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EU Eastern Enlargement

Challenges and Perspectives of EU Enlargement

Günter Verheugen*

The European Union (EU) is about to undertake its greatest enlargement ever, preparing to welcome up to ten, perhaps more, new Member States during this decade. While enlargement is not a new experience – the original six member Community has successively grown to a Union of fifteen – the current enlargement process is unprecedented in terms of its scope and diversity, as well as in its political and strategic significance. Europeans have decided to overcome their old divisions and create a zone of lasting peace and prosperity. The vision of a united Europe has finally become a reality.

During the 1990s the prospect of EU membership was the driving force behind the enormous efforts of candidate countries to push through often painful reforms. Ready to emulate the European model, our eastern European neighbours established stable democracies and functioning market economies. This, in turn, provided the basis for rapid economic growth in most of the candidate countries who are now the Union's second largest trade partner after the United States.

However, the enlarged Union will not only extend the zone of democracy and stability to the countries of the former communist bloc. With half a billion consumers – more than the populations of Japan, Australia, Canada and the U.S. combined, it will become the world's largest single market. And with the development of the European security policy and matching defence capabilities the Union will have the ability to react rapidly and effectively whenever peace and stability are in danger at the Union's borders.

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The enlargement agenda

Accession negotiations have advanced swiftly

At the Nice European Council in December 2000, European heads of state overcame the last remaining political obstacles to enlargement and stated unequivocally that the best-prepared candidate countries could complete accession negotiations from late 2002. The Gothenburg European Council in June 2001 concluded that the enlargement process is irreversible and confirmed the objective that the first new Member States should participate in the European Parliament elections of 2004.

Under the Swedish Presidency in the first half of 2001, accession negotiations advanced swiftly so that all the objectives set out at Nice for the first half of 2001 were met: More than two thirds of the negotiating chapters were provisionally closed with a number of candidate countries. And even with some of the countries that started negotiations only last year, all chapters were opened. The fact that some candidates are actually catching up in the negotiations is encouraging for all parties concerned.

The EU on the other hand has been able to establish its negotiation positions on the four fundamental freedoms (free movement of persons, capital, services and goods) as well as on the chapters dealing with environment, company law, external relations, culture and social policies. This has allowed for decisions to be taken on the politically sensitive issue of transitional arrangements, in particular the flexible transition period for the introduction of the free movement of persons (from two to a maximum of seven years). However, transitional any arrangements must remain limited in time and scope and must not affect competition in the single market; they enable the Union to strike the right balance between the necessary solidity and speed of the negotiation process (e.g. regarding the time needed for certain candidate countries to achieve EU environmental standards). Thus, transitional measures provide the flexibility needed by both the Union and the candidate countries for a smooth enlargement process.

It is therefore fair to say that the enlargement process has gained significant momentum in the first half of 2001. The candidate countries can finally see "light at the end of the tunnel".

Information is the key

It is absolutely vital to maintain the momentum gained so far and continue to build up support for enlargement. The outcome of the Irish referendum was a warning signal to both European governments and EU institutions that enlargement will only be a success if its aims and long-term benefits are understood by European citizens. At the same time, it has become obvious that the balance of interests within the Union may turn out to be the most difficult part of the enlargement negotiations. We need to realise that the Union's negotiating messages continue to have a direct impact on public opinion in the candidate countries. Our messages can strengthen what has been achieved, but they can also have the opposite effect, giving rise to populist anti-European sentiment in the candidate countries with potentially disastrous results. This is why I have repeatedly called for increased efforts in the area of information and communication on enlargement. In any event, the Commission's Communications Strategy must be accompanied by similar initiatives in the Member States and candidate countries. Political flexibility and perceptiveness for the challenges and opportunities of enlargement have to be fostered on both sides and I welcome any initiative towards this aim.

The balance of interests within the EU may be the most difficult part

Future challenges and costs

In the second half of 2001, the Union is looking forward to the candidate countries demonstrating continued progress in implementing and enforcing the acquis. Candidate countries will have to pay particular attention to developing administrative structures, to reforming judicial systems and the civil service, as well as to the situation of minorities.

As regards the costs of enlargement, it is evident that candidate countries will continue to bear most of the burden of preparations for EU membership themselves, even after accession. EU support, however substantial it may be in individual cases, remains but an incentive, a "top-up" contribution to the bulk of the work which every country has do deliver on its own account. Moreover, the financial perspective until 2006 is clear in the form of Agenda 2000, which was agreed at the Berlin European Council.

Agenda 2000 practically doubled the amount of assistance for the accession countries compared with the 1999 budget: About EUR 3 billion are now available each year. In addition to Phare, which mainly co-finances "institution-building" and investments to prepare the application of the acquis, the ISPA and SAPARD programmes as well as a special part of the Phare programme (dedicated to "economic and social cohesion"), effectively pre-empt the estimated future contributions of Community structural policy in the candidate countries. By 2006, we expect that candidate countries will have been progressively integrated into the Community structural policy.

However, it is important to put these contributions into context. On the one hand, EUR 900 million per year for Poland is the biggest individual sum a non-member country has ever received from the EU. On the other hand, EU support for candidate countries amounts to some 0.3% of the Union's GDP.

European reform

As the Commission has pointed out on many occasions, the financial agenda after 2006 is not a matter for the ongoing enlargement negotiations. What happens after 2006 will be decided consensually at the right time, though the main factors of the equation are already evident. Clearly, much will depend on the reforms the Union is ready to undertake in the so-called post-Nice reform process, in particular in its two most "expensive" policy areas, the common agricultural policy and the structural policy. Moreover, the economic geography of Europe will add to the overall challenge: most of the candidate countries are much poorer than the current Member States and statistical effects will make some regions suddenly appear richer even though their economic situation remains basically unchanged.

But while the mathematics of Europe may change, European governments must ensure that two fundamental and inseparable principles of European

integration are upheld in the enlargement process: subsidiarity and solidarity. European reform depends crucially on our ability to strike the right balance between these two guiding principles. I am confident the candidate countries will adopt this principle and play a constructive part in the debate on the EU's future financial provisions.

Finally, we must spread the message that every Euro invested in the candidate countries is an investment into our own future and that of our children and grandchildren. The economic forecasts for the enlargement region are very favourable and development will continue as enlargement proceeds. Step by step, the Union will become strong enough to offer all its members security, high social standards and a quality of environment worth living in. The Commission is fully prepared for the work in hand and I am personally determined to see the first new members joining the European family within my current term of office.