

## Progress Report: Discussion in Lithuania?

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*The “Regular Report from the Commission on Lithuania’s Progress Towards Accession,” issued at the beginning of November together with analogous reports about other candidate countries preparing for European Union (EU) membership, was received in Lithuania with much greater resonance than last year’s official Opinion of the European Commission about the country after it applied to join the EU. This must be mentioned and one can feel happy that questions about integrating into the EU are gradually becoming a matter of broader public interest.*

*In judging the event, I would like to present and substantiate several general assertions: (a) we are overestimating the importance of the start of the negotiations, (b) the invitation to start negotiations depends primarily on ourselves, (c) the European Commission has its own assessment peculiarities and we have to take them into consideration, and (d) the keys to Europe’s door are within the EU.*

The issue of the start of the negotiations has lost part of its significance. The EU summit meeting in Luxembourg in December 1997 decided “to launch an accession process comprising ten Central and East European applicant states and Cyprus.” Thus, Lithuania has been taking part in the EU enlargement process as a participant of the European conference since March 12, 1998 and it has taken part since March 30, 1998 in the process of accession to the EU (the participants are 15 European Union states, 11 candidate countries, with Malta probably joining in 1999). Five Central and Eastern European countries, as well as Cyprus, have already sat down at the negotiations table (on March 31, 1998), but the process of accession will be “evolutive and inclusive”, and, thus, the remaining countries will also be invited to start bilateral negotiations when they have satisfied the same criteria as the invited countries. Thus, as the Commission’s Composite paper on the progress of the candidate countries declares: “... when, at the appropriate moment, the European Union decides to extend the negotiations to new candidate countries they will not have great difficulty in integrating into the ongoing negotiations at a comparable level of preparation”.<sup>1</sup>

Thus, after the decision of the Luxembourg Council the “status” of the negotiations question changed: it became but one of the stages of the “accession process.” The negotiations are no longer the beginning of the accession process. The process of our accession to the EU has already begun, now it is possible either to speed up or slow down the process (up to complete ruin); however, it is impossible to ask - should we join the EU or not, will we be accepted or not. Now the question can only be phrased: *Is Lithuania able or not able to speed up its journey to EU membership?*

The negotiations themselves, of course, have retained their political “weight”, but only as a very important stage of EU accession and not as the start of the entry process. Increasing the number of stages, without doubt, prolongs the whole process of accession,

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<sup>1</sup> *Composite paper. Reports on progress towards accession by each of the candidate countries* (Brussels: European Commission, 1998), p. 30.

however, this is unavoidable - nobody can dispel the carefulness of the EU in preparing to admit countries that were from behind the “iron curtain...”

The formulation that Lithuania’s primary objective is to be invited to begin negotiations at the end of 1998 (now the same is likely to be said about 1999) is not precise. It is, of course, important for us to begin the negotiations as soon as possible and to make sure that important this message is communicated to the appropriate addressee. However, the essence of the negotiations is quite different: it is more important than anything else to end the negotiations as soon as possible, that is, to become a member of the EU as quickly as possible. And this means that the most important thing is to prepare for the negotiations very well because they are not real negotiations, but a taking of inventory. It is necessary to point out in which sectors we are already functioning in accordance with the legal norms of the EU and in which sectors we are not, and how far are we now from the end of the reorganization. If we somehow managed to begin negotiations earlier, they would take a longer time to complete than they are now when we have not yet started them - for the simple reason that in all the possible formulations of the negotiations we have to do the same - to implement the whole legal body of the European Community (the primary and secondary law, called *acquis communautaire*) into our legal system.

In my opinion, this is the essence - by stressing the invitation to start negotiations we undervalue to some extent our own work in making the negotiations as successful as possible, that is to have them as brief as possible. There are still wide gaps in our integration activities, neglected fields which have long been “marked” by impossible promises. We can mention the never ending preparation of the national energy strategy, the too long on-going formation of the regional policy (only its outline has been approved so far), the work in preparing (and the lack of preparation) to implement a joint fishery policy, the still unrealized proposal of the Commission to have a jointly agreed document on medium term economic policies, and the delay in carrying out many other smaller measures.

Our economic indices are not far behind those of many candidate states, we really have the right to be proud of them, everyone - the World Bank, the International Monetary Fund, and the economic councils of the EU - praise the development of our economy. But this is simply not enough. To prepare for the negotiations means merely to become similar to the European Community and the EU states in many respects. To have similar laws, guidelines of economic and social policies, systems of internal affairs and justice, a similar abundance of monitoring, measuring, and certifying institutions, laboratories, agencies with numerous standards, and so on. To put it briefly - in everything, except national culture. Speaking more cynically, accession to the EU is like a “beauty contest” in which points are awarded to contestants for dressing and combing their hair the same way.

For example, in some important parameters of economic liberalism we even surpass the European Community. Lithuania’s economy is more open to trade (our average rate of customs tariffs on manufactured goods is 2.4 percent, whereas in the EU it is 3.6 percent). Taxes and social contributions are much lower in our country (this results in a considerably smaller share of the income being centralized and redistributed through state and municipal budgets). The system of welfare guarantees, which are major concerns for many modern states, is less expanded in our country. However, this is not a

necessity because it does not comply with the model of a market economy of the European Community on the whole, nor with some of the legal norms of the Community, in particular.

In Lithuania (apparently, even in the ruling coalition) there are different attitudes towards the speed-maximum or optimal-of preparation for the negotiations. A comprehensive strategy of Lithuania's accession to the EU, approved at the highest level, would really prove useful, but it does not exist.

On the one hand, we are in a hurry. Our aim is to enter into the negotiations as soon as possible and to end them as soon as possible, to become a member of the EU as quickly as possible. We cannot fall behind. In such a case, the planning of all integration activities must be expanded in an extraordinary manner - from the strategy to detailed sector and function plans with careful control of activities. However, all the deadlines and terms have to be realistic. Too high a speed is not a positive thing in the sense of efficiency - in hurrying too fast, in allotting many funds to it, we will make mistakes, we will do many things in an unqualified manner. (We need tens and hundreds of millions of litai to reorganize according to EU requirements border control, veterinary and plant protection services, customs, standardization, accreditation and metrology agencies, to establish new institutions with new officials and equipment, to carry out investment projects for modernizing the infrastructure; the EU, as well as individual EU states, provide many millions for this purpose). A consistent implementation of EU legal acts into our legal system breaks down. They are ignored, too much is put into plans and projects, and the subsequent failure to implement them compromises the government and the state. At the beginning of his term of office, President of the Republic of Lithuania Valdas Adamkus who directs Lithuania's foreign policy, said: "The decision on integrating into the European Union will be taken in Vilnius." This, by the way, also means that the tasks of integration have to become an integral part of every institution in our state. This has not yet happened. Seimas deputy Romualdas Ozolas has already grasped the problem of the feverish rush and suggested "... to change the style of our entry into the European Union from forcing our way in to walking in at a normal pace."<sup>2</sup> Maybe this is already the introduction to a discussion?

On the other hand, we are late in many things. We are two years behind the Estonians in normalizing the banking sector, one year behind the Latvians; there is a very similar situation in the sphere of privatization. Both the Government and the Seimas understand this very well. All this shows that it is only at the end of 1998 that we shall start to get ready for serious negotiations with the EU. Soon both politicians and the general public will start discussing these issues - at the beginning, apparently because the number of civil servants and departments engaged in (and overwhelmed by) the integration work and procedures will keep increasing, and later due to the fact that the amount of the capital coming into the country and the troubles and novelties accompanying this capital will also increase. An important reason for the delay was the fact that integration into the European Union was exclusively a foreign policy matter for a long time. Even today there are still some departments left which regard the work of

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<sup>2</sup> Romualdas Ozolas, "Lietuvos kvietimas á ES tikrai atidėtas" (Lithuania's Invitation to the EU Is Really Postponed), *Atgimimas*, 40 (November 13, 1998), 5.

preparing for the negotiations as an additional load, which only interferes with their work in modernizing Lithuania.

The publication of the Regular Report provides a good opportunity to have a look at the very methodology of assessment and generalization and its characteristic features. One must say at once, that the Commission can hardly be reproached for being partial or having made serious mistakes. True, there are inaccuracies and in many countries a certain delay, the incomplete use of the material submitted by the countries will be noticed in generalizing the situation in one or another sector. However, this is more a “technicality” arising from the large workload in the Commission services rather than the conceptual side of preparing the documents. (Perhaps the only very risky, to say the least, statement of the Commission is the following one: “Latvia, and to a lesser extent, Lithuania, are approaching the situation of Estonia in 1997, but in a number of areas, the implementation of economic policy and reforms are too recent to allow the Commission to conclude today that they can already be considered as functioning market economies.”<sup>3</sup> We simply have to forgive the Commission for making a statement which simply cannot be proved).

First, let us look at some of the peculiarities of the assessment:

(a) the European Commission evaluates the progress according to “the last ship in the convoy” principle: having recorded a wide gap in the work front and the failure to complete one or several items, it does not compensate for them by the rapid progress made in other spheres. An assessment according to the weakest chains is a common approach where one is afraid of making a mistake. Those who satisfy most of the criteria and fail to satisfy only a few of them, have to pay a high price.

(b) the trust that the Commission has in a country plays an important role. The European Commission, perhaps unconsciously, places more trust in economically stronger partners, countries whose perspective for development is clearer and more comprehensible. For example, Slovenia lags behind Lithuania on a very wide front (the process of privatizing large objects is hardly proceeding, the system of subsidizing producers is still functioning, taxes have not been reformed - even the Value Added Tax (VAT) has not yet been introduced, there are many problems with administrative capabilities). But, a comparatively high level of economic development, the stable, reliable and foreseeable development of the economy in the eyes of the Commission so far “compensates for” even grave shortcomings in the implementation of the *acquis*. Estonia’s case may also at least in part be understood by the same trust in the country and its perspectives: a small Baltic state situated in the vicinity of Finland and being under its total economic influence is a much more acceptable choice than a not so well promoted country located somewhere between a suspicious nuclear power plant and the fortified Kaliningrad region;

(c) while Lithuania attaches vital importance to the annual reports, prepared for Brussels, the Commission behaves in a different way: it forms its opinion on the basis of continuously accumulated information about the country. Therefore, all the data and facts which form the perception of the country on the basis of such a cumulative principle, --

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<sup>3</sup> *Composite paper*, p.7.

from the data on macroeconomics to the data on professional ethics, are significant. If an official, speaking the foreign language poorly arrived at a business meeting without an interpreter, or if an official missed a workshop in the Netherlands organized by the Commission because she was “tempted” by the shops of Amsterdam, this can be equated to, say, an increase by two points in Lithuania’s inflation rate or the break down of an agreement on privatizing a large object;

(d) difficulties await those who want to understand fully how the Commission assesses the candidate countries in each field. He will only find the reports of the Commission filled with inconsistent facts and rebukes which are assessed on the basis of different criteria. For example, in evaluating the liberalization of prices, one of the main proofs of a functioning market economy, the Commission establishes that in Estonia only 26 percent of the prices of the “basket” of commodities and services used to calculate the consumer price index is still regulated by the state, in Latvia this figure is 19 percent, in Lithuania - 16 percent; and what is the situation in Czech Republic, Hungary, or Slovenia? No answer. The reports contain no such data about other countries; the Commission assesses the degree of price liberalization in these countries according to other criteria. Reports are, in essence, written on the principle of deduction.

Second, the Ignalina Nuclear Power Plant posed a separate problem. The peculiarity of the issue is that positions of different sides on it vary greatly (this is probably the only issue where this is the case). Both the EU and Lithuania can render it insoluble. Making the disagreement deeper and going away from the concordance, would make the dispute lose its sense and logic: if the plant is dangerous to Europe, postponing Lithuania’s accession to the EU would not decrease the potential danger of the plant (Lithuania’s earlier acceptance to the EU would even make it easier to resolve the problem sooner and faster). But, this is not the essence of the dispute. The European Commission has been waiting for quite a long time for Lithuania’s energy development strategy, which would reflect the country’s position on the issue of the nuclear power plant. The Commission would like to know it many years in advance both in planning the EU common energy policy and in discussing this issue with the strong opposition to nuclear plants (the oil and gas lobby in Europe is as strong as everywhere else in the world). Our unwillingness to submit a clear perspective harmed both the Commission and ourselves. Currently the Commission tries to turn the dispute into a matter of “principle” (I have in mind the Commission’s letter containing the statement that the international examination of the Ignalina Nuclear Power Plant does not have to be carried out). The problem was created by Lithuania when it assumed a kind of responsibility by signing the Nuclear Safety Account Agreement without clearly defining its energy policy even when asked by the Commission to do so. But, of course, the dates for running or closing down the Ignalina Nuclear Power Plant rest with experts. The only thing that Lithuanian politicians can state is that it is in our interest, like that of the French, Belgians and British, to remain the producers of safe nuclear electric energy because this guarantees a stable, inexpensive and ecologically irreproachable supply of power. Or that our interest in the future is to get rid of the nuclear power plant and to produce electricity in more traditional ways. Our politicians, apparently, will invite the Commission to explain the political motives of its proposals.

The open debate about the question of the Ignalina Nuclear Power Plant shows that this is one of those cases which the European Commission can use to show its constant

concern about the safety of nuclear power plants and especially the need to have very strict requirements for the sake of the health of the residents of Western Europe. We were left with the analogous opportunity to show our own people that we are not going to exchange our national economy interests for EU political requirements. Without the conclusive opinion and decision of experts such a discussion would be only a vainly casuistic exercise.

There are few sentiments in international politics. It is our own problem that we were crossed out of the map of Europe and its politics for 50 years (Foreign Minister Algirdas Saudargas is absolutely correct in saying that if it were not for those years, Lithuania would be a member of the European Union and all other organizations - NATO, WTO, OECD, etc.<sup>4</sup>). True, we are neither forgotten nor ignored. However, during the time when we were “absent”, Europe itself (its larger and not sovietized part) formed a “club” and drew up appropriate “regulations”.

A club with its own rules is a normal thing, however, in this case the characteristic feature is that the club, figuratively speaking, did not only take the name of Europe; but also “patented” it. It seriously declares itself - and is treated - as the only representative of Europe, simply as Europe. In the eyes of the world the club - the European Union - is actually Europe: the wealthy, civilized, influential Europe, remaining one of the leaders of global life. And the more the EU enlarges, the more grounds it has to speak in that manner. Today, only one large and several small steps are needed to make it really identical to Europe. It will certainly make these steps, at least the large one. However, when the EU calls itself “Europe” and when the world accepts this even more, Lithuania and its colleagues find themselves, in fact, in a really awkward situation - to be treated as European countries they have to be members of the EU, and to become members of the EU, they have to do their “homework” and “pass the examinations”. (And to overcome the veto right when the issue of their admission is discussed). Because “bodyguards” stand at the door and they do not allow one to enter Europe without passing tests; neither geography, nor the crowns of Kings Mindaugas and Vytautas nor Christianity, nor anything else will help. Czech Republic Parliament Chairman Vaclav Klaus is only partly right, in calling the EU an “elite club”, which does not admit everybody. It is even worse - it bears the name of our identity, it is us, Europe, and, therefore, we cannot be left behind its door for a long time.

The coming 1999 year will be marked by extraordinary work and changes in the EU. This will be the last year in office for the present EU. The new financial framework of the Community for the year 2000-2006 will have to be approved. The elections to the European Parliament will be held. A new President of the European Commission will be appointed. Efforts will be made to convene in the year 2000 an Intergovernmental Conference to resolve the issues of EU institutional reform. The Economic and Monetary Union will begin operations – the euro will already be in circulation for settling accounts. The Treaty of Amsterdam will come into effect upon completion of the ratification procedures, introducing one more package of legal acts into the *acquis communautaire* of

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<sup>4</sup> Artūras Raèas, “Okupacija nenutraukė Lietuvos diplomatijos veiklos,” *Lietuvos rytas*, 258 (November 4, 1998), 2.

the Community (first of all - the documents of the Schengen Agreement). In general, that will be the final year for decisions by the current Commission...

There is no doubt that by the end of 1999, two years after the announcement of the Opinions, the five countries which were not invited to start negotiations, will have advanced greatly – perhaps even all the countries will be fulfilling the criteria for beginning negotiations set in 1997. Then the last word will rest with the EU- it will have to prove that the enlargement process is “global and inclusive” for all the applying countries.

However, the decision will mostly depend on the candidates themselves. Consistent work will bring each country to its objective. We must not be impatient. Impatience sometimes blinds. Lithuania has the status of an associate EU country, the Free Trade Agreement is in effect, and all the transitional periods in it will come to an end after two years. This is a serious and weighty asset of Lithuania in international activities. Will we exploit this somewhat privileged position in our relations with close and even very distant neighbors? More than one investor in the world would be glad to learn about the possibility to sell his manufactured goods in the huge EU market free of tariffs if these goods are produced in Lithuania - have we done enough to inform investors about this?

The integration activities already demand a lot of additional resources today (workforce, funds, premises, equipment). Soon the demand will grow even more. This should not be treated as simple growth in state government expenses, its nature is quite different. This input is an investment in the future (let's say, analogous to the construction of a large plant). It will assure faster economic development, better welfare, as well as much greater economic and political security for the state.

Joining the EU- taking over the *acquis*, etc.- is nothing but the modernization of the economic, legal, and social system according to the pattern of the present day organized Europe. Practically there are no alternatives in Europe (not to be confused with Eurasia) to the legal system of the EU. By creating our legal system according to the model used - and frequently developed - by the EU, we are not doing any additional work, we are simply rapidly creating a modern legal structure for our state.

All this attests that the road we have chosen - membership in the European Union is a natural one.