

A stylized map of Europe is shown against a dark blue background with a light blue grid. The map uses three colors: yellow for the United Kingdom, Ireland, France, Germany, Poland, Czech Republic, Slovakia, Austria, Hungary, and Turkey; green for Sweden, Finland, Denmark, Norway, and Iceland; and light blue for the rest of Europe. The grid consists of latitude and longitude lines.

dti

EU ENLARGEMENT

Facts for business



The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK.

We help people and companies become more productive by promoting enterprise, innovation and creativity. We champion UK business at home and abroad.

We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

"The European Union is on the brink of one of the most important decisions in its history. Enlargement to the East may be the EU's greatest challenge, but I also believe it is its greatest opportunity."

Tony Blair

(WARSAW, OCTOBER 2000)

"The opportunities in these new markets are good news for British business and good news for Britain. But only if we lead, not follow our global competitors"

Melanie Johnson

(UNDER-SECRETARY OF STATE FOR TRADE AND INDUSTRY)

On 1 May 2004, 10 new member states will join the European Union. They are Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

This will make the European Union the world's largest single market, with 25 member states all operating under the same rules. This market is set to expand still further in the years to come, with Romania and Bulgaria* scheduled to join in 2007 and Turkey a candidate for membership.**

The enlargement process

The Enlargement of the European Union is the culmination of a process that began with the collapse of the Berlin Wall in 1989.

Following the political reorientation of the former Communist bloc, the European Union took steps to remove trade barriers and encourage the economic reintegration of the Central and Eastern European countries.

The **Europe Agreements** were signed in the 1990s between the EU and the Central and Eastern European candidates, and have governed trading relations between the EU and the candidates for much of the last decade. They guarantee tariff-free trade in most industrial products and offer mechanisms for solving disputes.

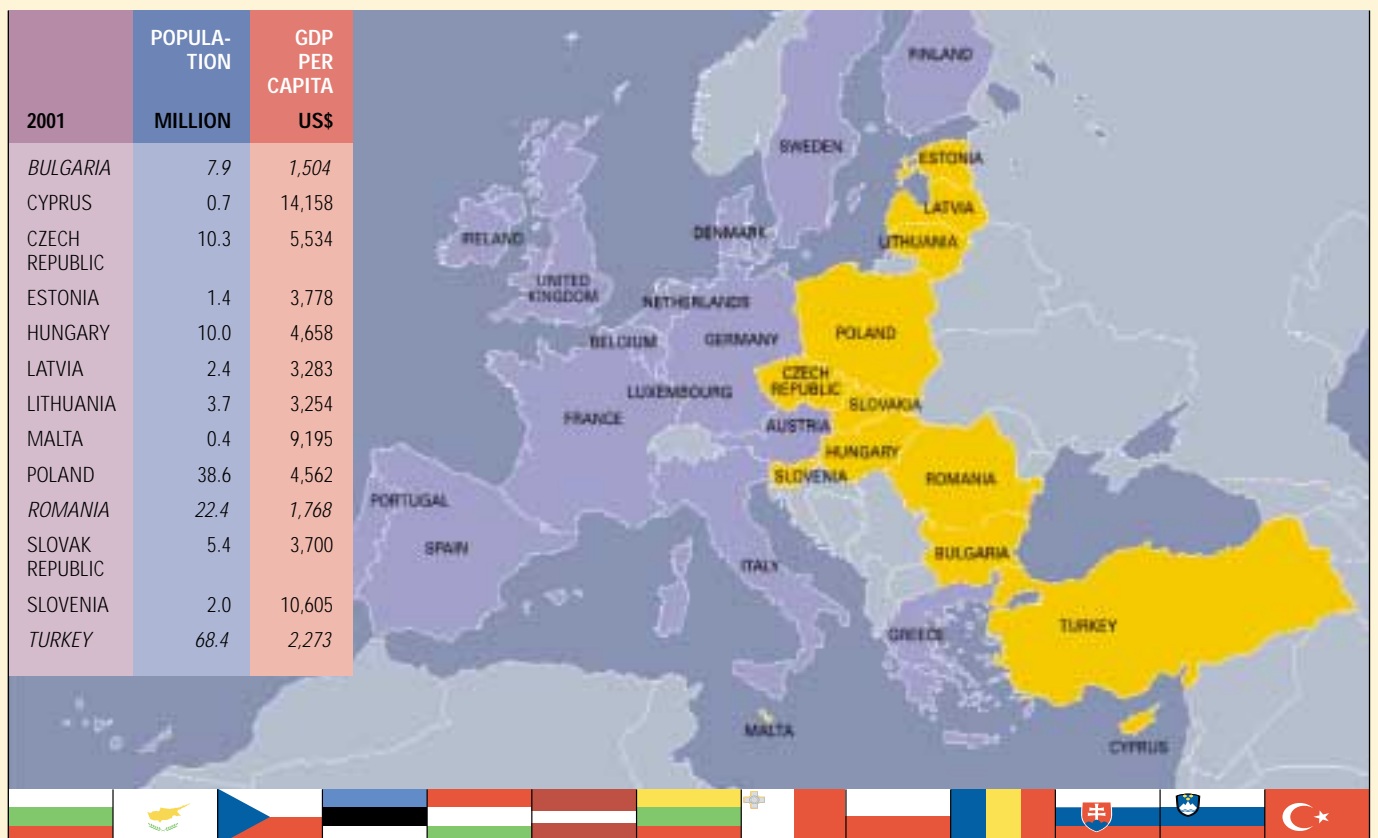
* Romania and Bulgaria have set a target date for accession of 2007. The European Council has confirmed this objective.

** Turkey is a candidate for EU membership, but it has not yet met the Copenhagen political criteria for membership, which is a pre-requisite for opening negotiations. "If the European Council in December 2004, on the basis of a report and recommendation from the Commission, decides that Turkey fulfils the Copenhagen political criteria, the European Union will open accession negotiations with Turkey without delay". (Copenhagen Council, 12/13 Dec 2002).

Trade with Cyprus and Malta has been governed by **Association Agreements**, similar to the Europe Agreements in many respects, while relations with Turkey are covered by a **Customs Union**. These have offered similar advantages to the Europe Agreements.

The Copenhagen Council of 12/13 December 2002 reached final agreement on the accession of 10 countries in May 2004. They will be required to adopt the *acquis communautaire* (EU rule book). This will complete the process of opening up the single market, removing the remaining barriers to trade and strengthening economic interaction across the enlarged EU.

For example, the adoption of harmonised standards of certification and testing will make it easier to trade goods, while EU rules on government purchasing will constrain preferential treatment for domestic providers in works and supply contracts. The new members will be subject to oversight by the Commission on many issues, including state aids.



The investment and changes needed to align the candidates with EU rules have, in some cases, necessitated a limited number of **transition periods**, which allow the new members to delay implementing particular parts of the EU rules for a short period.

The accession countries will also be bound by the European Charter for Small Enterprises, against which progress must be reported annually across ten action areas, including education and training for entrepreneurship, better legislation and regulation and developing SME representation at Union and national levels.

A changing environment for business

EU Enlargement will bring down remaining barriers to trade and business. UK companies will benefit from access to the world's largest single market, with **450 million consumers**. This is bigger than the USA and Japan combined. There will be a **level playing field** for business across the wider single market.

British business will have **unprecedented access** to a broad range of suppliers, new markets and a wider labour market. An increase in competition across the enlarged EU will **encourage innovation**.

Previous experience suggests that the economies of new member states tend to grow rapidly following accession. This **growth** will bring further opportunity for British business to trade with - and invest in - the new Europe.

The **geographical location** of the new member states is also significant, as they can act as gateways to other opportunities further afield - for example, in the states of the former Yugoslavia and Russia.

Learning from experience

Hundreds of U.K. companies are already operating successfully in the new member states. Their experiences suggest that careful preparation is the key to a fruitful venture.

Market research, country visits, relationship-building and access to technical support are all key elements of a strategic market-entry plan. Companies in the new member states are often looking for ongoing business relationships, not one-off deals. It is vital that British business shows a similar level of commitment.

Trade and investment support

Trade Partners UK (TPUK) is the lead Government organisation to help companies based in the UK achieve their export potential.

To do this, Trade Partners UK offers a network of advice through:

- Commercial teams in over 200 embassies and consulates around the world
- 200 International Trade Advisers based in more than 40 Business Links in nine English regions.

The first port of call for business looking to move into the new EU member states should be the website: www.tradepartners.gov.uk

Trade Partners UK also offers carefully tailored packages of training, planning and support to suit companies who have never exported before, as well as to those who are already doing business within the EU.

Restructuring and development

In addition to opportunities in the candidate country markets, there are possibilities for UK firms to become involved in EU-funded assistance programmes.

These EU initiatives have the potential to generate business opportunities for British businesses, which can become involved as contractors or advisors.

Pre-accession instruments

Three pre-accession instruments were designed to help new member states reach European standards:

- The **PHARE** Programme funds the creation of institutions and investment in the regulatory framework.
- The **ISPA** programme funds improvements in the transport infrastructure and helps the accession countries comply with EU environmental standards.
- The **SAPARD** programme funds projects related to sustainable agriculture and rural development.

Structural Funds

After accession, the new member states can expect to become major beneficiaries of the Structural and Cohesion Funds (SCF) to bring their level of development up to current EU levels. €22 billion is available for the new Member States. These funds will be substantially greater than the pre-accession instruments in terms of size and their impact.

For more information on aid-funded business opportunities, contact Trade Partners UK Development Business Team on 020 7215 4624.

Useful Contacts

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Business Link
Trade Partners UK's full range of information, advice and support can be accessed through the International Trade Teams at 45 Business Links throughout England, Scottish Development International (SDI), Wales Trade International (WTI) or Invest Northern Ireland.

To find the Trade Partners UK International Trade Team in your local Business Link call their enquiry line.
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Website: www.businesslink.org

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