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CENTRAL AND EASTERN EUROPE IN THE PROCESS OF INTEGRATION INTO THE EUROPEAN UNION

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1. INTRODUCTION

When on 25 June 1988 the representatives of the European Community and the Council for Mutual Economic Assistance signed in Luxembourg the Joint Declaration between these two organizations, no one could foresee that in a short time the main challenge for most of the parties concerned would be the full integration of Central and East European countries into the European Union. This challenge is of historical, political, economic and institutional nature. One could see without doubt the historical opportunity to unite the whole European continent around common goals and values, the opportunity which should not be overshadowed by the bureaucratic attachment to an existing and known form of integration. In 1946 in Zurich Winston Churchill in his celebrated speech warned against the slowness in uniting Europe:

"Time may be short. At present there is a breathing space. The cannon have ceased firing. The fighting has stopped; but the dangers have not stopped. If we are to form the United States of Europe or whatever name or form it may take, we must begin now"¹.

¹Winston S. Churchill, *The tragedy of Europe*, in: Brent. F. Nelsen, Alexander C-G. Stubb, [eds.], *The European Union. Readings on the theory and practice of the European integration*, Boulder, London 1994, p.8.

These words could well illustrate the present situation. After the period of the East-West rivalry, the immediate task is to assure peace and prosperity on the European continent by building solid grounds for truly European cooperation. One of the element of this new approach to European affairs is to welcome new members from Central and Eastern Europe to the successful economic, political and military organizations of the West. Full membership of Central and East European countries in the European Union, the Western European Union and NATO is an urgent task, but on the other hand, the success of these organizations must be maintained. There is no point to expand the EU, the WEU or NATO just for the sake of enlargement. The organizations must be strengthened by new members and transformed to function effectively after welcoming new states. That is why the European Union must prepare itself through the painful process of reforming agreed at the Intergovernmental Conference. That is why Central and East European countries must meet criteria connected with membership by adjusting themselves to the rules and norms of the European Union.

2. DEEPENING AND WIDENING

The fundamental dilemma over European integration focuses around the question of *deepening* or *widening* the European Union. It has led to a political, intellectual or instrumental debate over the pace and forms of integration and means of cooperation with the third countries. There is no single option to solve this difficulty. Several possibilities have been developed but in fact, there is a functional relationship between deepening and widening. Back to the Hague Summit of 1969, a close interconnection between deepening and widening was established. In 1969 it was decided

to welcome new countries, i.e. the United Kingdom, Ireland, Denmark and Norway², but at the same time new horizons of integration were drawn, of political integration in the form of European Political Cooperation, of economic integration in the form of the Werner Report. Further enlargements were associated with new initiatives and plans to develop new areas of internal integration. It culminated in the decisions taken in Maastricht over the Treaty on European Union and taking on board new members from EFTA.

In order to inspire the intellectual debate and to formulate political tactics, it is possible to distinguish several possibilities of interrelation between deepening and widening. Wolfgang Wessels has named four main schools of thought³:

- (1) "widening first";
- (2) "deepening first";
- (3) "deepening-also-for-widening";
- (4) "differentiated widening".

"Deepening-also-for-widening" is the most convincing approach, in fact being implemented in the process of European integration, as argued above. Deepening and widening could not be separated and treated for their own sake unless there is no any clear long-term vision of European integration. But then what is the point to unite the European continent at all? Integration is not an aim in itself as well as deepening or widening. Simply speaking, widening takes place in order to create a climate of solidarity among European nations and to extend a sphere of peace and prosperity. Deepening should not only take into account the interests of present Member States

²Due to a negative outcome of a national referendum, Norway did not join the EC at the end.

³Wolfgang Wessels, *Deepening and/or widening - debate on the shape of EC-Europe in the Nineties*, "Aussenwirtschaft", vol. 46, no 2, s. 157-169.

of the European Union and their short-term political and economic needs but its main goal should be to lay firm grounds for new ways of cooperation in an enlarged Union. Reforms of the present system of the European Union is necessary in order to welcome new members without destructing or slowing-down the decision-making process.

Any failure in reforming the EU system could for some politicians make the last option "differentiated widening" more attractive. It seems that such a general concept, which has taken different forms like the confederation proposal of Francois Mitterand or the idea of Europe of concentric circles put forward by Jacques Delors, is not really inspiring and cannot be accepted by most Central and East European countries. New members should enjoy the same rights and obligations as present Member States do. Otherwise they may feel being excluded from the main stream of integration and treated as Member States of the second category. Of course if there is a provision for flexibility applying to all members, old and new, then it would be possible not to take part in a certain form of integration or cooperation, but such a decision should be taken rather after the accession and not before.

It is then better to discuss the concept of "differentiated deepening" rather than of "differentiated widening" because any differentiation should apply not only to potential new members but to all Member States. In fact this is the concept of a "multi-speed Europe" or a "Europe of variable geometry" etc. which at the present IGC has taken the form of a "flexible Europe". Some forms of flexibility should be examined as it is probably the only way to move forward integration in an enlarged Europe. Flexibility may, however, complicate the whole decision-making process and at the end even dilute the process of European integration if common purposes and interests are not defined and accepted by all Member States. Flexibility can only be introduced if all Member States unanimously decide that a group of countries may go forward and develop cooperation in a given area. A provision for a unanimous decision authorizing an

action must be introduced, otherwise flexibility may lead to the disintegration of the European Union.

In discussing the future of the European Union, the main debate should concern finding an equilibrium between deepening and widening and in this regard defining the prospects of the European Union, taking into account limitations and opportunities of integration.

3. LIMITATIONS AND OPPORTUNITIES OF INTEGRATION - THE IGC TASKS

Despite a desire to achieve further steps in integration, it should be a wide consensus among present and future members of the European Union concerning the limitations and opportunities of integration, both deepening and widening. It is not sufficient to address issues during successive Intergovernmental Conferences without presenting long-term aims of European integration, without a general vision inspiring daily activities. An agreement among the Member States and the applicants must be reached as the European Union has become an important issue at national politics.

The process of integration is certainly restricted geographically, socially, culturally, politically, economically etc. Some of these issues are addressed during the present Intergovernmental Conference but a more general debate about the future European construction is needed.

The geographic limitations to European integration are not widely debated, however, they may lead to serious political controversies, as the recent German-Turkish disagreement. According to the article O of the EU Treaty, "Any European State may apply to become a Member of the Union". The Union is confined only to Europe, leaving countries like Turkey in a kind of grey zone. Geography is not, however, the only determinant defining European

boundaries. Rightly, the European Commission has suggested that the term *European* "combines geographical, historical and cultural elements which all contribute to European identity"⁴. The European identity is the most basic condition for enlargement, however, hardly defined. It is certainly possible to find common ground among diverse national identities and culture. In other words, one should name **social, cultural and political values** shared by all European nations. The task is not easy, taking into account the influence of a global mass culture and the democratization of social and cultural life. But the common ground exists and most fundamentally comprise of basic European values like for example the dignity of every person, being the basis for human rights. The concept of human rights based on fundamental values is then an element to which every new Member State of the European Union must firmly prescribe. Integration cannot be achieved by forgetting the values having been developed and shared by European peoples through centuries. The task for the IGC is to strengthen the protection of fundamental rights of citizens as a move to make European citizens real subjects of European integration. It will be the sign for the applicant countries that an excellent record on the protection of human rights is needed to join the European Union.

Political constraints are also of prime importance. They concern both deepening and widening. It has been stated on many occasions that only democratic countries with established rule of law and protection of human rights may join the European Union. It is probably a more basic condition which should be fulfilled by new members that evolved sound market economy. European integration must be based on democratic values, so it cannot be developed against the will of people, without their consent. Integration in the framework of the European Union must be democratic in nature, i.e. it must assume full participation of citizens of individual Member States in the process of launching further integration initiatives and also in controlling daily

⁴European Commission, *Europe and the challenge of enlargement*, "Bull. EC-Supplement" 3/92, p. 11.

decision-making process and institutions involved. Because of that the problem of democratic deficit must be fully recognized and addressed. As seen from the Maastricht lesson, decisions cannot be taken only by small elites, they should be transparent and understandable to citizens. Otherwise the gap could be easily created between politicians and societies, undermining the process of integration. One of the main tasks of the IGC is to overcome the democratic deficit in the EU and to bring Union closer to its citizens. Transparency and openness of the EU system is needed to guarantee citizens active involvement in the process of European integration. This applies also to new members from Central and Eastern Europe. The nature of the EU system should be presented to citizens of contemporary applicants by using various forms of European education and through information campaigns before these countries join the EU.

Apart from obvious democratic principles, there is also another group of **political limitations** to integration. They concern a number of problems connected with the final goal of integration. The best way would be to define them in a negative way. European nations should not aim at creating a European superstate replacing present nation-states. In fact this postulate has been introduced to the Maastricht Treaty by two important provisions.

First, in Article E of the "Common provisions", it has been stated that "The Union shall respect the national identities of its Member States, whose systems of government are founded on the principles of democracy". It is a crucial provision safeguarding against the possibility of creating a "European melting pot" where national identities would not exist any longer and would be replaced by a single European identity. The European identity, which has been evolving in order to create solidarity among European nations, must not exclude national and local identities. Being European does not eliminate being German, French, British or Polish at the same time and does not eliminate belonging to a local ("private") homeland.

Second, the Maastricht Treaty has restrained the possibilities of the EU action by adopting the principle of subsidiarity⁵. Despite different and sometimes ambiguous approaches to the principle of subsidiarity, it allows the separation of powers between various levels of the Union system, the level of the European Union, the level of individual nation-states and the level of regional and local governments. It leads to further democratization of the EU system by allowing a larger contribution of national parliaments and regional or local governments to the process of European integration.

Political constraints on European integration are also connected with the functioning of institutions, mainly the Council and the Commission. It was argued that reforms of individual institutions are necessary before admitting new Member States. The institutional system was established for only 6 Member States, so it cannot function properly with 20 or 25 members. The question of official languages is also of prime importance but difficult to solve. The IGC will probably come up with a new number of Commissioners, only one per country, and a new system of majority voting in the Council by giving more votes to larger countries, a more proportional division of votes comparing to population. At the moment it is very difficult to conclude whether these limited institutional reforms would guarantee the good functioning of institutions after enlargement. The reform can be rather seen as a struggle between large and small Member States, trying to protect their own interests, and not as a genuine attempt to prepare common institutions to function in an enlarged Union.

⁵Article 3b of the EC Treaty: "The Community shall act within the limit of the powers conferred upon it by this Treaty and of the objectives assigned to it therein. In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community. Any action by the Community shall not go beyond what is necessary to achieve the objectives of this Treaty".

4. EU POLICY TOWARDS THE ASSOCIATED STATES OF CENTRAL AND EASTERN EUROPE

Relations of the European Union with Central and East European countries are based on three main instruments:

- (1) the pre-accession strategy aiming at gradual integration of Central and East Europe countries into the Union;
- (2) the Europe Agreements establishing association of the EU with now 10 countries of Central and Eastern Europe;
- (3) the PHARE financially and technically assisting Central and East European countries in implementing economic and political reforms.

These instruments have been developed and applied by the European Union in accordance with two interrelated basic principles governing relations with individual Central and East European countries, the principles of differentiation and conditionality. They have been crucial in developing EU *Ostpolitik* since 1989.

4.1 Principles

Policy of differentiation towards Central and Eastern Europe was first adopted as long as in the 1960s by the United States⁶. It was not until 1989 that the European Community adopted the

⁶This policy was well defined in 1983 by then Vice-President George Bush in Vienna: "Our policy is one of differentiation - that is, we look to what degree [East European] countries pursue autonomous foreign policies, independent of Moscow's direction, and to what degree they foster domestic liberalization - politically, economically and in their respect for human rights. ... The

principle of differentiation in its relations with Central and East European countries. Till 1989 the Community rather followed the German policy of synchronization, not favouring any particular country of the Eastern bloc. Since 1989 the Community, trying to influence the course of events in the other half of Europe, has started to evolve the policy of differentiation and to treat countries on an individual basis rather than members of a larger grouping⁷. Differentiation has been a result of conditionality. The Community (Union) has engaged itself in closer relations only with those countries which consequently started to pursue political and economic reforms. On the other hand, the Community has curtailed links with countries politically and economically distant from a Western model and initially hesitant to enter the path of political and economic reforms. This position has led to a gradual development of relations with Central and East European countries. At the beginning several forms of cooperation were evolved in relation to some countries. At the beginning the Europe Agreements and the PHARE were addressed only to the most advanced countries, i.e. Poland, Hungary and Czechoslovakia. Step by step and after careful assessment, these instruments have been offered also to other countries. However, as indicated in several Europe Agreements, links of the Union with the Associated States might be ceased if serious violation of human rights occurred in those countries. The reference to human rights and democratic principles condition the degree of involvement of the EU in relations with individual Central and East European countries. Adoption of the principles of differentiation and conditionality is a result of a need to respond to challenges in Central and Eastern Europe but also

United States will engage in close political, economic and cultural relations with those countries such as Hungary and Romania which assert greater openness and independence. We will strengthen our dialogue and cooperation with those countries" (quotation after James F. Brown, *Eastern Europe and communist rule*, Duke University Press, London 1988, p.104).

⁷"The Community has taken and will take the necessary decision to strengthen its cooperation with peoples aspiring to freedom, democracy and progress and with States which intend their founding principles to be democracy, pluralism and the rule of law. It will encourage the necessary economic reforms by all the means at its disposal" (Strasbourg European Council, *Conclusions of the Presidency*, 8-9 December 1989, Bull. EC 12-1989, point 1.1.14).

a consequence of bringing external economic relations of the Community closer to Common Foreign and Security Policy (former European Political Cooperation). Greater coherence between two decision-making processes requires economic relations be dependent on political assessment of foreign and internal activities of a given country.

4.2 Pre-accession strategy

The pre-accession strategy was adopted by the European Council in Essen on 9-10 December 1994. It is an unprecedented programme and process to prepare the Associated States of Central and Eastern Europe for full membership in the European Union. The strategy, which is primarily based on the Europe Agreements and the structured relations, is to assist the Associated States in meeting membership criteria and gradual adoption of *acquis communautaire*. It concerns cooperation covering all three pillars of the EU but the main stress is put on progressive integration into the European single market. The Commission White Paper, adopted by the Cannes European Council in June 1995, is an integral part of the pre-accession strategy. The White Paper entitled *Preparation of the associated countries of Central and Eastern Europe into the internal market of the Union* provides a comprehensive guide to the most important legislative measures for the operation of the internal market and in other interconnected areas, for example competition policy. It is only a guide as implementation of necessary legislative measures is dependent on the Associated States themselves which in response to the White Paper have modified their individual plans for adopting legal provisions of the internal market.

The strategy provides for multilateral meetings between the European Union and the Associated States on various levels. The importance of this provision lies in a fact that never before applicants have been able to hold regular meetings with the European Council and the Council. There are complaints, however, from Central and East European countries about poor

preparation of these meetings, no any real follow-up or absence of individual ministers of the Member States during multilateral ministerial meetings.

4.3 Europe Agreements

The basic instrument defining relations of the European Union with Central and East European countries is the Europe Agreement. First association agreements were concluded with Poland, Hungary and Czechoslovakia in December 1991. Later they were signed with Romania (February 1993), Bulgaria (March 1993), the Czech Republic, Slovakia (October 1993)⁸, Latvia, Lithuania, Estonia (June 1995) and Slovenia (June 1996). Now there are 10 Associated States of Central and Eastern Europe, all of them aim at joining the European Union.

The Europe Agreements are similar in contents. The main aim is to establish a free trade area between the Union and the Associated States in a transitional period of 10 years with the exception of the Baltic States where transitional periods are much shorter. Gradual opening-up of the markets take into account the principle of asymmetry. It means that the European market should be opened faster to products coming from the Associated States than markets of Central and East European countries. This is a limited concession of the European Union because the free trade area covers only industrial products. Sensitive goods, i.e. agriculture products, textiles, coal and steel, are excluded and Central and East European countries are the most competitive on the European market with regard to those products. Moreover, safeguard clauses, included in the Europe Agreements, may also limit trans-European trade flow and, if used extensively by the European Union in order to protect interests of its own producers, may damage or slow-down the process of economic reforms in the Associated States. The European Union is the main trading

⁸These agreements were signed due to the disintegration of Czechoslovakia.

partner for most of the Associated States, so the economic part of the Europe Agreements is of special value for them.

The Europe Agreements do not cover only trade and economic relations but at the same time establish a regular political dialogue. This is a sign of a "global" approach to relations with Central and East European countries when political and economic relations are regulated by the same document and are not longer disconnected. Political and economic goals are interrelated as free market cannot operate without proper democratic structures. On the other hand, political stability would not be guaranteed if deep economic reforms were not implemented.

4.4 PHARE

PHARE is a major technical assistance programme of the EU addressed to Central and East European countries. It implies an active participation of recipient countries in defining priority areas for assistance. Due to the lack of necessary financial resources, PHARE has played an important role in assisting Central and East European countries in various aspects of economic transformation. In certain areas the Associated States has been already able to use some internal funds of the EU.

5. EUROPEAN POLICY OF THE ASSOCIATED STATES OF CENTRAL AND EAST EUROPEAN COUNTRIES

Central and East European countries would like to redefine their positions in international relations. Because of that full integration into European and Atlantic organizations is closely connected with other main foreign policy goals:

- (1) development of good political and economic relations with neighbouring countries and CIS states;
- (2) intensification of bilateral links with Western countries;
- (3) contributing to a new security architecture of Europe and to regional initiatives;
- (4) attracting support for the development and consolidation of market economy.

Central and East European countries on many occasions have underlined their desire to join European and Atlantic organizations, i.e. the European Union, the Western European Union and NATO. This is a strategic as well as pragmatic aim which during the "revolution" of 1989/1990 was characterized as a "return to Europe". Further means of cooperation with the European Union, like the Europe Agreements or the pre-accession strategy, are treated as vital steps in gradual integration with the EU. There is no real alternative to full integration with the European Union. It is, however, understood that full integration can only take place when the European Union is prepared to take on board new members, so after the successful outcome of the Intergovernmental Conference, but especially when applicants can fulfil political and economic criteria connected with membership. That is why political and economic transformation is treated as a crucial and necessary element in the preparation of Central and East European countries for accession.

Strategies or programmes for integration have been prepared and presented by various Central and East European countries⁹. In general, they have been a response to the Essen strategy to prepare for the accession of the Associated States of Central and Eastern Europe and to the Commission White Paper of 1995. The main aim of the strategies is to identify areas of necessary adjustments to meet membership criteria and to move closer to the EU legal system. Such documents usually cover all three pillars of the Union. They are not treated as distinct programmes but as a vital element of governments' policies. As the objective to join the European Union is high on the agenda, the strategies are to show state activities in the perspective of European integration. They enumerate those tasks which would be performed by Central and East European countries even without integration with the Union, as they constitute the process of political and economic transformation.

The strategies for integration, prepared by the Associated States, have a number of components in common. They refer to the perception of integration with the European Union and to specific areas of adjustment to the EU system. They do not deal with the IGC and do not present official positions on how the European Union should be organized in the future. This is probably a pragmatic choice. Although the IGC is observed and scrutinized by government officials and various research institutions in the Associated States, there is no any official position on the desired outcome of the IGC. There are so many different interests and options presented by the Member States themselves during the IGC, so from the pragmatic point of view it is better not to express any official opinion by Central and East European countries and not be involved in present internal controversies over the future of the European Union.

⁹For example: in 1994 Hungarian government presented in Essen a memorandum containing the national strategy for Hungary's preparations; on May 1995 Bulgaria presented *the Government Programme for 1995-1998*; in January 1997 the Committee on European Integration in Poland put forward *National Strategy for Integration*.

5.1. Differentiation or equal treatment?

There is no agreement among the Associated States how they should be treated by the EU before and during the membership negotiations. There are two competing points of view. Countries like Bulgaria or Romania, fearing not to be in the first wave of new members from Central and Eastern Europe, strongly emphasize that all Associated States should be treated equally by the European Union. It means especially that negotiations should be initiated with all applicants at the same time. Central European countries, i.e. the Czech Republic, Hungary and Poland, underline that individual countries should be judged on their merits. They do not want to be treated *en bloc* but according to their political and economic achievements. They favour the policy of differentiation.

5.2 Membership in the European Union as a strategic aim of Central and East European countries

All ten Associated States of Central and Eastern Europe presented formal applications for membership in the European Union: Hungary on 31 March 1994, Poland on 5 April 1994, Romania on 22 June 1995, Slovakia on 27 June 1995, Latvia on 27 October 1995, Estonia on 28 November 1995, Lithuania on 8 December 1995, Bulgaria on 16 December 1995, the Czech Republic on 17 January 1996 and Slovenia on 10 June 1996. It is believed that, as promised by the EU, membership negotiations will begin with all applicants six months after the completion of the IGC, so probably at the beginning of 1998. Anxieties are however expressed about possible postponement in opening-up negotiations. It may be caused by a likely delay in completing the IGC or by controversies over the introduction of the single currency.

Membership in the European Union is a strategic aim of foreign policy of the Associated States. It can not be confused with a general term of the "return to Europe". This is especially stressed by Central European countries with long European tradition like Poland, Hungary or the Czech Republic. It is emphasized that these countries have shared European values and norms for centuries, they have been a part of European civilization but they were only denied to participate in building a democratic Europe and in implementing the political and economic project of integration after II World War. That is why it is impossible to talk about the "return to Europe" as these countries have been a part of Europe for centuries. That is why the attempts of the Associated States can only be perceived as aiming at integration with the European Union and integration cannot be confused with "the return".

Integration with the European Union is perceived as an element in a general strategy to be admitted to all European and Atlantic organizations. The importance of the EU is especially seen in the economic area, however, attempts to establish effective Common Foreign and Security Policy are not overlooked. In the field of security and defence, priority is given to NATO, to a lesser extent to the Western European Union. According to Central and East European countries, NATO is the only institution which could guarantee their security. NATO lays foundations for stable Europe in which European integration can only take place. NATO's attractiveness rests also on the fact that it is a trans-Atlantic organization by including the United States and Canada.

Strong opinions about a need to join NATO as soon as possible are heard in several countries, especially in Poland and Romania, the biggest countries of Central and Eastern Europe. Less enthusiastic views are expressed for example in Bulgaria (former communists), Slovakia (due to ambiguous policy towards Russia) or Slovenia (adherents to an idea of neutrality). The Baltic States are strongly blocked by Russia as concerns their eventual membership in NATO, an opinion they must take into account considering their present economic ties with Russia. Processes of joining NATO and the EU are seen as parallel, not excluding each other, and

mutually beneficial as each institution has its own role and functions to play in Europe. As stated at the Polish *National Strategy for Integration*:

"Membership in the EU guarantees us security and economic and social development, membership in NATO - peace and military security, and membership in the WEU allows Poland to participate in building European Defence Identity"¹⁰.

In all Central and East European countries membership in the EU is a clear priority. There is a consensus among political forces about the general objective to integrate with economic, political and military European and Atlantic organizations. Efforts aim at adjusting to European norms and developing close relations with the EU in all fields. The debate over European integration is not in general heated, however, groups of Eurosceptics exist in all countries. Eurosceptics usually do not question a desire to join the EU but their criticism focuses around the eventual terms of integration with the Union and the model of integration within the European Union. Eurosceptics do favour the concept of the EU based on sovereign nation-states with limited powers, if any, of supranational bodies. They strongly emphasize European credentials of individual countries of Central and Eastern Europe and argue that membership in the EU should not damage traditional identity and national culture.

5.3 Full integration with the European Union

It is strongly underlined that the only option seriously taken into account is full integration with the European Union. The Associated States aim at gaining a normal membership status at the EU comparing to other Member States. It means that they want to participate in all three pillars of the EU without any exclusions, so to exercise all rights and obligations connected with

¹⁰Komitet Integracji Europejskiej, *Narodowa Strategia Integracji*, "Monitor Integracji Europejskiej. Wydanie specjalne", 1997, p.50.

membership. *Acquis communautaire* should be adopted in an evolutionary process which is already under way as the result of the Europe Agreements and the Commission White Paper of 1995.

5.4 Priority for economic integration with the European Union

The postulate of full membership is especially important in relation to economic integration, even the Economic and Monetary Union. Only in less developed countries, like in Bulgaria, an option of only political membership at an early stage is sometimes put forward by politicians. In general, however, it is stressed that from the early beginning new Member States should participate in all forms of economic integration and a long-term aim of integration with the EU is to meet the convergence criteria as defined in the Maastricht Treaty (article 109j) to be admitted to the Economic and Monetary Union. This is certainly not an area which might undermine membership negotiations, as the Associated States would need a relatively long period of time to be able to participate in the EMU.

Other spheres of economic integration may pose a problem for both sides, for the Associated States and for the Union itself. They are primarily connected with the participation in the internal market. Removal of trade barriers in relation to industrial products have been already enshrined in the Europe Agreements and a full free-trade area will be established at the end of the transitional period¹¹.

Liberalization in trade of agricultural products is a major challenge for most Central and East European countries and it is sometimes emphasised that a transitional period is needed to participate in the internal market. It is necessary to develop rural areas in all Associated States

¹¹In general there is a 10-years' transitional period with the exception of the Baltic States where transitional periods are much shorter.

to achieve the level of the EU and to avoid a situation when rural areas are only populated by elderly people. It is believed that the EU will create a special fund to assist the Associated States in the development programme and in achieving priorities of present agriculture policies¹². On the other hand, the EU itself needs time to extend its common agriculture policy on new Member States. It is expected that CAP will be reformed in 1999, but even this new CAP will probably not be able to offer subsidies to the agricultural sector of new members at once. So the adjustment needs to be done on the part of the applicants but also on the part of the European Union. Agriculture may be one of the main problems during the negotiations as it leads to serious controversies nowadays. Despite the principle of asymmetry, being the basis for trade provisions of the Europe Agreements, a rising trade deficit with the European Union is observed for example in Poland. It mostly concerns trade of agricultural products¹³. The access of agricultural products to the EU market is not likely to be improved in the near future, as the European market is rather protected in this area and interest groups of farmers are very well organized and influential in Western Europe. This may cause problems for the Associated States, short-term concerning the trade deficit and long-term connected with a rising group of farmers opting for not joining the EU. Member States also complain about an access of agricultural products to markets of the Associated States but they can put effective pressure on the Associated States. For example in April 1997 Spain warned Poland that it would block activities of the Association Council if Poland did not reduce VAT on citrus fruits. And Poland reluctantly decided to agree on Spain's dictate. For Poland it was lesson how to negotiate with the European Union.

¹²Poland has asked the EU to set-up a 250 million ECU fund to assist in development of rural areas.

¹³Polish trade of agricultural products with the EU (in billions of US dollars):

export: 1.36 (1995), 1.29 (1996);

import: 1.45 (1995), 1.85 (1996);

Source: *Rzeczpospolita*, 26-27.04.1997.

Full participation in the internal market is a great challenge and opportunity for the Associated States. A lot of issues will be dealt with during accession negotiations. Some of them, as agriculture will certainly pose a problem. Others will also arise, as for example free movement of workers, especially in the case of big countries like Poland. In all areas of economic integration adjustment is needed and the strategies for integration provides a necessary guide for state authorities of specific tasks to be fulfilled. It is understood that economic integration is in the interest of the Associated States because they would gain a better access to the internal market of the EU, a big rise of GDP is expected (more than 18% of its 1992 level) and new Member States will become safer places for foreign investments they badly need¹⁴.

5.5 Participation at CFSP as an element of the active pro-Western orientation

Full membership means that Central and East European countries would like to be actively involved in II and III pillars of the EU. For the Associated States, participation in Common Foreign and Security Policy, even with its present shortcomings and limitations, is a vital element in pro-Western foreign policy. At present the Associated States are involved in a political dialogue with the European Union, bilateral under the Europe Agreement and multilateral within the pre-accession strategy. Unfortunately its present form is sometimes criticized. Complaints concerns especially the fact that the Associated States are not properly consulted before being asked to support a common position adopted by the Member States. Sometimes they do not have enough time to consider a common position in accordance with internal constitutional

¹⁴These are the opinions expressed by three economists Richard Baldwin, Joseph Francois and Richard Portes in the study on the costs and benefits of Eastern enlargement (*The Economist*, 12-18.04.1997).

requirements and foreign policy interests. There have been cases that due to procedural difficulties, individual countries have had to refuse to sign up a common position.

CFSP is not treated by most Central and East European countries as a counterbalance or an eventual replacement to NATO. Such an opinion is particularly strong in countries, like Poland, the Czech Republic or Hungary, with traditionally good relations with the United States. CFSP has its own value as a tool to make Europe speaking with one voice in the field of foreign and security affairs but should not be used as an instrument of separating Europe from the United States. Such an approach may lead to controversies with those Member States, like France for example, strongly advocating a need for a distinct European defence. There is no any official opinion whether the WEU should be merged with the EU system and this issue is left for the decision of the Member States. It is hardly to believe, however, that this problem may become an issue during accession negotiations.

6. CONCLUSIONS

Membership negotiations will be probably initiated at the beginning of 1998. It is however dependent on the successful outcome of the present Intergovernmental Conference. Any delay in the adoption of the new package of reforms may postpone the negotiations. After the IGC, the Commission will probably present formal opinions concerning the applicant countries. These opinions will concern all applicant countries, i.e. ten Associated States of Central and Eastern Europe and Cyprus, and will be primarily based on the answers presented by the Associated States to the detailed questionnaire of the European Commission¹⁵. It has not been decided yet whether

¹⁵Poland presented its answers on 2700 pages on 26 July 1996.

negotiations will be opened with all applicant countries at once, however, it is probably the best option. From the political point of view the main obstacle to the successful outcome of negotiations may be an approach of the Union towards Cyprus. Greece may easily block the negotiations with Central and East European countries if Cyprus was not offered the full membership status in the EU at the same time and it is hardly to believe that a divided country may be admitted to the European Union. Economic problems may also undermine negotiations. Member States of the EU may strongly express their economic interests, as it was the case during the negotiations of the Europe Agreements¹⁶. If such problems are not sorted out in advance and there is no good will on both sides, it is probable that the European Union will adopt the delay negotiating tactics and at the beginning will concentrate on not important issues like preambles, principles etc. If everything goes right and smooth, it is assumed that negotiations will be finished in 2000/2001 and after the process of ratification new Member States will join the EU in 2003/2004. Taking into account political considerations and economic achievements, there will be probably 3 or 5 countries in the first group of new members, i.e. Poland, Hungary, the Czech Republic and probably Estonia and Slovenia as well. Other countries, like Bulgaria, Romania, Latvia and Lithuania will need to wait a little longer. Slovakia, due to its complicated political situation, is not considered as an immediate candidate for membership in the EU. So in a few years time the European Union will consist of at least 20 countries. Hopefully it is going to be a successful and effective organization which for the first time will unite nearly all European states.

¹⁶Even after the initiating the Europe Agreements with Poland, Hungary and Czechoslovakia in 1991, Spain expressed strong reservations about the provisions concerning trade of steel. Due to the reservations of Spain, the ceremony of signing the Europe Agreements was delayed one hour before the compromise was reached (A. Podraza, *Stosunki polityczne i gospodarcze Wspólnoty Europejskiej z państwami Europy Środkowej i Wschodniej*, Redakcja Wydawnictw Katolickiego Uniwersytetu Lubelskiego, Lublin 1996, s.293-294).