that it is going to be an intergovernmental conference where we are not going to take part because we are not Members. Once we become Members, and that is apparently not going to be before the agreement on institutional or constitutional reforms has been reached, we are going to be in a situation of "take it or leave it". So we shall join a European Union that will be agreed upon among the Member States. We do have some ideas on the future of the Commission, on where we would need to stand, but I am sure that the agreement, once it is reached, will be an agreement equally applicable and applied to all members, including the new members. We are encouraged by the work of the German Presidency on institutional reform. Our only concern is whether the European Union will do the job on time, by the end of 2009, which is the projected time for us to wrap up the whole negotiating process. If not, it is obvious that we might get into a situation where we have done all the homework and Europe is not ready for us, which is probably not the worst thing that could happen to us but certainly that would not be very good for Europe or for us. We hope that will not happen and that everything will be on time. We are encouraged by the European Parliament's resolution on Croatia which gives firm support to our accession by 2009 which includes the possibility for Croatia to participate in the next elections for the European Parliament. We will see whether that happens or not, but I think that although we are aware of the real scope of authority of the European Parliament, we believe that the European Parliament's resolution is an important political statement by the representatives of the citizens of Europe. They do not raise the question of enlargement fatigue.² Also, it helps the government to develop more successfully its own communication strategy. We can say to our citizens that we are wanted in Europe, which we consider very important.

Q4 Baroness Thomas of Walliswood: You have explained very clearly what your attitude is towards the two different time schedules. What is Croatia's own date of entry? What is the preferred date? When would you like to complete the process?

² On reading the transcript, the witness wished to add: "It cannot be an argument for slowing down the accession process."

His Excellency Mr Josip Paro: We have, so to speak, an internal European horizon and we intend to close all our chapters if possible, and there is the political will, by the end of 2008. Of course, we know that not everything in that process depends only on our political will. There are certainly daunting tasks ahead of the government and also, as I said, we do not know and we cannot envisage what will be the pace and dynamics of the institutional reforms within the European Union. This is our goodwill and we are doing our best to maintain that dynamic. I do not know whether I should report the technical progress that we have made in the last year but I think what we have done is pretty impressive.

Q5 Chairman: But presumably, Ambassador, you need to complete the negotiations by the end of 2008 if you are going to be in time for the European parliamentary elections in 2009.

His Excellency Mr Josip Paro: Yes.

Q6 Chairman: That is still cutting it pretty fine.

His Excellency Mr Josip Paro: It is one and a half years ahead.

Q7 Chairman: You said a little earlier that you think that by the end of 2009 you will be completed. You need to be in before then if you are going to be able to get your full delegation in, not just as observers but into the European Parliament.

His Excellency Mr Josip Paro: The basis for our optimism is that we have to fulfil a relatively small number of the opening benchmarks in comparison with the number of chapters that have so far been digested by the European Commission and the Council. We have so far received nine invitations to open the chapters with no opening benchmarks, which is quite encouraging. Also, we expect this year, and the Commission deems that to be possible, to open all the chapters of the accession process.³

Q8 Chairman: That is pretty encouraging.

His Excellency Mr Josip Paro: Yes. We believe that in 2008 we can show our capability to adopt the *acquis* and implement it. As I said, this is our internal horizon.

Chairman: I would like Lord Marlesford to come back briefly to the question of enlargement fatigue which we have touched on to see if we can pin this one down.

Q9 Lord Marlesford: Ambassador, you have already heard quite a lot on this question of enlargement fatigue but I wonder if you feel able to be at all specific in relation to the attitude to Croatia in other Member countries. Are there particular obstacles in

³ On reading the transcript, the witness wished to add "Much will depend also on the Member States".

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any country that you would like to draw our attention to? Secondly, are the people in Croatia as enthusiastic as they were? Is enthusiasm waxing or waning for membership?

His Excellency Mr Josip Paro: That is a good question. There is not a single country that causes an obstacle or threat in principle to the Croatian accession to the European Union. There is not any country that is opposed to our accession and our eventual membership.

Q10 Chairman: And that includes Slovenia?

His Excellency Mr Josip Paro: That is true of Slovenia. I have to say that Slovenia is one of the most fervent supporters of Croatia's accession. The bilateral problems we have with Slovenia do not prevent Slovenia from being on the other hand extremely helpful in technical terms in assisting us in other areas. We do understand that also Slovenia has, as well as Croatia and the other countries, their own internal politics and policies and sometimes there are internal pressures to do this or that. No, I would say that every single EU Member is favourable to Croatia's accession. Even those Members which sometimes have hiccups about the Turkish accession have no doubts about Croatia. There is a common line to all EU Members and that is that the accession is going to be very demanding and that only the countries which are completely ready for membership will join the European Union. Again, that is the difference when compared with the "lucky 12" who joined the European Union before. What was your other question?

Q11 Lord Marlesford: The other question is, internally in Croatia are there particular sections of the population or interest groups which are beginning to have doubts?

His Excellency Mr Josip Paro: Of course there are. I would say that, as the timing of the start of our accession is different, as Europe has changed, the general atmosphere and circumstances of our accession are significantly different too. For example, a very important element that was highly motivating for the population and citizens of the eastern European countries that belonged to the Eastern Bloc was the identification moment with the European Union. It is not really as important in Croatia nowadays. I would say that that romanticist element of pro-European policy is much weaker in Croatia than it was in eastern Europe. Sometimes the Euro-scepticism in Europe has a bad echo in Croatia. The support for the European Union however is now steadily above 50 per cent and the closer we get to the European Union and the more successful we are in our negotiations, the more that support will grow.

Q12 Lord Geddes: Ambassador, could I follow up that last point? In the report of the Committee on Foreign Affairs of the European Parliament in paragraph 7 it states very bluntly that in their opinion there is "flagging support for EU accession in Croatia". From what you have just said you seem to disagree with that opinion.

His Excellency Mr Josip Paro: I repeat that already for almost a year support for the European Union has been above 50 per cent. Two years ago we were at 36 per cent, so the support is growing. I am sure that, for example, next month when we see the polls, the percentage of supporters will be higher, not least for the reason I mentioned before, that is, the resolution by the European Parliament which certainly is going to boost by a couple of per cent support for the European Union. Again, the matter of identity is not as important as the prospect of a better life and a better economic situation for the country after we join that will attract people to the European Union.

Chairman: As we have mentioned the Foreign Affairs Committee and Hannes Swoboda's report, Lord Tomlinson has a question on this.

Q13 Lord Tomlinson: Ambassador, can I be fairly direct? You have talked about opening and closing of chapters almost mechanistically and yet, of course, some of those chapters are going to be somewhat more difficult than that.

His Excellency Mr Josip Paro: Oh, yes.

Q14 Lord Tomlinson: I would really like to hear from you concerning your response to the somewhat critical report of the Foreign Affairs Committee of the European Parliament where Hannes Swoboda was the rapporteur. They seem to have fairly stringent criticisms concerning anti-corruption measures, the development of transparency in the judicial system, and I ask you to juxtapose those criticisms with the rather ambitious target of having resolved all that by the end of 2008 in order to participate in the 2009 elections. It is barely 21 months away, and when you add to the criticism the remarks that they make concerning the somewhat ambivalent attitude that they see concerning the International Criminal Tribunal for the former Yugoslavia it seems that in this area of judicial co-operation, anti-corruption measures and persuading the citizenry in particular to co-operate with the tribunal there seems to be a lot to do. It is going to make the closing of a chapter, I think, rather difficult. What do you think?

His Excellency Mr Josip Paro: I fully agree with you. It is going to be difficult, especially closing that chapter. However, this is not something that the Croatian government is sweeping under the carpet because it is unpleasant. On the contrary. But before I come to the judiciary and the problems we face with the weak

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state of our judiciary—with regard to the ICTY there is nothing outstanding on that particular matter between the Croatian government and the International Criminal Tribunal for the former Yugoslavia. I do not know exactly what you refer to, but there is nothing. I would say that our relationship is almost idyllic; it is just fine.

Q15 Chairman: Could I just clarify that? What you are saying, Ambassador, is that when General Gotovina was sent to the tribunal and you got a clean bill of health from Carla del Ponte that was not just over him; it was across the board, that that meant that there were not any other outstanding issues with the tribunal on that point?

His Excellency Mr Josip Paro: No, there are no outstanding issues. As you know, we have four former Croatian generals indicted. They are all available to the court. Three of them are in Zagreb free and every now and then they travel to The Hague, and General Gotovina is in the Scheveningen Prison awaiting trial. Also, a number of trials have been transferred to the Croatian judicial system which will act in accordance with the rules of the ICTY and there is no problem of any kind between us and them. As for the judiciary, corruption and organised crime, these are real problems for the Croatian government and for Croatian society and the reform of the justice system is definitely a top priority of the Croatian government. It is fundamental for the overall internal development of our country, both economically and politically. During the last three years the government has undertaken a very well defined action plan directed to the formal reform of the judicial system which is already giving results. Only two weeks ago our Justice Minister informed the European Parliament of everything that is on the way and results are not bad, I would say. We have inherited an overgrown, very inefficient judicial system which is now being put in order. The consequence is that, for example, we have had an enormous backlog of civic cases, one and a half million. Now that has been reduced significantly, almost by half, due to the reforms undertaken. We have had a decrease in unresolved cases in the last two years of 30 per cent. A cancer of our judicial system, the land registry, which also prevents smooth investment in Croatia, is being resolved. By now we have resolved more than 60 per cent of the unresolved cases and we are catching up with putting the land registry and the property registry in harmony. We believe that by the end of this year everything will be harmonized. So all the documents are going to be accessible to citizens via the internet. The Supreme Court of Croatia is working heavily also on reducing the number of unresolved cases. The Ministry of Justice has been developing an integrated case management system.

We have taken a World Bank loan on for that. Financial resources have been taken from the CARDS programme and so on. We have probably the largest number of courts in relation to the number of inhabitants in Europe but still not sufficiently effective. The process of rationalisation of the network of courts is under way. A lot has been done and a lot will be done to make our judiciary effective and also to make our law enforcement effective. As far as corruption is concerned, now it has been tackled like never before. A special government's action plan has been devised and special bodies have been established. Last year the number of people prosecuted for corruption increased by seven per cent and there is an upward trend. What is more important as a consequence of the government's public action and communication strategy, the number of citizens who are reporting corruption cases has grown in one year by 60 per cent, which means that this is not just a political ploy; this is an ongoing process, so I am confident that by 2009 we are going to make it. I have to say that the level of corruption in Croatia is not really abysmal, so I do not think we shall need five years or even three years to tackle that in the right way.

Q16 Lord Tomlinson: The only point I would make is that there is some criticism in Hannes Swoboda's resolution about the International Criminal Tribunal for the former Yugoslavia. I just suggest you have a read of it because it is tangential criticism; it is there, but if it is not justified then obviously you have got a public relations job to do with the European Parliament.

His Excellency Mr Josip Paro: Although our co-operation is full we still have the obligation to continue co-operating, so it is an ongoing co-operation. I have not seen or heard about any complaints by The Hague.

Chairman: Okay, and, of course, it is a question of how long the ICTY stays in business too. It is not over yet, is it? In the five minutes that are left to us I would like to ask Lord Roper whether there is anything he would like to follow up on in relation to bilateral relations.

Q17 Lord Roper: We have already referred to the bilateral dispute with Slovenia over maritime areas and fishing rights and suggested that this is already proving a block at the COREPER level for the opening of the chapter dealing with fishing. What is the position in terms of those bilateral negotiations and what prospect is there of your coming to a solution? We also have the important point that, of course, in the first half of next year we will have Slovenia as the Presidency of the Council of Ministers and in terms of your completing your

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chapters by the end of 2008 those are rather an important six months.

His Excellency Mr Josip Paro: We really do look forward to the Slovenian Presidency. It is always good to have a friend in the Presidency. As far as the maritime delimitation dispute is concerned, we have been negotiating quite intensively for 14 years with Slovenia on that small question and we have been unsuccessful. I myself was participating in those negotiations for a long six years in good faith and the result is—nothing. I believe and my government firmly believes that the time has come, after we have exhausted all the bilateral possibilities, to approach an international arbiter. We have formally informed the government of Slovenia about our willingness to do so. We are ready to start negotiations on the arbiter, negotiations on defining the ways of arbitration and so on, and we are ready also to stand before our parliament and propose a resolution under which Croatia will accept as compulsory the ruling of such arbitration. This is the position. We are still waiting for the government of Slovenia to say, “Okay, let us do that”. About the reluctance of Slovenia to approach independent international arbitration you should ask the Slovenian government.

Q18 Lord Harrison: Ambassador, in the light of the earlier comments you made about Minister Hoon’s two months ago visit to Croatia for signing the strategic partnership on JHA matters, the environment and competitiveness, are there other items where you think our two countries could combine together, not only for the purpose of promoting the accession of Croatia but also those other parallel activities—academic, cultural and so on, where we might usefully work together?

His Excellency Mr Josip Paro: Thank you very much for the question. I think there is no area where working with Britain would not be beneficial for Croatia, but I am very much aware that we should also find an area where working with Croatia would be beneficial for Britain. I am sure that, rightly, the British Government has recognised the great potential that Croatia’s accession to the European Union and NATO can wake up in our neighbours. As Ambassador I would certainly like to see more direct co-operation between Britain and Croatia with our neighbours, our south-eastern neighbours in the Western Balkans. I deeply believe that our knowledge of the region, our experience of the way our neighbours are only about to undertake and the British knowledge and expertise put together can do a lot of good in the region.

Q19 Chairman: I am afraid that we will have to close it there because we have another witness coming on the Annual Policy Strategy. I would like to thank you very much indeed, Ambassador, and I take very much to heart, and I am sure the Committee does, your final comments because the accession of Croatia is going to be a very important building block in the creation of a stable Western Balkans region. I think I can speak safely on behalf of all of us in saying that there is no great enlargement fatigue around the table here. There may be some hesitation about some countries but there is not much hesitation about yours and so we wish you all the best and if you can get it done by the end of 2008 that will be a great triumph for you and I am sure it will be of great benefit to the European Union as well. Thank you for answering our questions so frankly. We will send you a transcript of this so that you can correct it and it will be published. We look forward to seeing you again on some future occasion.

His Excellency Mr Josip Paro: Thank you very much.
