ENLARGEMENT OF EU
-WIDENING-

Treaty of the European Union (TEU)

- ***Article 49 of the TEU: Any European State which respects the principles set out in Article 6(1) may apply to become a member of the Union.***

- ***Article 6 of the TEU: The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.***

The Official EU View on Enlargement

- "Enlargement is one of the EU's most powerful policy tools. It serves the EU's **strategic interests** in stability, security, and conflict prevention. It has helped to **increase prosperity and growth opportunities**, to improve links with vital transport and energy routes, and to increase the EU's weight in the world.

Joining the Club – Criterion for EU Entry

- Accession countries have to meet the **Copenhagen criterion** for joining the European Union
  - Stability of political institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities
  - A fully functioning market economy that meets the standards required for participation in the single market

The Copenhagen Criteria

- **Political criteria**
  The applicant country must have achieved stability of its institutions **guaranteeing democracy**, the rule of law, **human rights** and respect for and protection of **minorities**.
- **Economic criteria**
  It must have a **functioning market economy**, as well as the capacity to cope with competitive pressure and market forces within the EU.
- **Criteria of the adoption of the *acquis***
  It must have the ability to take on the obligations related to of membership, including adherence to the aims of political, economic and monetary union.

Potential Gains for Accession Countries (1)

- Membership of the EU Single Market
  - Trade:
    - Exploiting **comparative advantage** to increase trade
  - Investment
    - Free movement of capital – looking for the highest return
    - Inward investment to aid transformation of national infrastructure – impact on a country's LRAS / trend growth
  - Competition
    - More competition – a boost to labour productivity
    - Dynamic efficiency gains e.g. arising from higher capital investment and faster pace of innovation

Potential Gains for Accession Countries (2)

- Financial Support
  - Countries will be net recipients of income from
    - Common Agricultural Policy
    - EU Structural funds
    - Many regions have per capita incomes well below the 75% threshold for Objective 1 funding
    - 92% of population of accession countries lives in regions with a GDP/ head under 75% of the EU25 average. 61% of the population lives in regions below 50%
    - Much of the EU funding will help to finance investment

Potential Gains for Accession Countries (3)

- Potential macroeconomic advantages
  - Reduced exchange rate volatility – many countries are keen to join the Euro to reduce exchange rate risk and benefit from lower interest rates
  - Slovenia, Slovakia, Cyprus and Malta have joined the single currency
    - Slovenia – January 2007
    - Cyprus and Malta – January 2008
    - Slovakia – January 2009
  - Other countries do not meet the entry requirements or have chosen to remain outside – to retain monetary policy flexibility

An Ever Wider Union

- 1973 Denmark, Ireland, the UK
- 1981 Greece
- 1986 Portugal, Spain
- 1995 Austria, Finland, Sweden
- 2004 Cyprus, Malta, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia
- 2007 Romania, Bulgaria
- 2013 Croatia

1957

- FROM 6 TO 15

First enlargement to the UK, Denmark and Ireland

- Long process held up twice due to Anglo-French difficulties
- French veto in 1963 and 1967 because the UK was not ready to accept the obligations of membership
- UK's most difficult issues:
  - Common external tariff affecting trade relations with former colonies and New Zealand, Canada
  - Financial contribution to the EC
- Other countries had few substantial problems, except Norway with the sharing of fishing resources
- In 1973, the UK, Denmark and Ireland became members. Norwegian population rejected membership.

Enlargement to Greece, Portugal and Spain

Common characteristics:

- Emerging from military dictatorships
- Backward economically and socially
- EC membership important for socio-economic reform
- The EC approves enlargement on political grounds

- The Commission's initial recommendation against early accession of Greece was overturned by the Council. Negotiations on the terms of participation in agricultural policy and free circulation of workers
- Portugal completes negotiations without major problems
- Spain's negotiations were long and protracted. Problems with the inclusion of Spanish agricultural products in the CAP, access to fishing waters and the free circulation of workers
- Greece (1981), Spain and Portugal (1986) benefit economically from EC membership

Enlargement to Austria, Sweden and Finland

These countries' initially sceptical position on European integration changes because:

- End of the Cold war
- Dynamism of the Internal Market
- Dissatisfaction with the institutional arrangements of their free trade agreement with the EU

- Negotiations lasted 12 months with few contentious issues because:
  - Wealthy, economically and socially advanced, countries
  - Future net-contributors to the EU
  - CFSP provisions still too vague to pose problems to these neutral or non-aligned countries

- Austria, Finland and Sweden become members in 1995 while Norway rejects for a second time

Enlargement to 8 central and eastern European countries (CEECs), Malta and Cyprus

- This enlargement is often held to be "unprecedented"
  - 12 countries, Bulgaria and Romania included
  - Transition from totalitarian Communist regimes to democracy and market economy
  - Economically backwards with low living standards, bad physical and administrative infrastructure
  - All potential beneficiaries from the EU budget
  - Process of economic transition in parallel to the adoption of EU's economic acquis
  - The CEECs wanted EU membership as an anchor for their transition
  - Plus 2013 Croatia

The Phare Programme

- Main pre-accession instrument to assist the 10 applicant countries of Central and Eastern Europe in their preparation for joining the European Union.
- Set up in 1989 to support economic and political transition, Phare had by 1996 extended to include 13 partner countries from the region.
- Originally allocated € 4.2 billion for 1990-1994, the Phare budget was increased to € 6.693 billion for 1995-1999.
- Agenda 2000: Annual Phare budget is € 1.62 billion for 2000-2006, i.e. some € 11 billion.

Design of an enlargement policy: Agenda 2000

- Support the adoption of the acquis related to the Internal Market (harmonization of product standards). Later adoption of the acquis of EU policies (environment, agriculture, social affairs, consumer affairs etc.)
- Enlargement must not become too costly
- Commission invented contractual arrangements parallel to the negotiations to keep candidates on track and member states happy:
  - Pre-accession strategy with matching National Programmes for the Adoption of the Acquis
  - Yearly progress reports from the Commission

Big political questions

- How many countries should become members. When and how?
  - Initially two groups
  - Then on merit: in 2003, 8 CEECs, Malta and Cyprus allowed to join in 2004 while Bulgaria and Romania had to wait until 2007
- Public fears in the EU about inflow of workers, increased cross-border crime, social dumping influence negotiations
- Institutional reform (the Nice Treaty)
- Reform of the Community policies
  - Common agricultural policy
  - Regional policy and structural funds
  - Impact on the EU budget
- Implications for EU external relations

EC/EU Objectives

- Promote domestic economic and political reforms in Eastern Europe
- Promote international stability and peaceful resolution of conflicts
- Goals remained constant, but means have varied

Geopolitics

- Geopolitical considerations
  - Need to promote stability in Eastern Europe
  - Maintain influence and power in the EU
- These considerations explain
  - Decision to enlarge as well as its timing
  - Conditions attached to membership
  - Reconsideration of enlargement strategy in 1999

- WIDENING- DEEPENING
- Or DIFFERENTIATED INTEGRATION
- Multi-speed integration
- Europe à la carte
- Concentric circles

Accession Process

Conduct of accession negotiations

- Candidate apply for membership
- Commission gives an opinion on the country's readiness
- Acquis divided into chapters that set the template for the negotiations
- Commission draws up draft common positions of the EU. Accepted by the Council
- Negotiations with the candidate country on EU's common position, chapter by chapter until all chapters are concluded
- Accession treaty signed by the parties, approved by the EP and ratified by existing and future member states
- Accession on a fixed date

The Opinions

- An assessment against the Copenhagen criteria: a detailed description and analysis of the political and economic situation in each applicant country.
- An evaluation of its capacity to adopt and implement the *acquis* (that is, the rights and obligations deriving from the EU treaties and laws) in all areas of the Union's activity.
- An indication of possible problems in taking on the *acquis*.
- A recommendation concerning the opening of negotiations.

Recommendations of the Commission

Based on the following conclusions:

- None of the candidates fully satisfy all the criteria at the present time;
- Nine countries satisfy the political conditions;
- Certain countries have made sufficient progress towards satisfying the economic conditions;
- The Commission considers that **Hungary, Poland, Estonia, the Czech Republic, Slovenia** and **Cyprus** could be in a position to satisfy all the conditions of membership in the medium-term.

The Commission recommends the Council to open negotiations with these countries.

Some issues to cover and revise

- Has the widening of the EU been a success?
- The benefits and costs of enlargement for
  - New member states
  - Existing (established) members of the EU
  - The EU economy as a whole e.g. in the context of globalisation and other external events
- EU enlargement and immigration policy
- How many more countries will join?
- Will enlargement prevent final economic union?
- How many new states will join the Euro?
- Is enlargement fatigue setting in?
- What of states that remain outside of the EU e.g. Norway and Iceland

Treaty-based rules

- “Any European country may apply….”
- Value based doctrine: (liberty, democracy, respect for human rights, fundamental freedoms and the rule of law). Liberal democracy and the market economy
- Accession requires unanimity in the Council of Ministers and assent of European Parliament
- Accession Treaty based on international law and ratified by all signatories

EU enlargement doctrine

- "Total acceptance of the a*cquis communautaire*" + future objectives
- Negotiations only on terms of transition periods, no derogations granted
- The Copenhagen criteria:
  - Stability of institutions guaranteeing democracy
  - Existence of a market economy
  - Capacity to sustain competitive pressure in the Internal Market
  - Capacity to fulfill the obligations of membership
- Plus ability to maintain EU cohesion and momentum

Roles and responsibilities during accession negotiations

- Foreign Ministers meet in the Council negotiate with the candidate. Close chapters and sign the Accession Treaty. Country holding the presidency leads the negotiations.
- European Council has overall responsibility. Solves disputes among existing member states.
- Commission has superior knowledge, proposes draft common positions and compromises. Monitors and evaluates candidate's progress. Manages pre-accession instruments
- EP gives its assent to the final outcome
- Candidate joins an existing club.

Future Enlargements