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THE ENLARGEMENT OF EUROPEAN UNION – COST AND ADVANTAGES FOR POLAND

1. The concept of European Integrations

The European Union is the next step in the integration development in Europe. This idea appeared during the European summit in 1972 and became a goal in the European integration process. The definitions says:

"European Union is the collective designation of three organizations with common membership: the European Economic Community (common market), the European Coal and Steel Community, and the European Atomic Energy Community (Euratom). It was known as the European Community until 1994. It is primarily an economic union with the principal objectives of free movement of goods, capital, and labor. The constituent countries are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom"[1].

In general it can be said that the European Union is a unique political institution, because the usual political models relate either to nation models, unitary or federal, and the European Union includes elements from all these standards. This structure is constantly growing; the next enlargement takes place on the 1st May 2004 and involves 10 countries, what makes the EU a structure which consists of 25 countries and a mixture of languages, traditions, cultures, and habits. European economic integration made a big progress, but is still far from completion. Now the Single Market and the single currency exist, and the next step should be harmonization and political integration.

The main goal in the international integration is the increase in economic effectiveness and efficiency, which also suggests that in today's world economic conditions, many countries should be interested in integrating with the others, and that is true – the example of NATO, ASEAN, CHOG, and so on. International integration means the elimination if tariffs and quotas free mobility of factors and cooperation in the policies[2].

International integration is a process, where mutual adjustments and combined economics structures of the countries lead to the development one uniform economical organism. To make this happen special conditions are needed, like:

– a group of countries willing to integrate,
– the technical infrastructure in these countries, which makes possible the flow of capital, products, people, and services,
– the integrationist politics in these countries and an appropriate level of economic development[3].

[1] Dictionary on http://www.books.md/E/dic/europeanunion.php.
[2] J. Borowiec, K. Wilk: *Teoria i praktyka europejskiej integracji gospodarczej*. Wydawnictwo Akademii Ekonomicznej, Wrocław 1997, p. 11.
[3] T. Sporek: *Dylematy integracji gospodarczej*. Wydawnictwo Akademii Ekonomicznej, Katowice 1995, pp. 30-48.

Characteristic for international integration are the stages of economic integration, where achieving one level gives possibilities to go to the next one. Economic integration is a process which needs lots of time to develop. Starting form the simple elimination of trade tariffs to the total unification of monetary and policies, needs a number of steps in economic integration.

Free trade area is the easiest an simplest level of integration. In this area free trade is allowed among the members of the organization, but they can still keep their tariffs and quotas for third countries. What can be disturbing here is the fact that countries from outside the area can move their trades towards the country with the smallest tariffs and the highest quotas in the free trade area and access the whole market. The solution is just the elimination of the tariffs and institutional coordination. In the EU a free trade area among the members, was set up in 1958 on the basis of the Treaty of Rome in 1957.

Customs union is the next step in economic integration. In this form of integration not only internal tariffs and quotas exist, but also external restrictions are harmonized. This kind of free trade with the common external tariff in the European Union was being established in reality from 1960s until 1993. The EU was the first example of a common market freely agreed among different nations. And it took more then thirty years for this structure to become a real common market.

The common market is the third stage of economic integration. Here besides the free trade area and customs union we add the removal of all non-tariff barriers to free mobility of factors – goods, capital, labor, and services. These require more regulations and institutions, which are set up in order to monitor the decisions. The common market in the EU was set up in 1993 and since then, the EU has made progress faster than before.

The economic union means that all the members of the common market decide to harmonize their economic policy. The authorities in each associated country coordinate certain areas of economic policy. The harmonization generally occurs in monetary and fiscal policies. The early stages of economic union appeared in 1993. The Treaty of Maastricht in 1992 set the Economic Monetary Union, the result was Euro (adopted by 12 EU members), and the common currency set in 1999.

A complete economic integration is the step which the EU has not achieved yet. In this last step, countries do not have their own economic policies. There is a common currency and common fiscal and financial system, central institutions and central banks are the places of decision-making processes in the Union[4].

Historically, the goal of a political union in Western Europe is an old one, but it has failed because of nationalist feelings. The situation has changed after the Second

[4] A. Rodriguez-Pose: *The European Union, Economy, Society and Polity*. Oxford Press, Oxford 2002, p. 8.

World War; weak Europe was devastated and could not restore itself without the help from United States of America. In 1947 General Marshall made up with the aid plan for Europe.

After the war there was a need of cooperation, breaking the ice. and living in peace. In 1949 the Council of Europe was created. This body was especially to protect the Human Rights and Fundamental Freedom. In the same time, the looser in the war – Germany, was recovering. That is why a way had to be found to re-establish West Germany, and to improve their relationship with France – their previous enemy. This way was the proposal for the European Coal and Steel Community[5].

The French Foreign Minister Robert Schumann proposed it in 1950, and in 1951 this organization was set up with the membership of: Belgium, West Germany, Luxemburg, France, Italy, and Netherlands.

Because this idea was successful, again these six countries decided to go further with their integration and in 1957 the Treaties of Rome was singed, creating the European Atomic Energy Community (EURATOM) and the European Economic Community (EEC). Here one more value was added: these countries decided to have a common market.

In 1965 the Merger Treaty was signed, which created a merger of the principal institutions of the three communities from 1967 – single Commission, single Council of Ministers, and European Parliament[6].

From that time, the organization was constantly growing. In 1973 three more countries became members: United Kingdom, Denmark, and Irish Republic, then in 1981 Greece, in 1986 Spain and Portugal, and in 1995 – Austria, Finland, and Sweden.

The goal of the European Coal and Steel Community was to set up a common market for steel and coal, so following this direction the duties for the goods mentioned in the Treaty were lifted. Also a rational expansion and modernization of the industries was demanded. In the same time the ECSC sought to restrict Member States' use of discriminatory state subsidies and it provided a common external commercial policy relating to the sectors.

The Treaties of Rome expanded the joint activity considerably, but the EURATOM Treaty was less significant. It was more about creating competition against the ZSRR and USA who were then developing the integration. The goal was to set up common financial support for research in the nuclear program.

In the 70s the development dynamic in EC was stopped by many occurrences (like the oil crisis or Bretton Woods monetary system collapse). These created a weakness in the economy and a stagnation of investments in Europe. It caused increasing tech-

[5] A.M. El-Agraa: *The European Union History, Institutions, Economics and Policies*. Prentice Hall, Europe 1998-1999, p. 21.
[6] *Unia Europejska – organizacja i funkcjonowanie*. Red. M. Cini. PWE, Warszawa 2007, pp. 53-65.

nology distance between Europe and USA or Japan. In the same time new but economically weak members joined the EC. These all formed many new social and regional problems.

To change this situation, in 1985 the Commission delivered the White Paper the main goal of which was to make the single market achievable. And the next step was the Single European Act. The SEA was singed in February 1986 and came into effect on 1 July 1987 to establish a Single European Market, defined as an area without frontiers in which free movement of goods, services, people, and capital would be ensured. The deadline for the completion of the Single European Market was established for the 1992. The single market was formally completed in 1992 and in the same year one of the biggest occurrence in European Union integration happened – the Treaty of European Union was signed in Maastricht, the Netherlands.

The real breakthrough was in December 1991, during the Maastricht meeting, where the decision about creating the European Union was set up. On 7th February 1992 the Treaty on European Union was finally singed. And in the Article B the goals of the EU are:

– to promote economic and social progress which is balanced and sustainable, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union, ultimately including a single currency in accordance with the provisions of this Treaty,
– to assert its identity on the international scene, in particular through the implementation of a common foreign and security policy including the eventual framing of a common defense policy, which might in time lead to a common defense,
– to strengthen the protection of the rights and interests of the nationals of its Member States through the introduction of a citizenship of the Union,
– to develop close cooperation on justice and home affairs,
– to maintain in full the "acquis communautaire" and build on it with a view to considering, to what extent the policies and forms of cooperation introduced by this Treaty may need to be revised, with the aim of ensuring the effectiveness of the mechanisms and the institutions of the Community[7].

The Treaty of Maastricht introduced new forms of cooperation between the member state governments. By adding this inter-governmental cooperation to the existing "Community" system it created the European Union[8].

The European Union comprehends three pillars – the first pillar consists of the EC goals concerned creating the economy, monetary union, and the single European market. In the same time taking into consideration different areas of EU policies like trade, agriculture, transport, competition, environment protection, and so on.

[7] Treaty on European Union. Common Provisions, Article B, http://europa.eu.int/en/record/mt/title1.html.
[8] Ibid.

The second pillar treats the Common Foreign and Security Policy, and the third one covers Justice and Home Affairs. The policies in the last two pillars are given greater prominence then before and they are stronger.

The next movement in the EU was the Amsterdam Treaty signed in 1997. This Treaty put the improvements into the already existed findings. In terms of policy reforms, the main change was the introduction of an employment chapter, also the social one and environment policy were added, and public health and consumer protection were strength. Institutionally, the Amsterdam Treaty enhanced the power of the European Parliament.

The last was the Treaty of Nice, which was singed in 2000. It was especially important for the countries which are joining the EU in May 2004 because it includes the essential solutions for the enlargement – the regulations about: size and composition of the Commission, weighting of votes in the Council, extension of qualified--majority voting, and enhanced cooperation[9].

As it has been shown here, the EU is the most developed association in the world because of its history, the structures, and the comprehensiveness. The creation of such a structure took many years, but it is still growing and the best proof is that the enlargement is a fact. 10 new countries are in the way of joining the EU, and all should be prepared very well to make Europe working together.

2. The enlargement of European Union

2.1. The theory of clubs

It can be said that the history of the European Union is a history of enlargement. The EU has grown from the 6 signatories of the Treaty of Rome to the 15 current countries, soon 25. But the enlargement means many aspects – political, cultural, military, security, judicial, and economical. In this is one of the most important factors. Without this one, the rest cannot really exist.

The profits from creating the EU and enlargement can be defined from the economic theory of clubs:
– clubs produce goods and services for their members which are intermediate between private goods and public goods,
– in the clubs there exists excludability (like private goods), and nonrivalry (like a public good)[10].

[9] Treaty of Nicea. The Comprehension Guide, http://europa.eu.int/scadplus/nice_treaty/introduction_en.html.
[10] R. Cornes, T. Sander: *The Theory of Externalities, Public Goods and Club Goods*. Cambridge University Press, Cambridge 1996, p. 26.

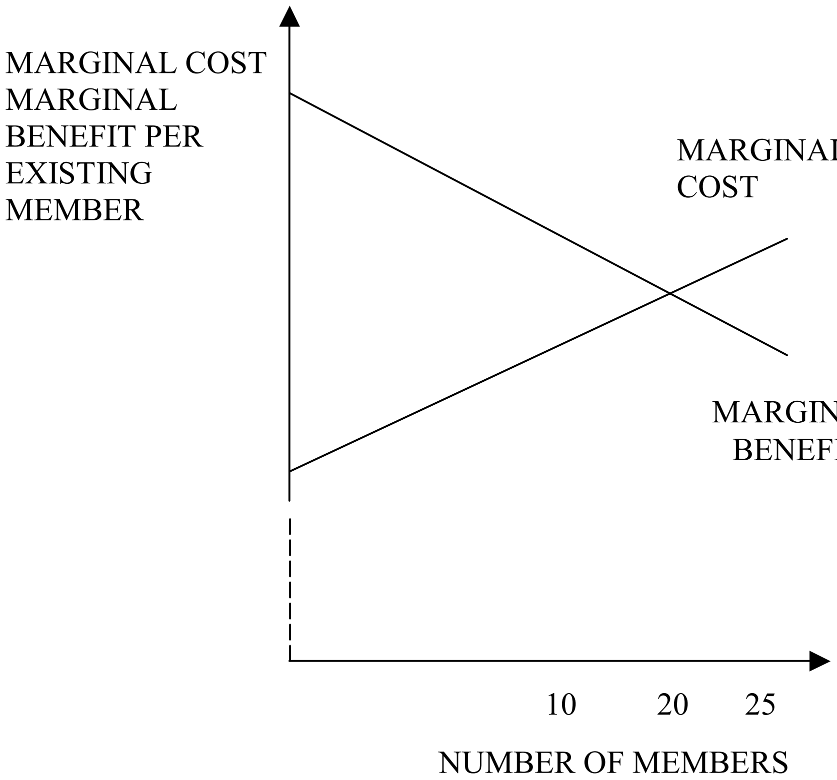

Figure 1. Optimal Club Size

Source: M. Artis, F. Nixon: *Economics of the European Union*. Oxford Press, Oxford 2001, p. 83.

The EU matches very well to this theory. Here are examples of goods and services produced by the EU which are non-rival in consumption by the members: equal rights of membership, equal access to the free trade area, customs union and a single market, equal right to participate in the monetary union. These rights give the members benefits, but beside benefits, there are also costs, which apply to each member: substantial representation at the EU installation, contributing to the EU budget, to the costs of the economic policy.

If is assumed that all the member countries are the same. From the chart above it can be read that marginal benefit decreases as the numbers of club members increases. The first members are the most valuable, later not so much. It is shown that the club size can be found out that at size 10 the club is too small, marginal benefit exceeds marginal cost. In this situation everyone would benefit from new members in joining. At size 25 the club is too large; at size 20 the club is just big enough[11].

[11] A. Artis, F. Nixon: *Economics of the European Union*. Oxford Press, Oxford 2001, p. 83.

Of course in the EU each country is different – with a different level of its economy, population, and GDP. Germany has got the largest economy and the largest population, and Luxemburg has got the smallest population and economy, but the highest GDP per capita. Different members have got different costs and benefits associated with the enlargement. Everything depends on: when a country joined the structure, what are its features and how well its economy does.

This simple model explains also a bit of the history of the EU. It is interesting that so far no member of accession tried to leave – especially a core member, and the second thing is that the most recent members have got more difficulties and second thoughts about the accession because for such members the marginal benefits are rather narrow. But once again – this is only a model and the countries in the EU are all different[12].

2.2. A short view on the enlargement aspects

Till 2004 the European union has had 15 countries. The history of the European Integration starts with 6 of them in the year 1958 – France, Germany, Italy, Netherlands, Belgium, and Luxemburg. All these countries were rich and outstanding in Europe. The next enlargement took place in 1973 – UK, Denmark, and Ireland, and this situation Ireland was the poorest in this group. In 1981 Greece became the next member – it was the poor country, and in 1986 Spain and Portugal – once again the poor countries. Finally in 1995 – Austria, Sweden, and Finland, but all these countries were in a good economic situation.

Table 1

Current membership distribution

	Rich	Poor
Large	UK, France, Italy, Germany	Spain
Small	Belgium, Luxemburg, Netherlands, Ireland, Denmark, Sweden, Finland, Austria	Portugal, Greece

Source: M. Artis, F. Nixon: Op. cit., p. 85.

As it can be read from the table: from 15 countries joining the EU, only 3 were poor and the rest were rather rich and well developed. It was easy to integrate in such conditions. For the rich countries the burden of help was not so heavy because there were only 3 countries which demanded special treatment.

According to the Treaty of Maastricht: "Any European state apply to become a Member of Union". In Europe we have 45 countries, 15 are in EU – so 30 countries

[12] Ibid.

can be the candidates to the EU integration! Now 10 countries are joining the structure in 2004, 3 other applied for the membership and their applications have been accepted – Bulgaria, Romania, and Turkey.

Table 2

Member of the UE in 2004 and 2006

	Rich	Poor
Large	–	Poland
Small	–	Slovakia, Czech Republic, Malta, Cyprus, Slovenia, Estonia, Latvia, Lithuania, Hungary
2006	–	Bulgaria, Romania

Source: T. Sporek: *Procesy regionalnej integracji gospodarczej w Europie i na świecie*. Wydawnictwo Akademii Ekonomicznej, Katowice 2006, pp. 36-42.

As is can be read from that table, among the new countries joining the EU 9 are small land, all 10 are poor – according to the index taken to the all – 25 countries. But all they have been working hard in order to improve their conditions.

New candidates should fulfill the following criteria:

- They should have a European identity, a democratic status, and a respect for human rights.
- They should not only accept the Union laws and regulations, but also be able to implement them. This conditions presumes that an applicant has a well-functioning economy and a well functioning administrative framework.

On the basis of these criteria, it took a few years for the applicants to prepare. It is clear, that a country with a higher income is more likely to satisfy these criteria. However, this enlargement is different because the former communists countries will join the EU, and it will bring results in regional stability prevent social and political conflicts and will provide better prosperity in the region of the East and Central Europe[13].

New countries in Europe give more people – how many more? There were 380.8 million people living in the EU on January 1, 2004, according to the figures just released by Eurostat, the EU's Statistical Office. The new 10 countries mean 74.1 million more inhabitants in the EU! Never in the history of EU have so many countries joined the structure and the population of EU grown so rapidly[14].

Also in the economic aspect the situation is different than before – the combined GDP of the ten candidates is 6% of the Union one, their average national income per head is only 45% of the EU average.

[13] W. Addison: *European Union Economies*. Longman, Harlow 1998, p. 18.
[14] Demographics: EU population grew by over 1 million in 2003, 2004. European Report.

Because of all this differences and difficulties the EU:

- Carries out the reform of the Union in a more open and democratic manner – they had to make preparations for next 10 members.
- Introduced the Euro.
- Made the reforms of structural funds and new financial guidelines for the EU.
- Provides the financial help via introducing many funds like Phare (preparing the integration process), ISPA (help for transport and environment adjustment), or SAPARD (help for agricultural sector)[15].

2.3. The benefits of the enlargement

Enlargement means costs, but it also means benefits for the European Continent because it will support the market economies, open up the market in goods and services between East and West, North and South. It will stimulate economic growth in Europe and will offer new opportunities for all. It will bind the countries of Central and Eastern Europe into the Western European structures – political and economic. It should improve security and stability, it will increase effective cooperation in the fields of Justice and Home Affairs, help to fight against crime and drugs. It should also provide higher environmental standards to Eastern and Central Europe – all Europe will benefit from reducing of pollution[16].

Enlarging the EU will be good for consumers on both side, for producers of agricultural products and labor-intensive manufacturers in the 10 assessing countries and exporters of high value capital goods, consumer goods and traded services in the EU. It will increase the trade in both directions and will make a difference to the inflow of investment to the East. It is an opportunity for the agriculture in the Central and Eastern Europe. The enlargement will bring benefits for the rest of world because of lower or non-tariff barriers, extension of the Single Market to a wider area, and an increase of investment opportunities[17].

The benefits are already visible:

- In Central and Eastern Europe it has been set up stable democracies and increasing respect for minorities.
- Also in these countries the economic reforms have led to high rate of economic growth and better employment prospects.
- The growing trade between the EU and the 10 countries is important, generating employment and growth[18].

[15] Urząd Komitetu Integracji Europejskiej 2002, p.2.
[16] Ibid., p. 2.
[17] M. Maresceau: *Enlarging the European Union*. Longman, Harlow 1997, p. 242.
[18] Http://europa.eu.int/comm/enlargement/argument.

2.4. The problems with the enlargement

2004 will be a year of change for the three main pillars of the EU. New countries are in their way of joining the EU, but disagreements are brewing among the present members over the EU constitution, budget, spending, and growth. The preparation of the accession countries is still in a progress, but there are some numbers showing not the best situation. Cyprus, Malta, and Slovenia have a per capita income about 70 unemployment rate, highest in Poland at 21 percent, and lowest in Slovenia at 6.4 percent is expected to provide the negative effects like a falling birth rate and emigration. Increased expenditures for the regions, the budgets for research, justice, home affairs and administration, and big cuts in farming are likely to create a debate between poor new beneficiaries and established rich contributors. The new members have to invest into the new technology and human resources.

But numerous economic analyses say that the benefits of the enlargement are much bigger then the costs. Although the benefits are relatively larger for the acceding countries because they start from a lower economic base (their economies represent only about 6% of the GDP of EU – 15), there are gains for both sides. Moreover, the future members, already exposed to the challenge of globalization, will help the Union to surmount it[19].

2.5. Poland shortly before the accession

Poland presented her application for a membership in the EU on 5th April 1994. Then the Council of Ministers decided in 1995 to implement the procedure which provides for consultation of the Commission. The Polish application for membership has being examined at the same time as applications from nine other associated countries. Poland's accession is a part of the historic process, in which the countries of Central and Eastern Europe are overcoming the previous barriers of communistic heritage and creating all area of peace, stability, and coming soon – prosperity[20].

The accession negotiations with Poland were successful conclude on 13 December 2002 and the Treaty of Accession was singed on 16 April 2003. In a referendum, which took place on 7-8 June 2003, the majority of Poles supported membership of the European Union and Poland will join the EU on 1 May 2004.

Membership in the EU is for Poland a historical chance because it can help cooperating with the well developed countries in the West Europe. (Also geographically

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[19] Enlargement, EU service, http://europa.eu.int/comm/enlargement/arguments.

[20] Agenda 2000, Commission Opinion on Poland's Application for Membership of the European Union, http://europa.eu.int/comm/enlargement/dwn/opinions/poland/po-open.pdf.

Poland plays an important role; its position is just in the middle of Europe). Almost from the year 1991 Poland has been preparing to the accession. During all this time, the goal was to bring closer the economy of the post – countries in population and land area, representing the 50% of all the new inhabitants in the EU. But at the same time Poland has got the highest unemployment rate – around 20% nowadays. The case of the enlargement is already settled and it is known that the EU is an opportunity, but there can also be threats for the new countries.

2.6. Polish economy nowadays in 2003

This year the Polish economy is growing. The predictions say that the GDP will be higher, around 4,5% this year. Also inflation will be approximately 2,4% and the economy growth will amount to 4,7%. The numbers show that the sales, production, and exports are higher and are still increasing. The fact is that many sectors are still continuing growth like industrial production, transport or automobiles sectors. Production was higher in 23 sectors from the 29 existing, and in 20 of them the 18% during the January and February of 2004.

As it can be found out in this table, GDP is still growing, but still nowadays it is only 40% of the GDP per capita in the EU countries. If it is assumed that Polish economy growth each year will be counted around 6% and in EU 2,5% (like nowadays), Poland and EU will reach the same level in the year 2028 (!).

Table 3

Gross Domestic Product in selected sections

Specification	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
Total, of which	**472 350.4**	**553 560.1**	**615 115.3**	**713 391**	**750 786**	**772 248**
Gross value added, of which:	**412 870.4**	**485 177.0**	**535 829.0**	**623 910**	**657 844**	**674 501**
Agriculture, hunting, and forester	22 611.2	22 930.9	21 083.5	22 057	24 459	20 929
Industry:	121 025.2	133 962.9	145 211.5	160 086	158 205	160552
Mining and quarrying	14 631.1	13 897.0	14 117.8	16 068	15 912	15 938
Manufacturing	92 321.3	104 339.5	112 938.6	124 411	118 005	117 663
Electricity, gas, and water supply	14 072.8	15 726.4	18 155.0	19 607	24 288	26 951
Construction	32 769.2	41 988.8	47 142.7	51 292	47 442	44 062
Services, of which:	**236 325.0**	**286 128.1**	**322 162.4**	**390 274**	**427 535**	**448 745**
Market services	201 446.3	246 342.6	250 288.6	294 500	320 433	339 549
Trade and repair	86 766.9	100 339.1	110 605.5	126 545	135 237	140 904
Transport, storage, and communication	26 679.3	30 948.9	36 259.1	42 982	48 102	52 998

Source: Ministry of Economy 2003, 14.

Also other numbers show the improvement of Polish economy these days. Export in 2002 estimated for 41010 mln USD, and was around 13,8% higher than in 2001. Import in this period was 55113 mln USD, and was higher about 9,6% than a year before. So the trade deficit amounted to 14103 mln USD and was 145,4 mln USD lower than in 2001. The average monthly gross wages and salaries in 2002 was 2133 mln zl (around 453 euros), and was higher than a year before of 88 zl.

The economy of Poland, however, has got better indexes now but still is it worse than all the countries in the EU. From the 10 countries which join the EU only Cyprus achieves a better development level than the 2 poorest members of the EU – Portugal and Greece. Also Slovenia is better than Greece. The second group is the countries – Malta, Czech, Hungary, and Slovakia. Here the life conditions can be estimated on the level of 50% of average in the EU, but the biggest group (while taking into consideration population) consists of the poorest countries like Poland, but also Estonia, Latvia, and Lithuania. Here life conditions are estimated to be less than 40% of the average in the EU. Although in each of the 10 countries the improvement speed of the living conditions is bigger than average in the EU. For the comparison on the chart is shown the difference between the Gross Domestic Product in Poland and the poorest and the richest EU Countries[21].

The structure which creates GDP in Poland is much different from the Union one, because agriculture, forestry, and fishery still have a high contribution in creating the Polish GDP – 3,7% in 2003, in EU only 2,3%. In the same time, in Poland 18,9% people work in these sectors (2002) and in the EU just 4,6% (2002). Contribution of architecture and industrial sector in the creation of the Polish GDP is estimated on 35% (2000), in the EU it is counted on 31% (2000). Services in Poland give 61% (2000), and 66% in the EU[22].

The situation which should be achieved for the better development of Poland, is a bigger contribution of services, and a smaller one of agriculture in creating the GDP, just like it exists in the highly – developed countries.

All the indexes connected with the quality of life are much lower in Poland than in EU countries, but we have to be aware that Poland is a post-socialistic country, which during 50 years existed in such a system which made big damages in the economy, and also in people's awareness and behavior. It is only 15 years since there has been a free market and democracy in this country. That is why Poland and all else 9 countries made a big progress, but they still need some more tome to make their economy working on the EU level.

[21] J. Heller: *Integracja Polski z Unią Europejską*. Difin, Bydgoszcz 2003, p. 73.
[22] Komitet Integracji Europejskiej, 2002, p.11.

2.7. EU – the economic and non-economic advantages for Poland

Every process, every change has got pros and cons. The same is with integration, and the advantages can be analysed on 3 grounds: political, economic, and social.

<u>Political advantages:</u>
- The first main reason – safety and stability in Europe – this is the advantage not only for Poland, but also for the whole world.
- A greater stability of democratic system and safety for the country and citizens.
- The possibility of traveling, working and living aboard[23].

<u>Economic advantages:</u>
- Greater purchasing power.
- Polish producers will have an access to 450 million consumers in the EU.
- Growing competitiveness and innovations in the economy.
- Financial help from the EU.
- More foreign investments.
- Take over new technical solutions, know-how.
- New solutions and financial help for the agricultural sector – the most problematic one.
- Funds for regions development.
- Funds for small and medium enterprises.
- Higher consumption – about 2% points more.
- A lower level of inflation.
- Poland will have an important role in the international environment – influence on cooperation and decisions.

<u>Social advantages:</u>
- Higher national safety.
- Work conditions improvement.
- A higher level of studying, health and living conditions.
- Improvement of living conditions.
- A higher level of environment protection[24].

Poland has got possibilities for development and improvement. The question is how well this country will be able to use the given chance. Here the Polish government and its negotiation abilities play a great role. The EU gives to the new countries a lot; hopefully they will use these sources for the benefit of their societies and economies.

[23] T. Sporek: *Korzyści i obciążenia wynikające z przystąpienia Polski do Unii Europejskiej*. Wydawnictwo Akademii Ekonomicznej, Katowice 2001, p. 84.
[24] Ibid., p. 86.

2.8. EU – threats and costs for Poland

Besides many chances which will give the EU, there are also costs or threats, which will be borne by Poland – the budget, economic, and social costs:

- Law adjustment – Poland needs to adopt the EU's law which in some cases can be very difficult, for example protection standards.
- Common trade policy – Poland cannot decide alone about the tariffs and quotas.
- North and East borders of Poland will be also the outside border of the EU – these borders needs special care, personnel preparation, and regulation adjustment.
- Personnel training in administration.
- Creating training in administration.
- Information campaigns.
- Payments to the EU budget.
- Limitating the role of the national governments and moving some decision-making processes to the international field[25].

Also people are afraid of being flooded by the products coming form the EU, by the foreign investors who will create money outflow from Poland to the West Europe. In the same time there can be expected some negative influences like illegal immigration, problems with the borders – especially from the East side of Poland. Also the brain-drain is possible – the educated and the most qualified people can be willing to go abroad and never come back. There are also costs which can have an influence on the citizens and effect specially small, very often family businesses and enterprises:

- Some SMEs could not be able to afford that – the cost of liquidation or bankruptcy.
- Adjustment to the products standards – the highest expenses.
- Decreasing the employment in the industry sector – caused by the increasing work efficiency and new technologies.
- Time aspect – Polish enterprises only in long-term will really be able to take an advantages from the free trade.
- Increase of the production prices in the agricultural sector.
- Stronger, international competition.

Especially the costs can have an influence on the Small and Medium Enterprises Sector because these companies have been carrying the burden of the economic changes in Poland. They are producing 45% of the total Polish GDP and are the symbols of a well functioning economy. It should be added that Polish SMEs exist in a different environment than the Union ones, lack of experience on the international market, smaller access to the new technology and know-how, can create difficulties

[25] T. Sporek: *Ugrupowania międzynarodowe kształtujące architekturę jednoczącej się Europy u progu XXI wieku*. Wydawnictwo Akademii Ekonomicznej, Katowice 2004, pp. 58-69.

and problems. The market is prepared for some of them disappearing, but the new ones will fulfill that gap[26].

Analysing the situation of Poland and all the disadvantages and advantages, it can be sad, that it will be a good solution for Poland to contribute to the integration process. There are of course some costs which have to be borne, but in the long-term Poland will achieve more by being a part of the integrated Europe.

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