

The enlargement of the European Union

Opportunities and threats

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2002 will (possibly) be the year of the enlargement and the end of a long negotiation trail. The Iron Curtain fell in 1989, and it fundamentally changed the fate of the Central and Eastern European Countries (CEECs). The first Europe Agreements, concluded with the possible perspective of future accessions, were signed in 1991. The global strategy of the EU for enlargement was defined at Copenhagen in 1993. The first IGC dealing with the consequences of enlargement began in 1995. 1997 then saw the beginning of the accession negotiations. Finally, a reform of the major European policies was undertaken in 1999 and the post-accession institutional framework was laid down by the Nice Treaty in 2000.

Quite a long process indeed. But it could not, as a matter of fact, have been otherwise. The enlargement is quite an extraordinary challenge for all the parties involved. For the European Union, it is maybe the most ambitious endeavour in its whole history. Other projects have been very ambitious: the single market, the single currency, and in a different way the Lisbon strategy. But none required such a reform in depth of the European Union as the enlargement now does. Remarkably, this has not been taken fully into consideration by the governments of the Member States.

The paper is structured along the following lines. Part 1 describes what has been done so far in the preparation for enlargement, both by the candidate countries and by the EU itself. In part 2, the focus shifts to what still has to be done before the accession negotiations can be concluded. Part 3 assesses the long-term implications of an enlarged Union.

Each part is composed of the following chapters: the accession negotiations, EU policies, budgetary matters and institutional matters. In the last part, a special chapter is dedicated to the eastward enlargement of EMU.

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1.1.2.1. The Helsinki European Council (1999)

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1.3.2. Helping to prepare for enlargement: EU pre-accession aid

1.4. Institutional matters

1.4.1. The Council: Definition of QMV, weighting of votes and QMV threshold in a Union of 27

1.4.2. European Parliament in a Union of 27

1.4.3. The Commission in a Union of 27

1.5. Conclusion

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1.5.2. ...whilst the preparation on the EU side has been cosmetic...

1.5.3. ... and the *acquis* criterion might be inappropriate for the candidate countries.

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 - 2.1.1.1. *Issues of concern in the 12 negotiating candidate countries*
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2.2. EU policies

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2.3. Budgetary matters

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- 2.4.1. Weighting of votes and QMV threshold
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General conclusions

General conclusions

Enlargement entails both opportunities and threats for the European Union. The analysis of the threats reveals that the Union's strategy presents some deficiencies. These deficiencies should be corrected, because otherwise they risk bringing the EU to a halt as well as provoking negative reactions in public opinion, both in the Member States and in the candidate countries.

1. No precedent

This enlargement will differ from previous ones, both quantitatively and qualitatively.¹ The EFTA enlargement may thus well have been the last 'classical' enlargement.

From a quantitative point of view, the number of countries involved will be the biggest ever. From a qualitative point of view, several factors account for a major difference with previous enlargement waves. The revenue per capita of these countries is much lower than in the present Member States. The economies of these countries are still, in some aspects, in transition. Their experience with parliamentary democracy and decentralisation remains limited. Moreover, their accession is bound to generate new geopolitical problems. And finally, this enlargement wave will destabilise relations between big and small members of the European Union, as this wave consists mainly of small countries.

These factors cannot be denied. The extent of the challenge they create must not be underestimated. They explain why the lessons of previous experiences present little worth in the present context.

Furthermore, the European Union itself has changed. It is no more the EEC of the 1970s, nor the EC of the 1980s. The scope of European integration has grown tremendously and any enlargement has therefore inevitably become more complex to negotiate.

It thus seems fair to say that there is no precedent for this enlargement wave.

2. Undeniable opportunities and threats

Enlargement presents undeniable opportunities, for both the candidate countries and the European Union. It offers a possibility to stabilise the region of Central and Eastern Europe, and to prevent the onset of various troubles, be they economic, environmental, ethnic or geopolitical. It also offers significant economic opportunities for both sides. Finally, it will enhance the global weight of the EU.

¹ CROFT, S., et al., *The enlargement of Europe*. Manchester University Press, 1999, p. 57.

There are nevertheless potential problems.

First, the enlargement requires a significant adaptation of various European *policies*, which already appear inadequate in the present context. The common agricultural policy is the first obvious example. It already generates strong distortions, but these are bound to increase dramatically in an enlarged Europe. This problem will also touch the economic and monetary union. If there is presently a deficit in economic coordination, this deficit is bound to aggravate in an enlarged Europe. The same could be said for the immigration and asylum policy and for police and judicial cooperation, since the enlargement will place a heavy burden on its efficiency and might endanger the completion of the area of freedom, security and justice. Of course, the enlargement will also be a particular challenge for the present (dis-) functioning of the CFSP. From that point of view, the direct geographic proximity of Russia, Ukraine, Belarus and Turkey will create new difficulties, as the accession of 10 new Member States will render the adoption and implementation of decisions even more difficult. The cacophony accompanying the “resolution” of the Kaliningrad question or the position vis-à-vis the US on the International Criminal Court could prove to be illustrative for the future CFSP.

Second, enlargement requires *money*. This can be productive money, with substantial returns in the long term, but it will be indispensable nonetheless. This appears quite logical, considering the comparative level of economic development of the present and future Member States of the Union. Nevertheless, this can become a threat, if the principle is opposed, because it will provoke repeated crises in the management of the Union during the next years. This money will in any case not fall out of the sky: somebody will have to pay for enlargement and the structural funds and the CAP are the likely future battlegrounds in this respect. As the richer Member States stand to gain most from EU enlargement politically and economically, there is a more than convincing case for making them accountable for bearing the budgetary burden of EU enlargement. In turn, this makes the case for a fundamental reform of the CAP even stronger.

Thirdly, the enlargement requires a reform in depth of the *institutions*, which cannot in their present design bear such an increase in membership. The composition of most institutions (Commission, Council, Parliament, Court of Justice and Central Bank) should be significantly reduced, since the implementation of the original rules of the European treaties would lead to administrative obesity in an enlarged Europe. The traditional compromises (repartition of votes, veto) should be abandoned because otherwise they will create some kind of bureaucratic thrombosis.

This institutional challenge is probably the greatest of all challenges. The structures of the Community were created in the 1950s as a compromise between supranationalism and intergovernmentalism. The enlargement will profoundly destabilise this compromise and force a change – either in the direction of supranationalism or intergovernmentalism. In a new Europe, with so many members and missions, the institutional status quo is absolutely impossible, and this obliges everyone to accept change. In our opinion, only by injecting more

supranationalist elements into the system can one prevent the EU from heading towards a deadlock.

3. No alternative

Considering these multiple challenges, some people understandably wonder whether the full accession of all the candidate countries to the European Union is really necessary, and/or whether it might not be better to postpone their entry for a certain period of time. A few circles thus fancy sometimes the concept of a “small” enlargement, others a big association agreement, whilst still others favour a delay of enlargement until the EU is really ready to take on new members.

These alternative solutions are not viable.

A ‘*small*’ enlargement, motivated purely by the fact that the EU itself is not ready for a big enlargement, would obviously be a fudge. It would be contrary to the European Council Conclusions of Copenhagen, which states that the candidate countries, that are able to assume the obligations of membership, shall become members of the EU. Hence, every candidate fulfilling the Copenhagen criteria *in full* should be allowed in. A small enlargement for political reasons would in any case deal a great blow to the EU’s credibility vis-à-vis the (future) candidates and in the world.

An *association agreement* will not do either. The fall of the iron curtain has created many problems of interdependence. The best regime invented to deal with this interdependence on the continent, and even outside, is the European Union. It would therefore be quite paradoxical not to use it. Furthermore, anything below full membership would give the Central and Eastern Europe countries the feeling of being some kind of protectorate, obliged to follow the EU’s orientations without being really able to influence them.

A *delay* is not a viable alternative also. These countries have all gone through some painful reforms in order to prepare for enlargement. Postponing it now is therefore bound to create resentment. These countries should not pay the bill for the EU’s half-hearted preparation of enlargement. Moreover, a delay would also have a detrimental impact on the EU’s credibility in the world, especially for future candidate countries for which a possible accession to the EU has been a major incentive for reform. Finally, a delay will not relieve any of the EU’s pressing problems. Reforms are long due in any case, and enlargement may well provide a unique catalyst for pushing these reforms through.

The alternative solutions not being viable, the full accession to the EU of the current candidates is the only option left. Nevertheless, the EU should start now a reflection on where its borders are and what its policies towards its neighbours ought to look like.

4. A partially flawed European strategy

Seen in that context, the strategy followed by the European Union seems partially flawed.

There have been impressive achievements, especially from an economic point of view. The economic transition was certainly not easy, and had its errors, but it basically remains a success. The formerly planned economies of the Comecon have successfully been transformed into market economies. In some areas, they are even more liberal than the EU. As a result, the trade currents have been completely reoriented and growth has resumed. The European strategy towards these countries has certainly been instrumental in this respect.

Nevertheless, there have also been failures, often from the political point of view. Promises of quick accession were made much too easily, and sometimes hypocritically, considering the extent of the technical problems to be settled. At both sides, there were denials of reality, as well as a lack of sensible dialogue with the public opinion.

On the side of the candidate countries, the technical imperatives of the enlargement were underestimated. Too much focus has been laid on the adoption of legislation, and not enough on its implementation. The political meaning of European integration has sometimes been neglected.

The denials of reality were nevertheless more impressive on the side of the present Member States. The European Council of Berlin failed to properly adapt some internal policies to the imperatives of enlargement, beginning with the agricultural policy. It denied any kind of additional budget for the enlargement. In fact, the proportional ceiling was reduced, and not raised. The European Council of Nice failed to define a more legitimate and efficient decision process. As a matter of fact, it was made less efficient. Furthermore, unnecessary imbalances have been introduced during the enlargement negotiations.

Finally, no proper dialogue was opened with the public opinion about enlargement. It is outrageous that European leaders did not bother (or should one say did not dare?) to inform their electorates about what is probably one of the greatest endeavours of the EU. Instead, the strategy was to keep EU enlargement out of the public debate, the consequence of which was that the topic was left to extremist opposition parties. As the accession treaties ultimately have to be approved by all (current and future) Member States (in some, e.g. Poland, by a referendum), eliminating major decisions such as this from the agenda of public debate may potentially endanger enlargement and thus the re-unification of Europe.² This is all the more appalling, as the case for enlargement would probably easily be understood by the population.

² FALKNER, G., NENTWICH, M., *Enlarging the European Union: The short-term success of incrementalism and de-politicisation*. MPIfG Working Paper 00/4, July 2000.

If this approach is not modified, the most likely scenario is the following one. The bad preparation of the agricultural chapter will produce a short delay in the process, but the negotiations will finally be closed in 2003. The ratification processes might prove to be very difficult. Once enlargement has taken place, we might witness during the coming years a discord between the main beneficiaries of the CAP and the main recipient states of structural funds. A split between richer and poorer Member States is likely during the adoption of the new financial framework for the period 2007-2012. Future institutional reforms may once again see the emergence of a division between small and big Member States and between the supranational and intergovernmental camps, unless the Convention manages to agree upon a fundamental institutional remake.

Enlargement will thus accentuate the existing dividing lines within the EU: *“The scene is thus set for a period of conflict within the EU of a very complex nature with a very different division of members for different issues. On the one hand, this may create the opportunity for many trade-offs and therefore agreement, but on the other, it may make agreement impossible, thereby causing the EU to grind to a halt. If the latter is the case, then the only way to square the circle may be differential integration.”*³

In 1995, the reflection group in charge of the preparation of the treaty of Amsterdam had a nice sentence about the enlargement in its report: *«We have to do it, but we have to do it well»*. Easy to say, not so easy to realise, but the message remains valid. If it is correctly prepared, the enlargement will greatly help the Union to stabilise Central and Eastern Europe and enhance its position in the world. If it is not, there is a risk that it will on the contrary destabilise the European Union itself.

Doing it well will however require statesmanship from European leaders. If one looks at the current negotiations on the CAP direct payments, one cannot but conclude that this statesmanship is currently in short supply. This is - alas - probably the most fundamental conclusion that one can draw from the study of the EU's preparation of the enlargement.

³ CROFT, S., et al., *op. cit.*, p. 83.