

EUROPE AND THE CHALLENGE OF ENLARGEMENT

INTRODUCTION

1. The European Council in Maastricht on 9-10 December 1991 noted that:

"The Treaty on European Union, which the Heads of State and Government have now agreed, provides that any European State whose system of Government is founded on the principle of democracy may apply to become a member of the Union. Negotiations on accession to the European Union on the basis of the Treaty now agreed can start as soon as the Community has terminated its negotiations on Own Resources and related issues in 1992. A number of European countries have submitted applications or announced their intention of seeking membership of the Union. The European Council invites the Commission to examine those questions, including the implications for the Union's future development, with regard to the European Council in Lisbon."

2. This report responds to that request. It aims to summarise the questions and clarify the debate now engaged in the Community institutions. It is based on the assumption that, as the European Council stated, accession will be to the Union on the basis of the Maastricht Treaty.

3. The European Community, having grown from six to twelve members, again faces the challenge of enlargement. Seven countries have applied for membership (Turkey, Cyprus, Malta, Austria, Sweden, Finland, Switzerland), and others have announced their intention to apply. The question is thus posed of a Community of twenty, thirty or more members, even without the new independent states of the former Soviet Union, which are not covered in this report.

The new context

4. The accession of new members will be to a Community with new characteristics:

- the completion of the single market, without internal frontiers;
- the creation of the European Union;
- economic and monetary union, and the move to a single currency;
- the introduction of a common foreign and security policy.

5. The external context has also changed dramatically. The division which resulted from the Cold War has come to an end, and the countries concerned have embarked on the path of democratic and economic reform. The integration

of these new democracies into the

European family presents a historic opportunity. In the past, enlargement of the Community took place in a divided continent; in future, it can contribute to the unification of the whole of Europe. The Community has never been a closed club, and cannot now refuse the historic challenge to assume its continental responsibilities and contribute to the development of a political and economic order for the whole of Europe.

Deepening and widening

6. The important developments which were decided at Maastricht have still to be consolidated. The new Treaty has to be ratified, and the negotiations on the second package of financial and structural measures have to be completed. The accession negotiations, which can then commence, must be conducted in such a way as to contribute to the strengthening of the Union. The accession of new members will increase its diversity and heterogeneity. But widening must not be at the expense of deepening. Enlargement must not be a dilution of the Community's achievements. On this point there should be absolute clarity, on the part of the member states and of the applicants.

CONDITIONS FOR NEW MEMBERS

The limits of Europe

7. Article 237 of the Rome Treaty, and Article 0 of the Maastricht Treaty, say that "any European state may apply to become a member". The term "European" has not been officially defined. It combines geographical, historical and cultural elements which all contribute to the European identity. The shared experience of proximity, ideas, values, and historical interaction cannot be condensed into a simple formula, and is subject to review by each succeeding generation. The Commission believes that it is neither possible nor opportune to establish now the frontiers of the European Union, whose contours will be shaped over many years to come.

Conditions and criteria

8. Other essential characteristics of the Union, referred to in Article F of the Maastricht Treaty, are the principles of democracy and the respect of fundamental human rights. A state which applies for membership must therefore satisfy the three basic conditions of European identity, democratic status, and respect of human rights.
9. Another set of criteria relate to the applicant state's acceptance of the Community system, and its capacity to implement it. As the Community's legal, economic, and political framework has developed, the obligations of membership have become progressively more difficult to fulfil. The obligations presuppose a functioning and competitive market economy, and an adequate legal and administrative framework in the public and the private

sector. An applicant country without these characteristics could not be effectively integrated; in fact, membership would be more likely to harm than to benefit the economy of such a country, and would disrupt the working of the Community.

10. Applicant states should also accept, and be able to implement, the Common Foreign and Security Policy as it evolves over the coming years. An applicant country whose constitutional status, or stance in international affairs, rendered it unable to pursue the project on which the other members are embarked could not be satisfactorily integrated into the Union. It will be necessary to avoid ambiguity or misunderstanding on this point in the context of enlargement.

The Community's "acquis"

11. Membership implies the acceptance of the rights and the obligations, actual and potential, of the Community system and its institutional framework - the Community's "acquis", as it is known. That means:

- the contents, principles and political objectives of the Treaties, including the Maastricht Treaty;
- the legislation adopted in implementation of the Treaties, and the jurisprudence of the Court;
- the declarations and resolutions adopted in the Community framework;
- the international agreements, and the agreements between member states connected with the Community's activities.

12. The assumption of these rights and obligations by a new member may be subject to such technical adaptations, temporary (not permanent) derogations, and transitional arrangements as are agreed in accession negotiations. The Community will show comprehension for the problems of adjustment which may be posed for new members, and will seek adequate solutions. But the principle must be retained of acceptance of the "acquis", to safeguard the achievements of the Community.

13. Future accessions will take place in conditions different from the past:

- The completion of the single market means that the maintenance of frontiers between old and new members, even for a temporary period, could create problems. Such transitional arrangements should be kept to a strict minimum.
- The realisation of economic and monetary union will imply a real effort of cohesion and solidarity on the part of all members. The passage to the final stage will depend on the number of states - including new members - who fulfil the criteria of economic convergence.
- The "acquis" in the field of foreign policy and security will include the Maastricht Treaty and its political objectives.

COMMON POLICIES

14. Each accession requires a detailed evaluation of implications for the policies of the Community and the Union, and for the applicant country. Such an exercise is not possible in the scope of this report: it can be conducted on the basis of the Opinions, which the Commission has to make on each application.
15. However, it is evident that, among the applicant countries and potential applicants, some are relatively well-placed to take on the obligations of membership, while others are manifestly not in a position to adopt them in the near future.
16. From the economic point of view, the EFTA countries already have a high degree of integration with the Community, and with the agreement on the European Economic Area will adopt a large part of the Community's "acquis". Their integration into the Community system would not pose insurmountable problems, either for them or for the existing member states, although it should be noted that there remain a number of sensitive fields, including those not covered by the European Economic Area, in which there may be difficulties. Likewise, the integration of Cyprus and Malta into the Community system would not pose insurmountable problems of an economic nature.
17. The Maastricht Treaty provides in Articles J. 1-10 for the definition and implementation of a common foreign and security policy, which "shall include all questions related to the security of the Union, including the eventual framing of a common defence policy, which might in time lead to a common defence". Members of the Union will subscribe, in principle and in practice, to these provisions and have to implement the decisions taken under the Treaties. Applicant countries should be left with no doubts in this respect. Specific and binding assurances will be sought from them with regard to their political commitment and legal capacity to fulfil the obligations.

SAFEGUARDING THE COMMUNITY'S EFFECTIVENESS

18. The impact of future enlargement on the capacity of the Community to take decisions merits the most careful reflection and evaluation. Non-members apply to join because the Community is attractive; the Community is attractive because it is seen to be effective; to proceed to enlargement in a way which reduces its effectiveness would be an error.
19. In the perspective of enlargement, and particularly of a Union of 20 or 30 members, the question is essentially one of efficacy: how to ensure that, with an increased number of members, the new Union can function, taking account of the fact that its responsibilities will be larger than those of the Community, and that the system for two of its pillars is of an intergovernmental nature. In that perspective, how can we ensure that

"more" does not lead to "less"?

20. The European Parliament has already commenced reflections on this subject, on the basis of the report of its Committee on Institutional Affairs. By the end of 1992, specific decisions must in any case be taken on the number of members of the Commission and of the Parliament, in the light, *inter alia*, of the size of the Parliament in an enlarged Community.

Subsidiarity and democracy

21. It is widely recognised that the Community institutions already suffer from overload of work and difficulties of decision-making, because of the failure to respect satisfactory priorities. This leads to the complaint that there is excessive interference by the Community in trivial matters, and an absence of leadership in questions of vital importance. Each new accession will magnify the risk of overload and paralysis, because of the increased number of participants and the greater diversity of issues. The prospect of enlargement reinforces the need for a more rigorous application by each of the institutions of the principle of subsidiarity, as defined in Article G of the Maastricht Treaty.

22. Such an approach would imply, in a Union with an enlarged membership:

- a less comprehensive and detailed legislative programme for Council and Parliament;
- a more balanced attribution of tasks to the appropriate bodies at the appropriate levels (regional, national, or Community levels);
- a clearer distinction between responsibility for decision and responsibility for implementation, which can often be decentralised.

Another precondition for the effective functioning of an enlarged Union, with more citizens, is a more solid democratic basis. Decisions taken at the Community level already escape, for a large part, from the scrutiny of national parliaments, but are not yet subject to sufficient democratic control by the European Parliament. The prospect of enlargement reinforces the need for reforms to reduce the "democratic deficit", and strengthen the role of the European Parliament.

The Institutions

23. There are three essential questions which concern, *mutatis mutandis*, all the Community institutions, and all the pillars of the Union:
- i) What methods of work? How to improve the preparation of decisions, which in an enlarged Community will involve more complex and diverse considerations?

The Commission will have to streamline its own organisation and methods of work in view of enlargement. The Council also must pay attention to its

working practices, so as to ensure adequate preparation and conduct of meetings with an increased number of members.

- ii) What number of members? How to ensure that, with enlargement, the number of actors is appropriate to the tasks and responsibilities of each institution?

For the Parliament, the relation between the number of seats and the population of member states needs to be rationalised, and the question will need to be addressed of the total number of seats. For the Commission, there is the question of the number of members;

various options will need to be examined. For the Council, problems could arise for the functioning of the Presidency, if one takes into account its increased tasks in the Union.

- iii) What arrangements for reaching decisions? When deliberations have to be followed by actions, how to ensure that such decisions are taken in an equitable manner, but without the risk of paralysis?

In the case of Council decisions to be adopted by unanimity, it is manifest that each new accession will increase the difficulty of reaching consensus. In the case of decisions by qualified majority, it will be necessary to decide in the context of each accession on the number of votes to be allocated to the new member state, and on the number of votes required for a qualified majority decision.

24. These examples are not exhaustive, and the situation of the other institutions and organs of the Community will need to be examined in the light of enlargement. For example, for the Court of Justice, there will need to be a reflection on the number of members, and on the attribution of work, so as to ensure the coherence of Community jurisprudence and avoid an overload of cases.

25. In the shorter term, for the accession of a limited number of new members, the institutional adaptations could be limited to those appropriate for decision under Article 0 of the Maastricht Treaty (accession procedure). With the prospect of a Union of 20 or 30 members, fundamental questions of decision-making and the institutional framework cannot be evaded.

Languages

26. Enlargement will bring additional languages to the Community, thus enriching its cultural diversity. But more languages will also complicate its work. In the Community of 12 members there are 9 official languages in normal use; in a Community of 20 members there could be as many as 15 languages; with 30 members there could be as many as 25 languages. For reasons of principle, legal acts and important documents should continue to be translated into the official languages of all member states. To ensure

effective communication in meetings, pragmatic solutions will have to be found by each of the institutions.

CONCLUSIONS

27. For certain countries, negotiations for accession could be opened with the prospect of a satisfactory conclusion within a reasonable period of time. These are countries whose state of preparation for membership is well-advanced, and whose integration into the Community system should not pose major problems.
28. For other countries, a period of preparation would be necessary before the possibility of membership could realistically be envisaged. For these countries, the Community should use all available means, in particular its various forms of bilateral agreements, to promote their economic and social development in such a way as to facilitate their eventual integration into the Community. The deepening of the political dialogue with them should also be pursued.

The applicant countries

29. As the Commission indicated in its Opinion of 1989 on Turkey's application, that country would experience serious difficulties in taking on the obligations resulting from the Community's economic and social policies. In order to speed up its rate of development in the coming years, the association agreement should be more actively and effectively applied. The Commission recalls that already in 1990 it suggested to the Council measures to complete the customs union, to undertake wide-ranging sectoral cooperation, to resume financial cooperation, and to raise the level of political dialogue. Events have highlighted Turkey's geopolitical importance, and the role which it can play as an ally and as a pole of stability in its region; the Community should take all appropriate steps to anchor it firmly within the future architecture of Europe.
30. In the case of Cyprus, there is inevitably a link between the question of accession and the problem which results from the de facto separation of the island into two entities, between which there is no movement of goods, persons or services. The Community must continue to encourage all efforts to find a solution, in particular through support for the resolutions of the United Nations and the initiatives of its Secretary General. In the meantime, the association agreement should be exploited so that Cyprus is enabled to pursue its economic integration.
31. In the case of Malta and Cyprus, the adoption of the Community's "acquis" would appear to pose no insuperable problems. However, both are very small states, and the question of their participation in the Community institutions would have to be resolved in an appropriate manner in accession negotiations. The Commission will address this question in its

Opinions on these countries' applications.

32. The accession of the EFTA countries who have applied for membership - Austria, Sweden, Finland, and Switzerland - should not pose insuperable problems of an economic nature, and indeed would strengthen the Community in a number of ways. The question of neutrality, and its compatibility with the common foreign and security policy, is however a particular concern.
33. The negotiations for accession of those applicant countries which can adopt the Community system without a period of preparation can begin as soon as member states have ratified the Maastricht Treaty and concluded the negotiations on own resources and related issues. The Commission considers that accession negotiations should be conducted separately, on their own merits, with each of the countries concerned. However, it will be necessary to avoid a series of accessions on different dates, with all the inconvenience that would cause for the work of the institutions and the conduct of Community affairs.

A new partnership

34. With the other countries of Europe who have not applied for membership, the Community is developing agreements of various kinds appropriate to their situation. That is the case for Poland, Hungary and Czechoslovakia, with whom "Europe agreements" have been concluded; negotiations for new agreements are under way with Bulgaria and Rumania; agreements on trade and cooperation have been signed with the Baltic republics and Albania; and appropriate agreements should be envisaged in due course - when the situation has stabilised - with the new republics which are emerging from Yugoslavia. For these countries, such agreements can offer the possibility of improving their economic and social conditions, developing their economic integration, and strengthening their political cooperation with the Community.
35. However, the countries which are not yet in a position to accept the obligations of membership have political needs which go beyond the possibilities of existing agreements. They desire the reassurance that they will be treated as equal partners in the dialogue concerning Europe's future. They wish to increase their security by strengthening their political links with Western Europe. The Commission believes that new means should be created for this purpose, building upon the existing "architecture" of European organisations, so as to create a "European political area".
36. Various formulas have already been suggested, such as regular meetings between European countries at the level of Heads of State and Government, either in the framework of a confederation based on the Council of Europe, or through a conference of European states meeting at the invitation of the European Council. Another formula, similar to the "associate status" recently created within the Western European Union, would be to associate

other European countries as "partner-members" in specific Community policies, with the possibility to participate (but not to vote) in certain Community meetings on subjects of trans-European interest.

37. For the countries of Central and Eastern Europe, the Community must engage now the process of economic preparation, even if their accession lies well into the future. The success of their development in the coming years will be of capital importance not only for their peoples, but for the stability of Europe. The chance to share more fully in the benefits of access to the European market, and the prospect of membership, can help to bring prosperity and peace to a region where unrest still threatens to erupt as a result of poverty, nationalism, and fear.

38. Therefore the "Europe agreements", with their dynamic and evolutionary nature, should be exploited fully and even improved. Fields in which further progress could be achieved include:

- the development of the administrative and legislative infrastructure necessary for the functioning of the market economy;
- fixing of a calendar for the adoption of the Community's "acquis";
- the strengthening of economic cooperation, including the transfer of technology, and better involvement of the private sector;
- participation in projects such as "trans-European networks", support of private investment, etc.;
- an improvement of the trade concessions;
- measures in the field of free movement of workers.

The agreements provide for a political dialogue with the Community, which has already been launched jointly with Poland, Hungary and Czechoslovakia. They also provide for a review in the course of the fifth year. This rendez-vous could be advanced, so that a joint stocktaking of progress can form the basis for the future strengthening and adaptation of the agreements.

39. The economic integration of the European countries requires the development of cooperation between themselves, as well as bilateral links with the Community. The Commission welcomes and supports the cooperation already undertaken by Poland, Hungary and Czechoslovakia, as a result of the Visegrad Declaration, and it hopes that a free trade area can soon be established. The Community should encourage all suitable forms of regional and interregional cooperation in Europe, with a view to the eventual creation of a pan-European free trade area.

The challenge of the wider Europe

40. Enlargement is a challenge which the Community cannot refuse. The other countries of Europe are looking to us for guarantees of stability, peace and prosperity, and for the opportunity to play their part with us in the integration of Europe. For the new democracies, Europe remains a powerful idea, signifying the fundamental values and aspirations which their peoples

EUROPEAN COUNCIL IN LISBON
26/27 JUNE 1992

441-214

CONCLUSIONS OF THE PRESIDENCY

The Treaty on European Union agreed at the European Council in Maastricht expressed the mutual commitment of the governments of the twelve Member States to create a Union capable of meeting the challenges with which Europe is confronted today. The realisation of this commitment remains as important today as it was then as a means of ensuring peace and stability as well as economic and social progress in Europe and in the world.

Convinced that the political commitment undertaken in Maastricht represents a major positive step in the process of European unity, reinforcing democracy in European decision making, the European Council in Lisbon expresses the determination to press ahead with European construction in this spirit. It agrees the following political guidelines reflecting its determination to maintain the impetus for developing the Community's work internally and externally over the coming decisive period.

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The European Council heard a statement from Mr. KLEPSCH, President of the European Parliament, on the main topics under discussion in the European Council.

I. PROGRESS TOWARDS EUROPEAN UNION

1. State of the ratification procedure on the Treaty on European Union

The European Council underlines the importance of respecting the timetable laid down for ratification to ensure in any case the entry into force of the Treaty as of January 1, 1993.

The European Council welcomes the result of the Irish referendum. It notes that ratification in one other Member State is likely to be completed before the summer holidays and that ratification procedures in most other Member States are well advanced.

It confirms the conclusions reached by the General Affairs Council in Oslo on 4 June.

2. Enlargement

A. The Treaty on European Union provides that any European State whose system of government is founded on the principle of democracy may apply to become a member of the Union. The principle of a Union open to European States that aspire to full participation and who fulfil the conditions for membership is a fundamental element of the European

construction.

The European Council in Maastricht agreed that negotiations on accession to the Union on the basis of the Treaty agreed in Maastricht can start as soon as the Community has terminated its negotiations on Own Resources and related issues in 1992.

- B. The European Council considers that the EEA-agreement has paved the way for opening enlargement negotiations with a view to an early conclusion with EFTA countries seeking membership of the European Union. It invites the institutions to speed up preparatory work needed to ensure rapid progress including the preparation before the European Council in Edinburgh of the Union's general negotiation framework. The official negotiation will be opened immediately after the Treaty on European Union is ratified and the agreement has been achieved on the DELORS-II package.

Negotiations with the candidate countries will, to the extent possible, be conducted in parallel, while dealing with each candidature on its own merit.

The European Council agrees that this enlargement is possible on the basis of the institutional provisions contained in the Treaty on the Union and attached declarations.

- C. The European Council considers that if the challenges of a European Union composed of a larger number of Member States are to be met successfully, parallel progress is needed as regards the internal development of the Union and in preparation for membership of other countries.

In this context the European Council discussed the applications which have been submitted by Turkey, Cyprus and Malta. The European Council agrees that each of these applications must be considered on its merits.

With regard to Turkey the European Council underlines that the Turkish role in the present European political situation is of the greatest importance and that there is every reason to intensify cooperation and develop relations with Turkey in line with the prospect laid down in the Association Agreement of 1964 including a political dialogue at the highest level. The European Council asks the Commission and the Council to work on this basis in the coming months.

Relations with Cyprus and Malta will be developed and strengthened by building on the association agreements and their application for membership and by developing the political dialogue.

As regards relations with Central and Eastern Europe, the European Council reaffirms the Community's will to develop its partnership with

these countries within the framework of the Euro-agreements in their efforts to restructure their economies and institutions. The political dialogue will be intensified and extended to include meetings at the highest political level. Cooperation will be focused systematically on assisting their efforts to prepare the accession to the Union which they seek. The Commission will evaluate progress made in this respect and report to the European Council in Edinburgh suggesting further steps as appropriate.

The Commission presented its report "Europe and the challenge of enlargement". This report is added to the conclusions of the European Council.

3. Future financing of the Community

1. The European Council welcomes the agreement on the reform of the Common Agricultural Policy which will control production while guaranteeing farmers' incomes¹. It confirms that the financial means necessary for the execution of this policy will be provided within the existing agricultural guideline.
2. The European Council reaffirms that economic and social cohesion represent an essential dimension of the Community and that the principles laid down in 1988 should be maintained (programming, concentration, partnership and additionality) and that their application should be simplified.

It decides with reference to the dispositions in Maastricht Treaty and the annexed protocols to put in place early in 1993 and in those Member States where the GNP per inhabitant is less than 90 per cent of the Community average the Cohesion Fund provided for in the Treaty.

- 1 At the request of Italy the European Council will ask the Agricultural Council to find, if possible, at its next meeting a balanced solution to the dispute regarding the milk quotas system taking account of the problem of its application in Italy.

For the regions concerned in those four Member States, the cumulated effect of the Structural Funds and the Cohesion Fund will be an increase appropriate to reflect the Maastricht commitments.

The European Council also agrees to apply equivalent treatment to the East German Länder and East Berlin to that in regions whose development is lagging behind (objective 1 regions within the structural policies) without reducing the benefit which the cohesion countries can legitimately expect on the basis of the Maastricht decision.

3. The European Council confirms its attachment to reinforcement of the other structural policies, whether reconversion programmes in