

European Union Enlargement – Can it be a Win-Win situation?

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Background note:

The accession of Bulgaria and Romania to the European Union (EU) on January 1, 2007, completes the fifth wave of EU enlargement initiated in May 2004. The next countries waiting in line are Croatia, Turkey (both engaged in EU accession talks since October 2005) and the Former Yugoslav Republic of Macedonia – all three have been attributed the official status of a candidate country. A second category of “potential candidates” includes Albania, Bosnia and Herzegovina, Montenegro, Serbia, and Kosovo (once the conundrum of its future status has been resolved). The EU has repeatedly given these countries of the Western Balkans a clear membership perspective. Another group consists of those countries covered by the European Neighbourhood Policy, which unilaterally declare their EU aspirations and due to their geography, culture and history have a justified reason to do so – Ukraine, Moldova and Georgia. The final group, which should be taken into the equation, includes Belarus and the two remaining Caucasus countries, Armenia and Azerbaijan. The EFTA members – Iceland, Lichtenstein, Norway and Switzerland – could easily be thought of as potential EU members.

On November 8, 2006, the European Commission released the so-called “enlargement package” consisting of the

EU Enlargement Strategy, an annexed report on the Union’s integration capacity and a series of individual national Progress Reports. The EU Enlargement Strategy is characterized by a reluctance to undertake any new commitments coupled with a simultaneous appeal to deliver the promises that have been made so far.

The European Council will hold a debate on enlargement at its meeting on December 15-16, 2006. There are increasing doubts concerning the future of the enlargement process. Why is this so? There may well be as many answers as politicians and analysts dealing with the subject, but at least five factors are universally perceived as relevant.

- **Adverse political and economic cycle in the EU**

The political climate in the European Union and in its member states is characterised by limited optimism about future developments. Whatever the hierarchy of reasons behind the rejection of the Constitutional Treaty in the Netherlands and France, there was undoubtedly an ingredient of reluctance towards further EU enlargement. Moreover, the performance of the core eurozone economies has been rather weak and the vision of soaring

unemployment rates and the “relocation” of workplaces to Eastern Europe has added fuel to these fears.

Another important aspect has to do with a lack of leadership in Europe, which would be strong enough to communicate the benefits of enlargement to the public opinion. It remains to be seen what next year’s change in power in two key EU member states, the United Kingdom and France will bring in this respect.

- **Fear of “overstretching” the Union**

The question of “deepening vs. enlarging” is a constant feature of European debates. There are forces inside the Union, which favour a more federalist approach and are thus reluctant to further enlargement, and there are those which support a vision of an EU open to all European countries meeting the defined conditions irrespective of the Union’s actual ability to absorb new members. The Commission’s definition of the EU’s “integration capacity” lists three aspects, which need to be taken into account if the enlarging Union wants to maintain its integration momentum: institutions, budget and community

policies.¹ Over the last decades the accession of new members and the continuation of political integration have by and large gone hand in hand. Some now fear that new rounds of enlargement will in effect prevent a further deepening of the integration process.

- **Uneven public support in the current EU members**

After the failure to ratify the Constitutional Treaty, decision-makers in the EU member states are more than ever cautious to pursue European policies which lack a clear public mandate. The picture concerning EU enlargement is mixed. According to the Eurobarometer poll from July 2006², public opinion is rather divided on how to proceed with the enlargement process. While in the new member states and in the acceding countries the answer would be a strong “yes”, among the old EU-15 only in Spain, Greece and Denmark most of the citizens support an accession of new member states beyond an EU-25. And over 60 per cent of Germans, French and Austrians are even fundamentally opposed to further EU enlargement.

¹ EU Enlargement Strategy and Main Challenges 2006-2007 including annexed special report on the EU’s capacity to integrate new members: http://ec.europa.eu/enlargement/pdf/key_documents/2006/Nov/com_649_strategy_paper_en.pdf

² Attitudes towards European Union Enlargement, Eurobarometer July 2006. http://ec.europa.eu/public_opinion/archives/ebs/ebs_255_en.pdf

- **Insufficient communication**

68 percent of European citizens feel that they are not well informed about EU enlargement.³ The European Commission holds that the need to address this shortcoming should be a priority, although the burden of providing clear, factual information rests also on other EU institutions, notably the European Parliament, and on the member states. It appears that the general political idea behind enlargement is understood and accepted by the public. What is missing, however, is information concerning the economic and social benefits of the process. By and large, enlargement is widely perceived as being unilaterally beneficial for the new entrants on the expense of the old EU member states.

- **The Turkish question**

The potential accession of Turkey to the EU merits to be treated separately. Unlike in the case of other countries aspiring to join the EU – with the notable exception of Ukraine – Turkey would probably profoundly transform the very foundations of the Union. Because of its size, culture, religion, low GDP per capita and geostrategic location, the Turkish case can hardly be compared with any other EU candidate

³ ibidem

country. There are strong and vociferous opponents of Turkish membership in certain member states and European political circles. On the other side there are those who perceive Turkey's accession to the EU as a strategic opportunity for both sides. The interpretation and evaluation of the Turkish case is of course subjective, as is the assessment of the overall balance of possible advantages and disadvantages. However, one should always take into consideration the fact, that both Turkey and the EU will be very different in political, economic and demographic terms in 8-10 years' time, when the decision on Turkey's status *vis-à-vis* the EU will be most likely taken – provided that the EU accession talks continue and that they are concluded successfully.

Against this background, we put forward eight recommendations, which aim to ensure the success of future rounds of EU enlargement as a process that benefits both the current and future members of the European Union.

RECOMMENDATIONS:

1. Openness to enlarge beyond an EU-27 – but no additional accession perspectives before a review in 2010.

The EU-27 should not close its doors to potential newcomers. The possibility of joining the EU must in principle remain open to all European states – even if the prospect of actual membership might in many cases seem to be very distant and even if the actual membership conditions and the sequencing of the process cannot be determined at present. Article 49 of the EU Treaty, which stipulates that any European state may apply to become member of the Union, must remain the guiding principle.

The prospect of EU membership is the Union's most effective vehicle for exporting stability and progress in its direct neighbourhood. The aspiration to join the EU provides the countries in the Union's geographic vicinity with a strong impetus to initiate or continue political, economic and social transformation. The membership incentive fosters the formation of stable democracies and the resolution of bilateral and intrastate conflicts, and enhances the adaptation of the candidate countries' economic and legal systems to broader European standards. If the EU denies the accession perspective to countries on its eastern and south-eastern borders it will lose the capacity to function as an external anchor for stabilization and development. Without the vision of further enlargements beyond an EU-27, the Union would

deprive itself of the ability to profoundly influence political and economic developments in neighbouring European states in line with its own interests.

However, the EU should for the time-being not accord any further binding accession offers beyond the countries of the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia) and Turkey. Taking into account the increasing enlargement fatigue in the EU, the attribution of new commitments would unnecessarily exacerbate popular dissatisfaction with the Union's enlargement policy. Moreover, granting a binding prospect of EU membership would rob the European Union of one of its principal means of exerting pressure on states in its immediate neighbourhood at an unnecessarily early stage. Finally, new accession perspectives might lead to exaggerated hopes in the states aspiring to join the Union. Unfulfilled expectations could raise the level of frustration in the countries concerned and as an effect hamper their internal transformation process.

The European Union should set a clear date for another strategic review of the enlargement process. The year 2010 is the most appropriate given the planned 2008/2009 review of the budget which should prepare the EU not only for the new global challenges

but also for further enlargements. In addition, the fate of a new EU treaty will be clear by 2010 which should improve the circumstances for considering the granting of future accession perspectives.

2. Make the EU a success story and get the EU ready for further enlargements

EU enlargement will only continue if the Union prepares itself for further widening. If the European Union is lacking success and if it is institutionally, politically and economically unprepared, further enlargements will not take place. What needs to be done?

- The EU must improve its politico-institutional system. Further EU enlargement under the current Treaties is, at best, difficult to imagine but most likely simply impossible. For instance, decision-making in the EU-25 under the current rules is very complex and time-consuming. It would become a nightmare with the EU of 28 or more. In this context, the question of the Constitutional Treaty and its future fate is of particular relevance. Regardless of the form in which its substance might enter into force at some point in time, it would be without a doubt an important and welcome

development for the EU applicants. This, in turn, should make those EU members who are unwilling to support the Constitutional Treaty but, at the same time, are keen to pursue the enlargement policy to think about re-considering their positions. Changes in the EU legal basis are a must. One may also consider inserting language on integration capacity in the new treaty so as to confirm that the Union must be ready to welcome new members.

- The EU needs to reform its expenditures. One of the pieces of the “enlargement puzzle” must be to ensure a brand-new model of the Community budget. Its current structure clearly fails to respond to the necessities of the knowledge-based and most dynamic economy in the world that the European Union aspires to become. Without this dynamism the Union will not be ready to engage in bold projects like its further enlargement. The overall budget should be significantly increased, since more and more European challenges need to be tackled on the Community level. The priorities of the budget must be changed. A lot more money needs to be allocated, for instance, to such areas like innovation policy or protection of the environment and the share of money allocated to the Common Agricultural Policy must be reduced. However, applicants need to be guaranteed that

they will not be left behind by the more economically developed EU members and that the spirit of solidarity will not be abandoned.

- The EU should exploit the potentials of “differentiated integration”, which offers interesting opportunities for moving ahead with the process of deepening integration. The use of “variable geometry” might provide an answer to fears that further enlargement would “dilute” the Union. The “centre of gravity” should consist of countries, which are anchored in the eurozone, participate actively in the Common Foreign and Security Policy and are committed to closer Justice and Home Affairs integration. Obviously, the pre-condition for “differentiated integration” lies in ensuring clearly defined rules for entering into the deepened level of integration. Such circles must not become exclusive clubs, as this would certainly entail a creation of permanent divisions in the membership status and a *de facto* break-up of the Union as we know it.

3. Insist on “constructive ambiguity” concerning both Europe’s boundaries and the time-frame for further enlargements

The case for “constructive ambiguity” should be defended. It would be politically unwise to try to define both the “borders” of the EU and the time-perspective for future enlargements. The possibility of obtaining EU membership has been, so far, the Union’s most efficient tool to stimulate changes in neighbouring European countries. There is no reason why the EU should now deprive itself of this instrument.

- *Concerning boundaries:* Obviously, not all neighbouring countries (in the east and south-east of the continent) have a chance of ever becoming a member state. However, in the short and medium-term perspective, leaving the question “who’s in and who’s out” unanswered is perhaps the best possible recipe. In the longer term perspective, one can imagine who the possible newcomers might be: the current countries with a clear membership perspective, i.e. the Western Balkans and Turkey, a number of potential candidates, i.e. Ukraine, Moldova, Belarus, Georgia, Armenia or Azerbaijan, and obviously the EFTA members, i.e. Iceland, Liechtenstein, Norway and Switzerland. Going beyond this circle to the East or South is unthinkable.
- *Concerning the time-perspective:* There should be no definition of a concrete timetable including a specific date of

entry for new member states. The final stages of the EU accession process of Bulgaria and Romania provided a case-study that the premature definition of an accession date has a counter-productive impact on the pace of reforms. It can effectively reduce the motivation to ensure a sufficient implementation of necessary legislation.

4. Win the hearts and minds of the public opinion for enlargement

Poor public opinion ratings are one of the key obstacles on the road to further enlargement. This factor has become even more significant as European integration can no longer afford to be an exclusively elite-driven project that can be managed without the support of its citizens. The 2006 Eurobarometer on attitudes of citizens towards EU enlargement indicates a lack of conviction that enlargement is a win-win situation, in particular as far as the economic and social aspects are concerned. What needs to be done in order to alter this negative perception?

- Portray the political and economic costs of non-enlargement and the benefits of further enlargements for both sides. Why is there for instance so little

debate in Europe about the potential consequences if the Balkan states should choose to abandon the process of European integration? Or what kind of strategic challenges will the EU have to face if Turkey turns its back on Europe? As far as the economic side is concerned, the business community needs to be further activated. It has a vested interest in reaching out to new consumers and enlarging the area of the internal market. So far it has remained fairly quiet. That needs to be changed.

- Overcome the unjustified fears and prejudices concerning the accession of new member states. The experience of the 2004 enlargement provides abundant evidence to support this case. No mass migration has occurred, and as a matter of fact migratory flows have rather been beneficial for the host countries (the United Kingdom in particular) as they compensated shortages on the labour market. The economies of the old EU-15 have largely profited from enlargement. There is no financial disaster on the horizon. And even if decision-making procedures in the EU are of less interest for its citizens, it is still worth highlighting that despite the difficulties and the pressing need for institutional changes, the EU did not collapse with the accession of ten new members.

- Overcome the lack of knowledge about the domestic situation in the states aspiring to join the EU. The key to success are youth exchange programmes, civil society dialogue as well as well-targeted and dynamic information campaigns carried out in close co-operation between the European Commission, the applicant states and the current EU members.

5. Candidate countries must be attractive

Compared to the previous wave of enlargement the countries now aspiring to join the EU will have to provide even more convincing arguments that their accession is not only in their own but also in the political and economic interest of the Union and its member states. The growing enlargement fatigue, a widespread general euro-scepticism, and the circumstance that the different accession countries are individually and as part of a certain region competing with other enlargement projects increases the pressure on every applicant country to demonstrate a high level of preparedness and willingness to join the club.

The individual success of internal economic, political and social reforms in the candidate countries will be the

most decisive factor for “persuading” the Union and its member states to further enlarge. Each country aspiring to join the Union will be judged on its own merits. Accession to the EU will not be driven by any historic momentum, which after the fall of the iron curtain had in many ways motivated the 2004 and 2007 rounds of enlargement. The better the political progress concerning the establishment of a stable democracy under the rule of law, the more effective the fight against corruption and organized crime, the more guaranteed the protection of human rights and minorities and the resolution of intrastate or statehood conflicts the higher the chances for joining the EU. On the economic side, the establishment of a functioning and competitive market economy in line with the Union’s *acquis communautaire*, with high growth rates and strong inflows of direct investments from EU companies will provide compelling arguments against the opponents of further enlargement and secure the support of the business community.

Another way of convincing the European Union to open its doors for new member states is through the intensification of regional cooperation. Transnational projects in areas of particular interest for the EU and its member states like e.g., in the field of energy, internal security or infrastructure, will increase

the attractiveness of an entire region. Moreover, interstate cooperation between countries aiming to join the Union will prove the political willingness and functional ability of potential future EU countries to engage in intense transnational collaboration. Finally, regional cooperation will tie the participating applicant countries stronger together, which in return will strengthen the leverage *vis-à-vis* the EU and reduce the tendency of a “beauty contest” between candidate countries.

6. Learn the lessons of former candidate countries

A lot can be learned looking back at the countries which joined the EC/EU in previous rounds, in particular concerning three aspects: institutional and administrative capacity, alignment of domestic legal order with the *acquis* and information campaigns on Europe in the periods before and immediately after EU accession.

Current candidates and future potential candidates should very carefully analyse the coordination systems adopted by the recent entrants to the European Union and follow their best practices. Every country has its own administrative culture but generally single decision-making

centres help. It is also important for the EU integration objective to enjoy the highest political support with a hands-on engagement of the Prime Minister.

It is also very important to prepare a cost-benefit analysis of the respective fields in which compliance with EU legislation will be necessary. On that basis a national strategy should be drafted for approximation with the *acquis communautaire*. It should stipulate in which policy areas there will be a possibility of faster alignment and which will require a more evolutionary approach. Transition periods negotiated by the most recent entrants could provide an indication of the arrangements, which can be foreseen by current and future candidates.

The information campaigns on Europe are of crucial importance. On the one hand, they need to provide profound, factual information about the costs and benefits of the accession to the European Union in an attractive and user-friendly way. On the other, they cannot create a false impression that EU membership will immediately resolve all sorts of deeply-rooted economic or social problems which may have existed for decades. As for the campaign format, getting the support of the opinion-leaders from all walks of life, including popular culture and sports, is a key to success.

7. Exploit all potentials for cooperation

It is in the interest of the European Union and the states aspiring to join the EU to achieve the highest possible level of cooperation between both sides. The ties between the Union and the candidate countries should be intensified irrespective of the unforeseeable final result of the accession process. Cooperation should include in particular: (i) the field of foreign and security policy and the area of justice and home affairs, two policy fields which are of interest to both sides and particularly suitable due to their intergovernmental nature; (ii) economic cooperation based on concrete transnational and interregional projects in fields which are of interest to both sides including e.g., energy and infrastructure; (iii) strengthening of cultural and social ties, which allow not only the elites but also ordinary citizens to get acquainted with each other.

Close political, economic, social and cultural ties can function as strong motivators in the EU and in the candidate countries during a long and often cumbersome road to enlargement, as both sides benefit from the advantages of association already at an early stage. An intense relationship enhances the knowledge about each other, improves the understanding for the problems the other

side is facing, reduces the level of mutual distrust, and prepares the EU and the accession countries for the moment when new members actually join the Union.

The establishment of the closest possible ties between the EU and the countries aspiring to join the Union constitutes also a safety net in case the accession process fails – independent of whether the reasons for the failure originate in the EU or in a candidate state. Strong bonds between both sides will in this case be necessary to help secure the stability in the partner country, to avert a potential political clash between both sides and to re-define the relationship between the Union and the partner country.

Despite all the positive effects of cooperation, one should also be aware of the clear limitations of even the closest relationship between the EU and any candidate country. Historical experience has more than once proven that the institutions and the member states of the EU have always been very keen to prevent the involvement of non-EU countries in the Union's internal policy-making processes. As a consequence, ideas aiming at some sort of a partial EU membership e.g., in a specific policy area, might seem theoretically attractive. In practice, however, there are clear limits to alternative proposals beneath the level of full membership. This fact is

the reason why the countries aspiring to become EU member states are so reluctant when certain political forces propose forms of privileged partnership with the European Union.

8. Don't succumb to frustration

Over the course of the accession process one will witness frustration in countries aspiring to enter the Union. Nobody is comfortable aspiring to join a club while at times feeling unwanted by its members. Frustration may lead to a slow-down in the reform process and to a decline in the level of public support for EU accession. It would be a big mistake to overlook these psychological aspects. What needs to be done?

Firstly, the applicant countries will require a lot of leadership and resolve to tackle the challenge. Political leaders will have to convince their domestic public that previous candidates also experienced "ups-and-downs" in terms of enthusiasm for EU integration. But at the end of the day, this did not halt the process. Temporary drops in public opinion surveys measuring the level of support for the process of EU accession should not discourage the governments from proceeding their reform agenda.

Secondly, the European Union and its member states need to be fair and balanced when dealing with the EU applicants. This particularly implies not to create any false expectations that accession is around the corner. As a matter of fact, making a badly timed or simply premature membership promise might cause serious, sometimes even irreparable damage. False promises can decrease the public level of support for EU integration in the applicant countries. In the current EU states overhasty membership promises might lead to the suspicion that the enlargement standards are watered down and this could increase the reluctance towards the very idea of continuing the process of enlargement. Having said that, it is at least equally importantly that the European Union and its member states adhere to the promises given to the applicant countries ("pacta sunt servanda") and avoid political actions and rhetoric that are counter-productive to the accession process. The credibility of the European Union is at stake. Its clout on the international scene would be severely damaged should the EU or individual member states unilaterally decide to retreat from enlargement-related decisions and promises that were made in the past.

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