Eastern Enlargement and the Euro-Mediterranean Partnership: A Win-Win Game?

– Bichara Khader –

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Introduction

After years of uncertainty, it was the Copenhagen summit on December 12-13, 2002 that took the key decision on European Enlargement: ten countries of Central and Eastern Europe were to join the European Union in 2004 and two others (Rumania and Bulgaria) were to join in 2007, barring unforeseen incidents. Even Turkey managed to avoid being forced to wait for the Greek Calends and is to start negotiations for entry by the end of 2004. By thus accelerating the adhesion of the twelve, the Union has ensured that the transition process itself will be successful but it has also taken up a sensitive political challenge. In effect, it is avenging itself for Yalta, consigning the division of Europe inherited from the Soviet period to oblivion.

Given these developments, the proposition examined in this preliminary reflection on the implications of Enlargement is that it is both a challenge and an opportunity, not just for the European Union but also for the new member-countries themselves. As far as Mediterranean countries are concerned, the likely impact of Enlargement – particularly in the fields of investment, aid and trade – appears to be ambivalent and primarily a consequence of their economic dynamism, their clear capacity for reform and for public governance, as well as improvements in their productivity and the strengthening of horizontal integration. In terms of migration, the countries of Central and Eastern Europe will probably not be the major competitors of Mediterranean, particularly Arab states, both because Enlargement will not generate a human tide moving westwards from the East and because these countries suffer from the same demographic problems – falling birth rates and ageing populations – as do the fifteen Western European states already in the Union.

THE HISTORICAL BACKGROUND

Enlargement has been a political imperative for the European Union. The principle that the Union should be enlarged to include Central and Eastern European countries, which had already been linked throught association agreements, was first laid down at the Copenhagen Summit at the end of 1993. No precise timetable was proposed then but all candidate countries were called upon to fulfil three specific sets of criteria as a pre-condition for entry:

1. *Political criteria*: The introduction of transparent and stable institutions which would ensure democratic governance, the rule-of-law and the protection of human and minority rights;
2. *Economic criteria*: Structural reforms and the creation of viable and competitive market economies; and
3. *Community criteria*: The ability and willingness of each candidate country to accept the obligations that would arise from membership, particularly the global objectives of the European Union.

The Essen Summit in December 1994 developed a pre-entry strategy involving several sets of measures that would have to be undertaken. These included determining measures needed in each sector of the domestic market, alignment of legislation, institutional dialogue, cross-border co-operation and the PHARE Programme as a measure of financial support. An interim report on the development of the reform process in the candidate countries and on the potential benefits expected from Enlargement was presented to the Madrid Summit in December 1995. Proposals for transition measures in the agricultural sector and for free movement were discussed and eventually appeared in principle.

On July 16, 1997, the European Commission published its "Agenda 2000", a large part of which was given over to the issue of Enlargement. The performance of candidate countries was examined in terms of the criteria laid down in Copenhagen four years before. Good students were praised and the laggards were criticised. Each country was provided with a "road-map" which established what had been achieved and what remained to be done. A global budgetary envelope of €21 billion was also proposed for the 2000-2006 period, to cover the PHARE Programme (€10.5 billion), agricultural development aid (€3.5 billion) and structural aid (€7 billion).

The "Agenda 2000" was adopted at the Luxembourg Summit in December 1997 and negotiations over entry began with six countries – the Luxembourg Group, consisting of Estonia, Hungary, Poland, the Czech Republic, Slovenia and Cyprus. In addition, supplementary aid, worth €100 million, was offered to the five "second wave" candidate-members – Bulgaria, Latvia, Lithuania, Rumania and Slovakia – in order to hasten their achievement of the required standards for entry. The adhesion process really began on March 30, 1998 with the first group of countries and the first report on progress was made on November 4, 1998. At the Berlin Summit in March 1999, a decision was taken to create two specific pre-adhesion instruments, the structural pre-adhesion instrument (SPI) and the agricultural pre-adhesion instrument (API). The Helsinki Summit in December 1999 reaffirmed the "differentiation principle" whereby different candidate countries would be able to catch up with those who had begun their negotiations for entry earlier. With the Treaty of Nice coming into force in December 2000, the European Union stated that it was ready to welcome new candidates for entry from the end of 2002 and that they would be able to participate in the European Parliament elections in 2004.

The Gothenburg Summit in June 2001 announced that negotiations were to be completed before the end of 2002 despite of the fact that the ratification of the Treaty of Nice had been blocked by the outcome of the Irish referendum. It was thus only with the Copenhagen Summit in December 2002 that the entry of ten countries in 2004 could be authorised, with the entry of Bulgaria and Rumania being delayed to 2007. The delay was to be used to entrench the infrastructure of their market economies, ensure macro-economic stability and strengthen key institutions.

The Impact of Enlargement on Eastern European Countries

There is a question as to whether Central and Eastern European countries will be able to obtain benefits from their adherence to the European Union and minimise the negative consequences of membership, given their 74.5 million people (2003 figures) and restricted sizes of their economies.

Disparities

An answer to this can only provided in the light of the basic structural features of their economies. In essence, they are characterised by obvious asymmetry when compared with the fifteen members of the European Union, restricted domestic markets and attenuated agricultural sectors, with low-technology and low added-value industry, as well as levels of competivity well below the Community average and relatively high levels of unemployment.

The overall domestic product of the ten future members is equivalent to no more than 5 per cent of that of the fifteen members of the European Union. Differences in the provision of physical, financial and human factors of production lie behind the disparities in per capita income which, for Central and Eastern European countries, are one tenth in current price terms and one third in purchasing-power-parity terms of the Community average. The gap between Community members and aspirant members is thus much greater than it was in the last round of enlargement.

This is explained by the disparities in physical capital (10 per cent of European averages) and human capital (in terms of length of education and in the quality of training and education), as well as by the small size of their active populations (around 30 per cent of those of the Union). Hourly salary levels are just about one tenth, in current price terms, and a quarter, in terms of purchasing-power-parity, of the levels in effect in the European Union, for their economies are more labour-intensive but have lower levels of productivity and unemployment levels which are double the current Union average – 14.5 per cent and almost 31.6 per cent for those below twenty-five years of age (Tables 1-6).

Opportunities

In view of all these disparities, membership will only provide significant economic benefits in the long-term provided that:

a) Complete free trade forces a reallocation of factors of production towards sectors in which the countries of Central and Eastern Europe possess comparative advantage,
b) These countries successfully attract investment in order to restructure their industrial sectors, improving competitiveness and absorbing technical know-how, thus entering into the high-technology domain;
c) They gain in efficiency because they conform to the Community's own norms in terms of harmonisation, practices, standards, regulation governing aid, competition and public contracts; and, finally,
d) They enjoy positive advantages in terms of credibility by the elimination of rent, as well as through democratic consolidation and the growth of investment absorptive capacity.

The effort required to achieve this will be considerable. However, the Commission's predictions are not based on the expectations of miracles. The expected increased annual growth in GDP up to 2009 is only expected to be 2 per cent. Furthermore, given the differences in per capita GDP between the Central and Eastern European countries and the average of the Fifteen – Cyprus 78 per cent, Slovenia 68 per cent, Latvia 31 per cent, for example – the catching-up process will take at least two, or even three or four decades for the least advantaged.

PAIN BEFORE GAIN

In the short-term, there is every reason to expect that unemployment will worsen because of industrial restructuring and the expected delays in dynamising the private sector as generator of new employment. This could be painful, particularly for countries such as Estonia or Lithuania where 40 per cent of the population are below the poverty threshold.

Agricultural conversion will be another problem for the Central and Eastern European countries. Poland will be the most exposed to this (*Rose Julian, 2002*), followed by the Czech Republic and Hungary. Polish farmers are 20 per cent of the population but only contribute 3.4 per cent to GDP. In the three countries mentioned above, the areas consecrated to agriculture represent 58.4 per cent, 54.3 per cent and 61.3 per cent of their national territories, whilst the average in the Union today is 40.3 per cent. The modernisation of this sector will not only involve much time but will mainly require significant structural funds and, at this stage, nobody can anticipate the real impact of this on their peasantries.

Enlargement, in short, thus poses a severe challenge to the countries of Central and Eastern Europe. Convergence will be a slow process involving pain. Unemployment levels are likely to remain above the Community average for the next ten years and public deficits will hardly help the adoption of the Euro – and, in any case, Pedro Sobles has warned the countries concerned of the dangers of too rapid an introduction of the Euro.

HISTORIC OPPORTUNITIES

Enlargement is, however, also an historic opportunity for these countries which have been stagnant for too long. In less than a decade, trade between the European Union and the countries of Central and Eastern Europe experienced a dizzy rate of growth. Exports from the Union to these countries rose 6.5 times, whilst Union imports from them rose 4.5 times. It is true that this increase primarily benefited the Union which saw its trade surplus double. However, it would not have been possible without the slow elimination of customs duties and other trade restrictions, except in agriculture, together with the increase in capital flows from West to East – €15 billion a year.

Although these capital flows from the Union only corresponded to 0.15 per cent of the Union's GDP, they were equal to 5 per cent of the GDP of Central and Eastern European countries and 20 per cent of their total fixed investment. They had a considerable impact on growth rates, interest rates and salaries. Membership of the Union should further stimulate these capital flows, particularly if the harmonisation financial market regulation accelerates.

Apart from the growth in trade and financial flows, membership for the Central and Eastern European countries would also improve general levels of general and professional education, thus allowing human capital to be transferred between different jobs and trades. This would help to reduce the levels of regional inequality which is a real difficulty in these countries. Salary convergence, however, will be a long-term objective. Even Portugal, more than eighteen years after it became a member of the Union, is still far from achieving it.

In conclusion, the discussion above demonstrates that Enlargement is a challenge but also holds great promise for the countries of Central and Eastern Europe, in terms of structural transformation, institutional modernisation, strengthened commercial links with one of the most dynamic regions in the world and of attracting direct and portfolio investment. However, is the adherence of the countries of Central and Eastern Europe not too heavy a burden for the European Union itself to carry?

The Impact of Membership on the Fifteen Members of the European Union

The addition of ten new countries to the European Union in 2004 will form the largest enlargement initiative in the process of the construction of a new Europe. At one stroke, the European Union, with a population estimated on January 1, 2003 at 378.5 million persons (Eurostat, *Statistiques en bref*, 08.01.2003), will have to absorb 74.5 million "new" Europeans. This will transform the Union into a demographic giant, exceeding the United States, Canada and Russia, taken together.

Even before the Enlargement, the Union was the largest trading region on the face of the planet, with exports of €938 billion and imports of €1.022 billion. When it consists of twenty-five countries, the European Union can only consolidate its status as an economic giant even more effectively. Yet, the enlargement process will demand of the Union new institutional adjustments and new financial and commercial compromises.

This will not be impossible to achieve but neither will it be easy; indeed, public opinion in the fifteen member-states has no doubt about that – more than one European in two admits to disquiet about the implications of Enlargement. Indeed, just as for the countries of Central and Eastern Europe, Enlargement is a great challenge for the future – a political challenge in terms of reorganising the institutional architecture and an economic challenge, an issue which is discussed in greater detail below.

THE CHALLENGE

There can be no doubt that Enlargement will stimulate trade with the Central and Eastern European countries. Even during the pre-membership period trade (exports plus imports) had increased 5.5-fold and had generated a doubled trade surplus for the fifteen members of the Union. Today, the Union is the major trade partner for the ten countries of Central and Eastern Europe that want to join the Union in 2004, as well as for the other three candidate countries (Rumania, Bulgaria and Turkey). European exports to these thirteen countries reached €150.4 billion (€120.7 billion if Turkey is excluded) and imports totalled €117 billion (€99.5 billion without Turkey), according to Eurostat in 2000, equivalent to a little more than half the Union's trade with the United States (€429.7 billion) and more then twice the Union's trade with Japan.

Not all member-countries of the Union benefit in the same way from this increase in trade, however, for three-quarters of it is carried out by the four countries bordering on the new candidate members – Germany, Austria, Finland and Italy, with Germany taking the lion's share. In sectoral terms, clothing and leather goods play a relatively dominant role in this trade. This has two consequences, one positive and the other negative. The positive consequence is that it allows high labour-intensity activities to be retained in Europe, although in the longer term this will not be possible and these industries will have to relocate. The negative outcome is that the countries of Central and Eastern Europe will now be in direct competition with certain Southern European countries where these two sectors still play a significant role.

It is certainly the case that the growth of trade and the trade surplus that it generates could lead to the creation of tens of thousands more jobs and increases in the fiscal receipts for the states concerned and their municipal authorities. It should, however, be remembered that the trade surplus is largely countered by the transfer of revenues from the Union to the countries of Central and Eastern Europe in the form of structural funds and various forms of aid. This is expected to be €40 billion, just for the 2004-2006 period. This would represent 0.12 per cent of the GDP of the Fifteen or €25 per person. For the ten new members, this represents 2.5 per cent of their GDP or €120 per person per year. Two thirds of the allocated sums will come in the form of regional aid, one quarter will be devoted to the Common Agricultural Policy and the balance will be sued to modernise administration and render nuclear power generators secure. Poland alone will benefit from a budgetary commitment of €20 billion for the 2004-2006 period. In other words, the future member-states are going to be net recipients of Community funds. Yet, at the same time, it should be remembered that this budgetary cost should be set against the trade benefits that the Fifteen will enjoy because of the enlarged market after the Single Market has been consolidated.

FEARS

Southern European countries have, as a result, voiced three fears about Enlargement:

- The structural funding that they receive may be reduced to finance the cost of Enlargement;
- Trade will be redirected towards the Central and Eastern European countries; and
- Labour-intensive production may be relocated away from the European Union and into the countries of Central and Eastern Europe given lowes salary costs.

These are in general exactly the same fears that were voiced by some Northern European countries when Spain and Portugal were brought into the Union in 1986 and which turned out to be unjustified because any sectoral loss was by-and-large compensated by the global gain created by growth in the internal market.

But there are other fears as well. Frontier countries such as Austria particularly fear negative effects on the labour market because of salary differentials (Ernst Tüchler, 2000). Then there are anxieties about a massive influx of migrants from the East. Indeed, in view of the size of their active populations and the differentials in income and salaries, free movement could free up a significant migratory potential (Martin Brusis, 2000). However, previous experience of enlargement suggests that migrant flows will not be so large as to significantly affect salary and employment levels in the European Union, except, perhaps in the frontier states.

In these terms, the experience of the pre-membership period has provided excellent pointers to the future. Indeed, although a massive migrant inflow was expected from the East with the collapse of the Berlin Wall, this did not occur. In fact, the estimates of the numbers of foreign residents who immigrated from the countries of Central and Eastern Europe into the Union totalled around 850.000 up to 2002 and worker migrants totalled 300.000 – 0.3 per cent of the population of the Fifteen and 0.2 per cent of its labour-force (Eurostat, *Statistiques*, 2000). The significant feature of this population flows, however, was that about three-quarters of them live in two frontier states – Austria and Germany – and that the majority of them moved in before 1993.

This, of course, does not mean that adhesion to the Union will have no effect on the movement of people, but temporary restrictions on freedom-of-movement demanded by some Union members, the absorptive capacity of receiving countries and the increased growth anticipated by the expanded Single Market should limit potential immigration to 350.000 in the years after Enlargement has occurred. In any case, it is not immigration from the countries of Central and Eastern Europe that seems to worry the Union but rather than from further away; from Ukraine, Byelorussia, Russia, the Balkans, the Caucasus, even from Asia. There are already almost 2 million Ukrainians, Byelorussians and Russians in Poland, which, furthermore, is not the best-off country amongst the future new members. The annual migratory potential of these regions, whether or not they are at the borders of the new Europe after 2004, could oscillate between 1 million and 600.000 per year. Quite apart from the risk that such an uncontrolled and unwanted influx would represent, there is also the danger of the development inside the countries of Central and Eastern Europe of a black market which would distort the regulations governing social protection, employment rights and competition throughout the enlarged European space.

CONCLUSION

To think solely of Eastwards Enlargement in terms of costs and benefits would be to reduce this adventure simply to its economic dimension, whereas it is primarily political in nature. Europe is enlarging because it wants to seal intra-European reconciliation, consolidate the democracy now introduced into the East and, finally, bring all its weight to bear on the global chessboard. This essentially political initiative involves a small financial cost and possible risk, particularly in institutional terms, but also offers real promise in terms of the growth in trade and investment. As the *Revue Elargissement* (09.12.2002) put it, there will be a dividend, the "dividend of the three p's" – the peace, prosperity and power dividend. Nonetheless, it is true that the costs and benefits are unequally shared amongst European Union countries. Frontier states will enjoy increased trade but also face migration inflows that could affect salary levels. Southern European countries will lose markets in some sectors but could benefit from the "enlargement effect" on the Single Market to increase their exports in sectors where they hold a comparative advantage, particularly in the agricultural sector.

By opting for Enlargement, the Union has escaped temporarily, at least, from its dilemma of whether to choose "deepening" or "widening". The dilemma will reassert itself, however, for the real question for the future is not just related to the location of Europe's frontiers or to their nature – whether as a barrier or a point of transition – but to the identity of Europe, its role in the world system and its periphery, particularly in the Mediterranean.

The effects of Enlargement on Mediterranean countries

To listen to some people from the Mediterranean, particularly in North Africa, as they give vent to their resentments and their fears, increased enlargement to the East means less for the Euro-Mediterranean Partnership (Samir Sobh, 2000). Of course, the view that whatever the European Union offers the East is taken away from the Southern Mediterranean is questionable, at the very least. The reasons that persuaded the Union to propose the Euro-Mediterranean Partnership in 1995 remain unchanged – to help Southern Mediterranean countries restructure their economies and reform their states, so that these states could emerge from their economic sloughs, stabilise their societies, avoid being marginalised in the world system and reduce migration pressures.

Indeed, the Union repeated its determination to intensify its relations with Mediterranean countries in the Agenda 2000. There one can read:

> *Stable development on the southern shores of the Mediterranean is a commitment whose importance is constantly reaffirmed. All the potential of the Barcelona Process must be exploited fully to that end. The Union must also maintain an intensified presence in the Middle East and one of the principal promoters of peace in the region. Enlargement should, therefore involve an intensification in economic and commercial relations between the European Union and its Southern partners, based on the exploitation of mutual interests.*

Since it was located in a programme like Agenda 2000, this statement leaves little room for doubt over the Union's interest in furthering the Barcelona Process. It would simply not be possible for the Union to abandon its Southern flank in order to focus exclusively on the East. This would not be in its geopolitical or geoeconomic interest and would not even be desirable in terms of the Union's internal equilibrium for, to abandon the Mediterranean would be to reinforce European states at its centre – particularly Germany – to the disadvantage of France and other Southern European states. Nonetheless, it would be naïve to consider that the Enlargement process would have a neutral effect on Mediterranean countries.

CONTRASTING EFFECTS

A simple comparison of the statistical evidence about the development of trade between the Union and the countries of Central and Eastern Europe, contrasted with trade between the Union and Mediterranean countries highlights the explosion in commercial flows in the former case since 1989 and particularly since 1994. In effect, exports to the Central and Eastern European countries rose 4.5 times between 1994 and 2000, whilst imports into the Union from them rose threefold. In the space of a few years, the Union has become the leading client and supplier to them world-wide. There is every reason to expect that these tendencies will continue after they become Union members, even if at a slower rhythm since they already have free access to the Community market, except for agricultural goods.

In comparison, trade between the twelve Mediterranean countries and the European Union doubled in value between 1994 and 2000, to reach €151 billion. However, five of the twelve partners – the three central Maghrib countries, Turkey and Israel – captured 80 per cent of the trade across the sea. Furthermore, this increase hides imbalances which the latest Femise report (2002) does not fail to highlight in the cases of Turkey and Israel. The growth in the value of their exports reflects mainly an increase in volume – 80 per cent for Turkey and 72 per cent for Israel, compared with only 20 per cent for the Maghrib where the increase is mainly due to rising prices, mainly for oil and gas. Yet, whether it is due to rise in volume or value, the simple fact is that Union-Mediterranean trade has grown more slowly than trade between the Union and the countries of Central and Eastern Europe.

Does this mean that there has been trade diversion to the detriment of the Mediterranean countries? It is difficult to blame only the competition from the Eastern countries to explain the slow progression in trade between the Union and Mediterranean countries. Weak economic diversification, except for Israel, Turkey and, to a lesser extent, Tunisia has certainly diminished the export potential of Mediterranean states. They essentially only have a relatively narrow sample of goods to offer for export – petrol, gas, agricultural products, or textiles and shoes alongside some other manufactured goods. In fact, Central and Eastern European countries only compete over textiles, shoes and some other manufactured products.

There is no doubt, too, that competition will become more acute after they become members of the Union as a result of the constant rise of the Eastern countries up the technological ladder, together with relatively low salary rates, a well-educated population, long-standing industrial traditions, transport networks linking them to other Union countries and a massive inflow of direct investment and other forms of aid. This undoubted comparative advantage must, nonetheless, be seen against the fact that it will be mainly the frontier regions of Eastern states that will be most exposed to trade – it should not be forgotten that three quarters of Central and Eastern European trade is with the four Union peripheral countries of Germany, Austria, Italy and Finland. In reality, the most worrying challenge faced by the Mediterranean countries will come essentially from the liberalisation of multilateral trade, which will help to increase the pressures of competition and the erosion of preferential access to the European market.

This does not mean that the global impact of Enlargement on Mediterranean countries should be under-estimated but it would be unwise to anticipate its importance. The rare simulations that have been made have not always been conclusive. Two researchers, Ali Bayar and Ghazi Ben Ahmed (2002) tried to estimate the effects of Enlargement through the following risky method. Basing themselves on a general equilibrium model (GTAP), they imagined two scenarios: in the first (S1), all trade barriers between the Union and the countries of Central and Eastern Europe, together with Turkey (thirteen countries in total), were removed and, in the second (S2), accession of the countries of Central and Eastern Europe was combined with radical reform of the Common Agricultural Policy (CAP).

The simulation demonstrated that, in the first scenario, the effect of Enlargement on all Middle East and North African countries – all Arab countries and not just the Mediterranean partner states – was generally weak, except in the textile and clothing sector where there was a fall of 3.6 per cent in Turkey, 1.6 per cent in Morocco and 1.1 per cent in the rest of North Africa. The impact was equivalent to $245 million for the whole of the Middle East and North African region. The second scenario – which is today purely hypothetical – resulted in massive efficiency gains, equivalent world-wide to $4.270 billion because of the reduction in agricultural distortions in the European Union. However, for the Middle East and North African region, there were losses of up to $807 million because of increases in agricultural subsidies and customs tariffs, as the region exports agricultural products that track the highest world prices.

This account is one of the few simulations that we have but it is based on a model of perfect competition, whereas several economic sectors operate under conditions of imperfect competition. Nor does it take into account investment movements in the countries of Central and Eastern Europe, nor are the structural funds that they will receive included. There is therefore an urgent need to refine the model if we are to learn much from it.

Indeed, it is precisely over the question of structural aid and investment that the distinctions between the twelve Mediterranean countries and the countries of Central and Eastern Europe is most blatant. Firstly, a comparison of the European financial instruments in the pre-adhesion period shows that the European Union provided or is to provide €30 per inhabitant in Central or Eastern Europe for the 2000-2006 period, whilst in the MEDA programme (South and East Mediterranean), the equivalent is €4; in the TACIS programme (former Soviet Union) it is €2 and in the CARDS Programme (Western Balkans) it is €31 (Jean-François Drevet, 2003).

European Financial Instruments In 2002 (€ Million)

Pre-adhesion	3,328
MEDA	861
TACIS	474
CARDS	765

Source: Drevet 2003

The progressive removal of barriers to trade, the accelerated privatisation process and the effect of proposed membership have all increased the attractiveness of the region to foreign investment, as the figures demonstrated – almost $15 billion in annual inflows. The Mediterranean countries, on the other hand, struggle to attract investors - $8 billion in direct foreign investment in 2000 but that was an exceptional year compared with 1999 when the figure was only $4 billion. Yet the populations of Central and Eastern Europe, including Rumania and Bulgaria are only half the size of those of the twelve Mediterranean countries, at 105 million to 210 million.

There are good grounds to assume that this differentiation will not ease in the near future, just the opposite. Previous enlargement experiences have demonstrated that adhesion to the Union stimulates capital inflows. The European Commission itself estimates that such flows could double in size after membership and particularly after financial market regulation has been harmonised. As a result it is to be expected that continued privatisation and the development of stock-markets will increasingly attract investment and aid of all kinds to Central and Eastern Europe. The Mediterranean countries, on the other hand, where the proportion of global direct investment has stagnated at around 1 per cent of the total (0.7 per cent in 2000) and the proportion of European direct investment has been about 1.5 per cent of the total, will continue to suffer from a lack of the right image – fragmented, indebted economies with little diversification and inadequate institutional structures with poorly-developed stock-markets.

Given all these factors, it can be anticipated that Central and Eastern European countries will increase their advantage over Mediterranean countries, at least as far as investment opportunities are concerned. For each Euro invested in the Mediterranean, three or four will be invested in Central and Eastern Europe. However, if the situation is subjected to more profound analysis it becomes clear that the real competitors for the Mediterranean are not the countries of Central and Eastern Europe but Latin America. This is the region which, in fact, in 2000 captured almost 10.8 per cent of direct European investment, against only 1.5 per cent in the Mediterranean. In the future, it will not only be the countries of Central and Eastern Europe which will be competing with Mediterranean countries but Latin America, China, India and other Asiatic countries.

OPPORTUNITIES

Enlargement does not only have disadvantages, it also offers opportunities because the countries of Central and Eastern Europe also consume goods and services. From 2004, the enlarged Union will be a market of almost 454 million, in comparison with 378 million persons on January 1, 2003. Given the expected increase in living standards in Central and Eastern Europe, there should be an increased demand for all kinds of goods, including agricultural and manufactured goods alongside minerals from the Mediterranean. It is even likely that current competition in the shoe, textile and clothing sectors will eventually ease because of the increase in salary costs in Central and Eastern Europe and because of the region's improved technological competence which will stimulated by investment inflows and structural aid.

Improvements in living standards will, in turn, stimulate the leisure industry, particularly in foreign tourism. Given its geographic proximity, its facilities and the diversity of its tourist and cultural attractions, the Mediterranean region could, in the next ten to fifteen years, attract hundreds of thousands of new tourists from Central and Eastern Europe, once it has been integrated into the Union. Oil and Gas sectors will also find new outlets. Countries such as Algeria or Libya, who will sooner or later become a member of the Barcelona Process, should be the major beneficiaries. Of course, at present, Central and Eastern Europe satisfies its needs from oil and gas imports from

Russia and the Caspian region. There can be little doubt, however, that it will have to diversify its imports, if only for the simple reason of domestic energy security.

In conclusion, without wishing to minimise the possible negative effects of Enlargement on Mediterranean countries, particularly in terms of investment and trade diversion, it is likely that the effects of market enlargement will heavily outweigh these negative effects. Future risks will not be linked so directly to Enlargement but more to the weakening of the preferences from which Mediterranean countries have benefited as a result of multilateral trade negotiations.

ENLARGEMENT AND MEDITERRANEAN MIGRATION

Twelve years after the collapse of the Berlin wall, labour immigration from Central and Eastern Europe continues to be subjected to the restrictions on free movement in force in the European Union. Eurostat estimates that the actual number of workers and national from Central and Eastern Europe resident in the Union is not more than 1 million of whom 350.000 are workers, equivalent to 0.29 per cent of the total population of the Union and 0.12 per cent of its labour force. These figures do not, of course, take illegal immigration into account but, even if we allow for one "clandestine" resident for every person legally in the Union, that would raise to total to only 2 million – 0.48 per cent of the total population of the Union. Thus the fears of a human flood from Central and Eastern Europe were simple exaggeration.

What, however, will happen to east-west migration flows after Enlargement? Is there a risk that the East could replace the Mediterranean as a source of new migration flows? Although it is difficult today to give definitive answers to these two questions, it is possible to make some generalisations by making use of documentation prepared by the Commission, such as the few studies undertaken on the subject and on the demographic projections of the situations in the European Union, Central and Eastern Europe and the Mediterranean countries.

Migration potential in Central and Eastern Europe

There will be many reasons for migration into the European Union after Enlargement, including considerations such as:

- The differences in living standards and salary levels. As an indication, Georg Kovarik, of the Austrian trades union association, has calculated that, in 1998, the average salary in Slovenia represented 40 per cent of the average in Austria, whereas the average in Poland was hardly even 15 per cent, in the Czech Republic 14.8 per cent, in Hungary 13.4 per cent, in Slovakia 12.1 per cent and in Bulgaria only 4.8 per cent of the Austrian level. He went on, on the basis of these figures, to estimate that these countries would have to wait for between 15 and 42 years to reach 80 per cent of the Austrian average salary – 2017 for Slovenia, 2032 for Slovakia and 2045 for Poland (Georg Kovarik, 1998);
- The labour market and unemployment levels in countries-of-origin;
- The labour market in host countries;
- Linguistic and geographic proximity;
- The attractiveness of receiving countries;
- The effects of former migrant networks.

Given all these elements it would be surprising if the addition of 105 million people to the Union by 2007 were not to have an effect on internal migration patterns. Nonetheless, such migrant flows from Central and Eastern Europe should remain within acceptable limits in terms of volume and, in any case, limited in terms of the period in which they would occur for several reasons that are both structural and dependent on circumstance.

CIRCUMSTANTIAL FACTORS

- Although freedom of movement of people is one of the four key factors, alongside freedom of movement of capital, goods and services, temporary restrictions on freedom of movement of people for five–to-seven years after membership should hinder migration inflows to access to sectors where there is a recognised shortage of labour;
- Even though levels of unemployment in the countries of Central and Eastern Europe may be high, they will not in themselves be a powerful encouragement to migration. In Spain, unemployment levels touched 20 per cent in certain regions (Extremadura and Andalusia) but this did not lead to major migration outside Spain after adhesion to the European Union;
- In the medium term, emigration from the countries of Central and Eastern Europe should slow down, firstly as a consequence of the progressive convergence of their economies with that of the European Union and then because it has historically been the case that the propensity towards emigration diminishes as the proportion of the population that has already emigrated increases and as forecasts of local market growth become or are perceived to be encouraging. This has, indeed, been confirmed by the low levels of emigration in the Czech Republic, Hungary, Slovenia and, particularly, Poland noted in the mid-1990s;
- The low level of mobility of workers in Europe, including Central and Eastern Europe, which is explained by a variety of cultural, social, linguistic and economic factors;
- Preferences for temporary or seasonal work and for neighbouring regions; and
- In the medium-term, it is not unreasonable to imagine that the countries of Central and Eastern Europe themselves will become countries of immigration. An Italian or Spanish-type scenario is not merely imaginary. Indeed, some countries there have already become migrant destination countries, and not merely transit countries, as the following table shows:

Aliens in Central and Eastern European Countries (1997)

(%)	Proportion of aliens in total population		Proportion of alien workers in labour-force		Proportion of alien workers in alien population	
	1993	1998	1993	1998	1993	1998
Czech Rep	0.4	2.0	1.0	2.4	66.5	62.3
Hungary	1.3	1.5	0.4	0.6	13.5	14.9
Poland	0.1	0.1	0.1	0.1	37.7	43.8
Slovakia	0.2	0.5	0.2	0.3	23.4	21.3
Bulgaria	0.7	1.1	0.0	0.01	0.2	0.2

Source: Lubyova (2000)

STRUCTURAL FACTORS

It will be primarily structural factors that will eventually act as a powerful hindrance to departure. They arise first from the demographic structure of the countries of Central and Eastern Europe, particularly the rapid decline in fertility and demographic growth, the ageing of the population and the decline in the age percentile under 15 years old. In fact, whilst only two (Bulgaria and Hungary) of the ten countries of Central and Eastern Europe had negative demographic growth in the 1985-1990 period, this had risen to eight in the 1995-1999 period. Only Poland and Slovakia continued to show modest growth of 0.04 and 0.30 respectively.

Total Population

('000s)	1985	1999	Forecast 2010
Bulgaria	8,941	8,208	7,615
Czech Republic	10,335	10,278	10,052
Estonia	1,536	1,442	1,359
Hungary	10,579	10,068	9,613
Latvia	2,621	2,431	2,251
Lithuania	3,545	3,699	3,653
Poland	37,203	38,654	38,805
Rumania	22,725	22,458	21,727
Slovak Republic	5,193	5,396	5,426
Slovenia	1,973	1,986	1,960
Regional total	106,636	106,619	101.461

Source: World Bank (2001): *World Development Indicators 2001* – CDROM

Annual Growth Rates

(%)	1985-1990	1995-1999	Forecast 2005-2010
Bulgaria	-0.51	-0.58	-0.7
Czech Republic	0.05	-0.13	-0.3
Estonia	0.45	-0.71	-0.5
Hungary	-0.41	-0.40	-0.4
Latvia	0.38	-0.84	-0.7
Lithuania	0.97	-0.11	-0.1
Poland	0.49	0.04	0.0
Rumania	0.42	-0.25	-0.3
Slovak Republic	0.34	0.30	0.0
Slovenia	0.25	-0.06	-0.2
Regional total	0.26	-0.15	

Source: World Bank (2001): *World Development Indicators 2001* - CDROM

Thus, on January 1, 2003, the population of Central and Eastern Europe was about 74.5 million, a fall of 135.000 compared with January 2002. According to Eurostat (*Statistiques en bref* 16.12.2002), the cause was primarily natural decline (the number of deaths had been greater than the number of live births), but also – to a lesser extent – to net outward migration. This demographic evolution only reproduces the tendencies observed in European Union countries over the past fifty years. The total population of the Fifteen was around 378 million on January 1, 2003 whilst the 300 million barrier had been broken in 1953. That meant that it had taken first ten, then thirteen and finally twenty-two years for population to grow by 25 million.

Even the age pyramids in the Union and the countries of Central and Eastern Europe tend to be similar. In fact, the same developments can be seen in both, only occurring some years earlier in the Union – the decline in the percentile below 15 years from 22.24 per cent to 18.06 per cent, the ageing of the population as the proportion of those above 65 years rises from 10.69 per cent to 13.39 per cent.

Persons Aged 65 or Over

(% total population)	1985	1999
Bulgaria	11.31	15.60
Czech Republic	11.57	13.56
Estonia	11.39	13.67
Hungary	12.37	14.40
Latvia	11.80	14.13
Lithuania	10.29	12.96
Poland	9.42	11.82
Rumania	9.47	12.69
Slovak Republic	8.93	11.12
Slovenia	10.32	13.48
Mean	10.69	13.34

Source: World Bank (2001): *World Development Indicators 2001* - CDROM

Given all that has already been discussed, it is easy to understand why that the few studies of the impact of Enlargement on migration (C. Boswell 1998, Martina Lubyova 1999, Renata Langewiesche 1999 and Ludovica Rizzotti 2002) agree in estimating that potential annual migration flows from Central and Eastern Europe should hardly exceed 350,000 of which at least 60 per cent will chose Germany, Austria and, to a lesser extent, Sweden or Italy as their destinations. In terms of its impact on the European GDP of the present fifteen Union members, immigration from the East should have a global wealth-increasing effect estimated at 0.5-to-0.7 per cent. This is explained by educational levels in Central and Eastern Europe and by the fact that migration will satisfy, in certain regions, labour shortages noted in agriculture and construction (R. Balfour, L. Einaudi, F. Pastori, L. Rizzotti, 2001), particularly given the frequently seasonal or temporary nature of immigration patterns which reduces its cost in terms of social expenditure.

Yet, even if economic theory postulates that migration can increase aggregate benefits, it is also clear that migration can also involve undesirable effects for workers and particularly on salary levels. A Commission study concluded that an increase of 1 per cent of foreign labour in a sector reduced salaries by 0.25 per cent in the case of Austria and by 0.6 per cent in Germany.

Central and Eastern Europe migration – alternative or competition?

In view of the expected demographic evolution inside the European Union, two conclusions emerge:

- If the decline in birth rates persists at current levels, the European Union will lose at least 25 million persons by 2025;
- There will be a reduction in the active proportion of the total population. In 2025 it is estimated that 14 active workers will have to support the needs of 10 independent persons.

These conclusions have led some experts to recommend the introduction of replacement migration to counter the growth in economically inactive persons and rejuvenate the active population, thus protecting pension levels. It is not our purpose here to discuss whether such propositions are well-founded or not, but one consequence seems inescapable; no matter what barriers are introduced, inward migration will continue into the European Union in the years ahead. The question is, therefore, whether it will come essentially from Central and Eastern Europe or from other peripheral zones, particularly the South-East Mediterranean. We propose that, even if there were to be immigration from the countries of Central and Eastern Europe, estimated at an annual rate of 350,000 after Enlargement has taken place, the principle sources of immigration into the European Union for the next two or three decades will be primarily provided by Turkey, a candidate member, the countries to the east of Central and Eastern Europe, which are not candidates, and, above all, the Mediterranean Arab countries.

In effect, by expanding its borders up to the boundaries with Ukraine, Byelorussia and Russia, the European Union will have to confront significant illegal migrant flows from these countries. All the conditions for this will have been established: for example; porous frontiers, increased zones of contact, the lure of the new members of the Union, the development of mafias and networks organising illegal migration, income differentials and political and social instability.

With the entry of Turkey into the Union, still a distant but real possibility by 2015, the migration challenge will take on an unexpected urgency, for it will mean that, not only will the Union have to be prepared to welcome million of new internal Turkish migrants but it will thereafter have common frontiers with a significant number of Neat and Middle Eastern countries: Syria, Iraq, Iran and the republics of the Caucasus. It goes without saying that it will be extremely difficult to lock the gates of Europe; it does not work today and will be far harder to do tomorrow!

It is, of course, possible to argue that this will be countered by the convergence expected after Turkish entry and the consequent induced reduction in push and pull effects. However, given Turkey's size, with a population in 2015 of almost 80 million inhabitants, and the current divergences in salary, income and employment, particularly in agriculture, convergence will take decades to be achieved. There will therefore be a prolonged period during which Turks, taking advantage of existing networks and open borders, will continue to immigrate into the enlarged European Union, unless long-term discriminatory measures are applied to Turkey – something which the Turkish government will not accept.

Thus the main competitors with Arab Mediterranean countries, particularly in the Maghrib, will not be the countries of Central and Eastern Europe but countries to their east and, particularly, Turkey, once it has joined the Union. In fact, it would be more appropriate to talk of complementarity, rather than competition in that the focus will be primarily on regions of geographic proximity, particularly Germany, Austria and the Scandinavian countries as the destinations of migrants from the East, whereas migrants from the Mediterranean will go mainly to European Mediterranean countries, particularly France, Spain and Portugal. In this scenario, Italy appears to be the most exposed for it is at the junction of the East and the South. Geography will thus be a decisive factor in the selection of host countries.

A GENERAL CONCLUSION

After the ten countries of Central and Eastern Europe have joined the European Union, to be joined in 2007 by Bulgaria and Rumania, the Union will have added 1.1 square kilometres to its area – 33 per cent of the current area it covers – and will have included a population of 105 million – 29 per cent of its current population, whilst the number of languages spoken in it will rise from eleven to twenty-one in 2004 and to twenty-three in 2007. By 2007, it will be necessary to add 1.000 interpreters to the 3.500 interpreters who are currently linked to European institutions. The Union's annual budget for translation, set at €95 million today, will rise as a result of Enlargement to several hundreds of millions – *Le Monde* (July 3, 2002) "guesstimated" a figure of €521 million after 2005.

These exorbitant sums may seem laughable in the light of the magnificent revenge upon history represented by the expansion of the Union to include countries which, hardly more than twelve years ago, lived behind the Iron Curtain in a Europe cut in two. But Enlargement, however much enthusiasm it might provoke, is not only a promise but a challenge which is not without risk. We have tried to sketch out here how Enlargement could be a promise and a challenge, first of all, for the future of the Union itself. We have also deliberately avoided discussing the frontiers of Europe, whether geographic, cultural, historic or geopolitical. Nonetheless, one day European leaders will have to decide upon the limits of their enterprise. The problem will be how to fix those limits without creating a fortress. This is a question that countries of the South Mediterranean region are increasingly posing in the light of the enlargements of the Union still to come.

In fact, the South Mediterranean countries have developed an irritating tendency to see the Eastern Enlargement of the Union as a new source of threat to trade, investment, European aid and even to migration. This study has sought to show, without preaching or being alarmist, that Enlargement may well distract the Union for it must find €40 billion for the new members between 2004 and 2006, as well as direct significant investment to these countries and increase its trade with them, not to speak of introducing less restrictive policies with regard to the free movement of people for them. However, these facts cannot be changed by complaining about such predictable and, above all, essential consequences. A more constructive attitude would be to consider

Enlargement as a new opportunity for the Mediterranean countries to seize. As the Bulletin of the European Delegation in Tunis (second semester 2002) argued, the ten countries of Central and Eastern Europe will offer new markets as well as new sources of tourists and investment.

For the Mediterranean to fully benefit from this opportunity, it would have to actively prepare now by establishing economic contacts with these countries by launching small and medium-sized business joint ventures, establishing Mediterranean tourist bureaux and promoting cultural and scientific exchanges. In short, it is not a question of putting a brave face on ill-luck but of seizing the consequences of Enlargement with both hands and of profiting from the experiences of the countries of Central and Eastern Europe who transformed themselves in record time – less than ten years – from planned economies into transition economies within the terms of reference set by the Community itself. This accelerated economic transition is full of lessons worth considering which could be an inspiration for Mediterranean countries, once they have allowed for the special circumstances that each of them also faces.

As far as the most problematic aspect of Enlargement is concerned – that of the free movement of people – a comparison of demographic developments inside the European Union, together with the analysis of past experience of migration flows and of the prospects of labour market development, all make it clear that the countries of Central and Eastern Europe will not be serious competitors to Mediterranean Arab countries which will continue to be the main sources of migrant inflows for the next two-to-three decades, for two key reasons:

- The destruction of the Berlin Wall did not result in a human flood from the East to the West, as some had feared. This gives grounds to believe that Enlargement will not overturn tendencies already established. Commentators seem to agree that annual flows will be of the order of 350.000 in the initial years after membership is completed and that this figure should then progressively fall. Growth perspectives in Central and Eastern Europe, major investment inflows, together with the gradual reduction of differentials in income and living standards, as well as demographic structures should combine in limiting migration flows from these countries.
- The situation in the Mediterranean is diametrically opposed to that in the countries of Central and Eastern Europe. Indeed, the population age pyramid, the uncertain outlook for unemployment – particularly for graduates – as well as the slow pace of political reform will be powerful drivers for emigration.

In fact, it will not be the countries of Central and Eastern Europe that will compete with Mediterranean countries over migration but the countries beyond the enlarged boundaries of the European Union – Ukraine, Byelorussia, Russia and particularly all the countries of the Caucasus. Furthermore, all the evidence suggests that these new migration flows from the East will move principally towards the new members of the Union – the countries of Central and Eastern Europe themselves. As far as Mediterranean migration flows are concerned, these will continue to target the closest parts of Europe.

Southern Europe would then have every reason to make Mediterranean co-operation a priority and to reaffirm the importance of the Euro-Mediterranean Partnership as a strategic choice for the Union. Such a reaffirmation of the strategic value of European involvement in the Mediterranean, in the context of Eastern Enlargement, arises from the need to preserve institutional equilibrium within the European Union, restore regional security and strengthen the cultural dialogue, damaged by the discrimination practiced against Arabs and Muslims since the events of September 11, 2001. It is also based on the realistic yet generous vision of Europe as more than a European space but less that a European power.

Everything that has been discussed above must lead to the conclusion that Enlargement must go hand-in-hand with the revival of the Euro-Mediterranean Partnership. This is what one great European, Jacques Delors, sought when he wrote, "It must not be the case that, because our attention is focussed on making Enlargement a success…we forget the South." (Jacques Delors 2003). On the contrary, the centrality of the Mediterranean must be emphasised, not by taking a rigid and unilateral Eurocentric vision, as the president of the European Commission, Romano Prodi, made clear at a conference at CERMAC on November 26,2002, but "…by basing ourselves on a certain idea of co-ownership."

Annexes

Table 1: Population, area, currency and unemployment rates

	Capital	Population		Area km^2	Currency	Exchange rate to € Oct. 2002
		Total (mn)	**% below 15**			
Cyprus *	Nicosia	0.8	21.9	9,251	Pound	0.57
Czech Rep.	Prague	10.3	16.1	78,886	Crown	30.66
Estonia	Tallinn	1.4	17.1	45,227	Crown	15.65
Hungary	Budapest	10.5	16.5	93,030	Florint	243.53
Latvia	Riga	2.4	17.0	64,589	Lats	0.60
Lithuania	Vilnius	3.5	19.3	65,300	Litas	3.45
Malta	Valetta	0.4	20.1	316	Lira	0.41
Poland	Warsaw	38.6	18.5	312,685	Zloty	4.04
Slovakia	Bratislava	5.4	19.2	49,035	Crown	41.80
Solvenia	Ljubljana	2.0	15.6	20,273	Tolar	228.73
Candidates		74.8	17.9	783,592		
EU 15		378.7	16.6 **	3,191,120		

* Population and area for all of Cyprus

** Figures for 2000

Source: Eurostat 143/2002-December 5, 2002

TABLE 2: GDP for ten Central and Eastern European countries

	GDP		Sector contribution to gross added value 2001 (%)		
	€ bn (2001)	**GDP per capital***	**Agriculture**	**Industry**	**Services**
Cyprus	10.2	78	3.9	19.5	76.6
Czech Rep.	63.3	56	4.2	40.0	55.8
Estonia	6.2	40	5.8	28.7	65.5
Hungary	57.8	51	4.3	32.0	63.7
Latvia	8.5	31	4.7	24.9	70.4
Lithuania	13,4	36	7.1	33.9	59.0
Malta	4.0	-	2.4	27.3	70.4
Poland	196.7	40	3.4	32.9	63.7
Slovakia	22.8	46	4.6	32.7	62.7
Slovenia	20.9	68	3.1	36.8	60.1
Candidates	403.9	-	3.9	33.5	62.6
EU 15	8,827.1	100	2.1	27.4	70.5

GDP per capita is expressed in terms of purchasing power units (PPU), a unit which is independent of national currency and which eliminates distortions due to differences in price levels. PPUs are calculated on the basis of Purchasing Power Parities, created from weighted averages of price ratios for a standard basket of goods and services and are both comparable and representative for each country. The figures here are expressed as percentages of the figure for the EU 15 for 2000.

Source: Eurostat 143/2002-December 5, 2002

TABLE 3: Sector contribution to employment 2001 in percent

	Agriculture	Industry	Services
Cyprus	4.9	24.0	71.1
Czech Republic	4.9	40.5	54.6
Estonia	7.1	34.2	58.7
Hungary	6.1	34.5	59.4
Latvia	15.1	25.3	59.6
Lithuania	16.5	27.2	56.3
Malta	2.2	31.8	66.0
Poland	19.2	30.7	50.1
Slovakia	6.3	37.1	56.7
Slovenia	9.9	38.6	51.4
Candidates*	13.3	33.2	53.6
EU 15	4.3	26.4	69.3

These figures are drawn from an enquiry on work forces in Spring 2001, except for Malta where they are drawn from national sources

The aggregate for the candidate countries excludes Malta

Source: Eurostat 143/2002-December 5, 2002

TABLE 4: Hourly labour costs* in Euros 2000

Cyprus	10.74
Czech Republic	3,90
Estonia	3.03
Hungary	3.83
Latvia	2.42
Lithuania	2.71
Malta	-
Poland	4.48
Slovakia	3.06
Slovenia	8.98
Candidate countries**	4.21

* Hourly labour costs: total annual labour cost divided by total hours worked (industry and services)

** The aggregate for the candidate countries excludes Malta

Source: Eurostat 143/2002-December 5, 2002

TABLE 5: Higher education and research & development (R&D)

	Persons with higher education (%) 2001*			Gross Domestic Cost of R&D (% GDP) 2000	R&D personnel per 1000 employed 2000
	Total	Women	Men		
Cyprus	26.8	23.7	29,8	0.26	4.2
Czech Republic	11.6	9.8	13.4	1.33	9.3
Estonia	29.4	35.1	23.2	0.66	9.8
Hungary	14.0	14.4	13.5	0.80	10.1
Latvia	18.1	20.6	15.4	0.48	6.9
Lithuania	-	-	-	0.68***	8.2
Malta	-	-	-	-	-
Poland	11.7	13.1	10.3	0.70	7.3
Slovakia	10.7	10.3	12.1	0.67	8.5
Slovenia	14.1	16.2	11.0	1.52	12.6
Candidates**	14.3	15.4	13.2	0.84	8.3
EU 15	21.6	20.1	23.0	1.94***	14.1***

* University degree or equivalent

** Aggregate for candidate countries, except for Malta and Lithuania

*** 2001 figures

Source: Eurostat 143/2002-December 5, 2002

TABLE 6: Direct private investment indicators: net balance and degree of openness

	EU PDI to candidate in 2000		Net global balance*** € bn 2000			Degree of openness**** (%) 2000	
	% total DFI candidates	% total DFI in EU	Total	Goods	Services	Goods	Services
Cyprus	26.3	0.1	-606	-2,826	2,219	25.6	24.8
Czech Republic	63.0*	1.3	-1,861	-3,394	1,533	59.5	11.9
Estonia	88.5	0.1	-228	-840	612	73.6	24.2
Hungary	85.1	0.9	-360	-2,303	1,942	56.8	11.6
Latvia	70.0	0.1	-673	-1,152	479	36.1	13.8
Lithuania	44.8	0.1	-783	-1,195	411	40.8	7.7
Malta	-	0.0	-421	-673	252	78.3	27.8
Poland	94.5	2.8	-11,806	-13,339	1,533	26.7	6.2
Slovakia	94.9	0.4	-519	-994	475	62.7	10.5
Slovenia	83.4	0.2	-730	-1,216	486	51.8	9.2
Candidates	78.5**	6.1					

* 1999 figures

** Aggregate for candidate countries except Malta

*** Net balance: exports less imports

**** Degree of openness: average of exports and imports in relation to GDP

Source: Eurostat 143/2002-December 2002

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