

Introductory Speech - ELA Conference

The European Enlargement: one year after the big bang

Ladies & Gentlemen, dear Colleagues,
Good morning

I am glad to welcome you to our annual conference, which is dedicated this year to the European Enlargement, almost one year after the big bang, or shall I say, after the “first” of the several big bangs to come.

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Enlarging simultaneously the Union to 10 new members, is quite a challenge, since the population of the Union jumped by 20%, from 380 to 450 million inhabitants.
It is more than that of the United States of America.
One third more actually.

The goal of the operation was of course to recover our European-wide identity after the division of the continent which followed the 2nd World War, but more practically, since we are not naïve, the goal was also to enlarge the European market, and make it more competitive, to better withstand the pressure of global competition which characterizes our time.

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This is a fact that discrepancies between the 15 European countries before the Enlargement and the 10 new members were high and these discrepancies also exist for the new members themselves.

Just a few figures to illustrate these points:

- with respect to the population, the largest country is Poland, with about 38 Mio inhabitants, when the smallest is Malta with less than half a Mio - a ratio of 76.
- as far as the GDP/head is concerned, the minimum is for Latvia with 3.600 Euro/head and the maximum for Cyprus with 15.500 Euro/head - a ratio of 4.3 .

Globally, for an average GDP of 100 for the 15 European countries in 2004, the Czech Republic was at 62, Hungary at 55 and Poland at 43.

In other words, the wealth of the largest and most industrialized of the new members was roughly at half the wealth of countries such as Germany, France or the United Kingdom, which are all above the European average.

To close this gap, the economic growth rate in these countries should be higher than in Western Europe.

Fortunately, this is the case today since they have a growth rate 2 times higher than in Western Europe (3% vs 1.5%).

But, we must be aware that it will take time to get the 2 parts of Europe on the same level.

You know:

"When you put, next to each other, nine women who are 1 month pregnant, it doesn't mean that you get a baby."

The time factor is an evidence that we can't neglect; the newcomers have to accept that it will take time and we will have to be patient with them.

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As I said before, the unification of Europe -and not the reunification as we often heard- is a major challenge.

This is a big gamble for us all now, since the European Commission decided early in the process, and I think it is right, that once the Enlargement was done, the new members were immediately full members, like all the others.

This means that no special structures have been set up to “pamper” them! As an example, the present Commissioner for Enlargement, the Finn Olli Rehn only deals with the next wave of countries willing to join later, in 2007 for Romania and Bulgaria, and beyond for other candidate countries, which are very large as you know - but this will be another topic of debates.

Consequently, the 10 countries of the first wave must by now have applied the whole “acquis communautaire”, in other words, the whole set of legislation and rules that Europe installed over decades of functioning.

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For the new countries, it must be a very difficult task to do everything at the same time and to introduce the whole European legislation into their own national rules.

How are they doing?

Is the enlargement a success economically speaking?

Are the populations of these countries happy or disenchanted?

To be more specific, how is our lift and escalator industry faring?

Another issue is of course the main fear in the 15 original countries, to see industry delocalize to the East, because of cheaper labour, while getting excellent and skilled workforce.

With salaries at roughly one third the salaries in the West, the temptation is great to delocalize.

Everybody knows current examples in his own country, with the automotive industry for instance.

These are some of the questions that our speakers today will cover.

For that, we have the pleasure to welcome:

- an academic from the Centre for European Policy Studies
- a civil servant at the European commission
- a diplomat from the Czech permanent representation to the Commission
- & - 2 prominent members of the new budding lift associations from Poland and Hungary.

Of course, after their speeches, a free discussion will be organized and you will have the opportunity to ask them questions.

Ladies and gentlemen, I thank you very much for your attention and I immediately call Professor Daniel Gros, from the Centre for European Policy Studies, to give us the helicopter view of the present situation, one year after the big bang. Professor Gros, the floor is yours.