European Union Enlargement: Prospects and Potential Pitfalls Along the Way*

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Enlarging the European Union (EU) is a multi-faceted process, marked by the milestones of the application for membership by a state, issuance of the opinion of the European Commission on that application, a decision by the Council on whether or not to open accession negotiations, conducting those negotiations, and ultimately the entry of the state into the Union. While these are impressive tasks in any situation, the magnitude of the current challenge is reflected in the fact that thirteen states have applications for EU membership pending. The size of this group of applicant states has intensified the debate over how to enlarge, and what level of preparedness is required before a state can join the EU.

This article will focus on how this challenge is being met. The enlargement process has moved forward to the stage of negotiations. The results of the negotiation exercise are reflective of the issues and challenges of enlargement in the broader sense. The influence of factors, such as the division of the applicant states into two groups, and the follow-up to the *Agenda 2000* process (including the Commission's progress reports on the applicant states and the status of internal EU reform), will also be addressed.

Establishing the current framework

In July 1997 the Commission issued the communication, *Agenda 2000*, containing its opinion on the applications for membership of the ten Central and Eastern European countries (CEECs), its assessment of the likely impact of enlargement on the European Union, and its recommendations for European Union reform. *Agenda 2000* established the basic framework for all subsequent discussions, preparations and pre-accession activities, both within the European Union, and within the applicant states themselves.

With regard to the membership applications, the Commission recommended that negotiations be begun with five of the CEECs – the Czech Republic, Estonia, Hungary, Poland, and Slovenia. The European Council, meeting in Luxembourg on 12 and 13 December 1997, while basically accepting the Commission's recommendations, established the framework for negotiations in a slightly different way. It decided to launch the "accession process" with all ten CEECs, plus Cyprus, which had previously been promised negotiations within six months after the conclusion of the 1996-1997 Intergovernmental Conference (IGC). However, the European Council also decided to convene bilateral intergovernmental conferences – the formal means to undertake accession negotiations – with the five recommended states plus

Cyprus. This group has sometimes been referred to as the 5-plus-1, or as dubbed by Commissioner Hans van den Broek, responsible for relations with the CEECs, the "ins".

In order to reinforce the pre-accession process, the Commission also proposed the establishment of bilateral Accession Partnerships (APs), which would replace the multilateral structured dialogue previously conducted with the applicant states.² The Luxembourg European Council committed itself to adoption of such APs, which were approved on 25 March 1998. They identify short and medium term objectives, and contain the provisions for cooperation between the EU and the applicant states, designed to facilitate the pre-accession preparation of the applicant states.

The APs call on each of the applicant states to develop a National Programme for the Adoption of the Acquis (NPAA). By May 1998, all ten Central and Eastern European applicant states had submitted their NPAAs to the Commission services. These national plans detail timetables for implementation of the pre-accession programmes. From the European Union's side, the Accession Partnerships are not only the framework in which to measure the progress of the applicant states; continued release of EU assistance funds is now contingent on meeting the AP/NPAA time-tables.

The "accession process"

The accession process as agreed to in Luxembourg was officially launched on 30 March 1998, with a meeting of EU foreign ministers and their counterparts from the ten CEECs and Cyprus. However, as reflective of the division between the applicant states, accession negotiations officially began with only the 5-plus-1 the next day, with the first inter-ministerial meeting, at the level of foreign ministers.

Technically, accession negotiations are conducted by means of such intergovernmental conferences, held between the EU Member States and the individual applicant states. In reality the Commission is very much involved. The first phase of negotiations involves screening - analytical consideration of the acquis communautaire to determine the compatibility of national legislation of the applicant states with the obligations of EC law. An Enlargement Task Force, headed by Klaus van der Pas, was established within the European Commission to deal with screening with the "ins", or first wave countries.³ Screening with the second wave countries (the "pre-ins") has been handled differently, being undertaken within DG1A, the directorate-general on external relations, under the direction of Deputy Director General François Lamoureux.4

^{*} Un bref résumé de cet article en français figure à la fin.

Screening with the CEECs-plus-1 commenced on 3 April, with a general information and introduction meeting.⁵ Screening for the first group of countries has been undertaken bilaterally, while the first phase of the screening for the second wave countries has been undertaken multilaterally, largely in the form of receiving an overview of the acquis presented by DG 1A. Although the screening of the two groups has been handled differently, the analysis in each chapter is being undertaken based on the same questionnaires, and often in cooperation with the same persons within the Commission. However, a significant difference between the two groups is that while screening with the first wave countries have been followed by the development of EU position papers in the areas covered, as formal negotiations with the second group have not commenced, this is not the case there.

The screening exercise seeks to answer two basic questions:

- (1) does the applicant state accept the *acquis* in the area being screened?
- (2) does the applicant state have the legislation and institutions in place to implement it?

Between April and October 1998, 13 chapters of the acquis were screened with the first wave countries, in preparation for the first substantive negotiating sessions. This included consideration of the difficult areas of agriculture and customs cooperation.⁶ These two areas are reflective of the types of challenge negotiations on adaptation to the acquis involve. Not only is agriculture a particularly difficult area for screening, involving hundreds of very specialised and complicated texts, conclusion of the screening must wait until the conclusion of the Member States' discussion of Agenda 2000 reforms in this area. It is expected that discussions with the applicant states in the area of agriculture will take until late June 1999. In the area of customs the acquis itself is relatively limited, in comparison to many other chapters, although the operational and institutional aspects of the obligations are huge. Much effort is needed to bring human resources, modernisation/computerisation, and other aspects of the customs services up to EU standards, and this is where both preparation for membership, as well as negotiations, will need to focus.

Multilateral screening with the second group was completed for all chapters of the *acquis* by the end of February 1999. Bilateral screening, looking in more detail at the individual national situations, commenced on 1 March.⁷

It is expected that the bilateral screening process with both groups will be completed by late July 1999, with the exception of the area of agriculture. In assessing the progress and conclusions of screening, both Klaus van der Pas and François Lamoureux indicated that acceptance of the EU *acquis* is generally not a major problem, but implementing it is likely to be. After the completion of the screening of 20 chapters with the pre-ins in November 1998, van der Pas felt that this view "is increasingly being confirmed", while Lamoureux concluded that the difference between the two groups with regard to adoption of the *acquis* "is not very great".

For the first wave countries the screening is being

followed up with negotiations. The Commission has prepared draft EU negotiating positions of the chapters considered, based on the position papers submitted to it by the applicant states. The positions on both sides reflect the conclusions drawn as a result of the screening.

The chapters being considered are divided into three categories:

- chapters for which both sides consider that no problems exist. These are then considered provisionally concluded, with the understanding that, based on the evolving nature of the acquis itself, all chapters must be looked at again, before conclusion of the Treaty of Accession.
- chapters which the candidate states do not yet apply, but which they consider they will be able to apply by the time of accession. This has been calculated on a date of 1 January 2003 for all applicants but Hungary, which is basing its calculation on an accession date of 1 January 2002.¹⁰
- chapters for which applicant states have requested transition periods. These will be the only chapters where any real negotiations will be necessary, with the discussions focusing on derogations in time.

On 29 October 1998, the first session involving substantive bilateral talks, or negotiations, with the countries of the first wave began. The Committee of Permanent Representatives (COREPER) and the Ambassadors of the Fifteen met individually with the chief negotiators of the 5 + 1 to exchange negotiating positions on the first seven chapters to be considered.¹¹ Substantive accession negotiations, conducted at ministerial level, were opened with these states on 10 November 1998. Agreement was basically reached on four of the chapters, based on the position papers submitted. The only issues where questions were raised were with regard to telecommunications, audiovisual policy and industrial policy, based on the derogations requested by the applicant states. Negotiations were considered tentatively concluded with regard to research, education, and small and medium-sized enterprises.

In preparation for the next round of negotiations, to take place on 22 June in Brussels, where it is hoped that official agreement on all seven chapters can be achieved, the German presidency conducted negotiating sessions at delegate level (Permanent Representatives and the head negotiators of the six) on 19 April and 19 May 1999. 12 A Council enlargement working group has been meeting twice weekly throughout the first half of the year to prepare for the meeting in June and, based on the reports submitted by the Commission Enlargement Task Force, it has been elaborating EU negotiating positions.¹³ In addition to conclusion of negotiations on the first seven chapters of the acquis, negotiations in eight additional areas are planned to begin in June. 14 Thus, negotiations on approximately one-half of the chapters of the acquis would have commenced or been tentatively concluded.

By the end of January 1999 the six had presented their negotiating positions on the next eight chapters to be considered. While no transition periods were requested for many of the chapters, a number of non-surprising requests *were* received. For example, the Czech Republic

has asked to be able to maintain its customs union with Slovakia. Estonia wants to be allowed to maintain free trade agreements with Latvia, Lithuania and the Ukraine, as well as to maintain existing bilateral fisheries agreements. Slovenia requested a 10-year period in which to maintain free trade agreements with Bosnia, Croatia, and Macedonia. The Czech Republic and Poland asked for flexibility with regard to state aid. 15

The Commission's Regular Reports

In parallel with the evaluation going on based on the results of the screening, assessment of the progress made by the applicant states has been detailed in the Regular Reports of the Commission, issued on 4 November 1998. 16 These progress reports (called for in Agenda 2000), while basically proposing the maintenance of the status quo of the Commission's original proposal, indicated that certain states - Latvia most notably, but also Slovakia and Lithuania – should possibly be reconsidered for inclusion in the group of first wave countries. The Commission felt that Latvia might be ready to be included in the first wave by the end of 1999, and Lithuania and Slovakia might be ready to join the group not long thereafter. Of equal concern to some of the first wave applicant states (most notably Slovenia and the Czech Republic) was the fact that the Commission was fairly critical with regard to their pace of reform, pointing to what it considered to be a decided slow down in their preparations for EU membership.

These reports formed the basis for the deliberations of the Vienna European Council, in December 1998, as to how to proceed with relations with the applicant states. While the Member States chose at that time to not make any adjustments in how the accession process has been proceeding, indications have been made that the groupings of states might, in fact, be reconsidered at the Helsinki Summit in December 1999. Sweden, Finland, and Denmark expressed their support for "more positive and more encouraging" treatment of Latvia and Lithuania. The opinion was also voiced that Slovakia should be rewarded as a result of the elections held in September 1998, allowing it to shed its distinction as the only applicant state considered not to be in compliance with the political component of the Copenhagen Criteria. However, the reaction of the Member States has been quite mixed. For example, while France voiced concerns that Bulgaria and Romania should not become even more isolated from the other applicant states, it submitted, together with Germany, a letter signed by German Chancellor Gerhard Schröder and French President Jacques Chirac, opposing taking a decision in Vienna to extend negotiations to countries other than those with whom negotiations had already begun. Their concern was linked to the desire to pursue internal reforms before expanding enlargement efforts.¹⁷

As with the screening, the Vienna Council noted that the differences between states in the two groups, reflected in the Commission's Regular Reports, had narrowed, although certain areas – state aid control, environment, nuclear safety, and justice and home affairs – needed particular attention by all the candidates. ¹⁸ The Commission's second Regular Reports, to be released in

October 1999, will form the basis for the discussions at the Helsinki summit in December 1999 on whether to extend negotiations to countries currently in the second wave or not. The development of these reports will be done in parallel with preparation of updated Accession Partnerships (to be issued in November 1999). François Lamoureux predicted that short-term priorities identified in these APs for the year 2000 would include potentially problematic areas such as those identified by the Vienna Council, as well as audiovisual policy, the adoption of certain internal market rules, and for some countries fisheries. How successfully applicant states achieve AP objectives may very well have more immediate influence on considerations of their candidacy than the more technical, and less public, accession negotiations.

Agenda 2000 reforms and other influences

The issue of EU reform is integrally linked to the process of accession. Not only are reforms considered essential before enlargement can take place, conclusive negotiations cannot take place until it is clear what the status of EU policies will be. This is especially true in the areas most affected by proposed *Agenda 2000* reforms: agriculture, structural funds, and financing. At the summit in Berlin on 26 March 1999, EU heads of state and government agreed on a package of reform in these areas.²⁰ The reforms agreed to, however, do not meet the level of reform proposed by the Commission in *Agenda 2000*, thus calling into question the continued validity of the Commission's assessment of the impact of enlargement.

The question of institutional reform is also crucial for determining when the applicant states are likely to be able to join the EU. In the IGC that led to the Amsterdam Treaty, reform that would, in theory, allow the Union to expand up to 20 members was agreed: in other words, the Union could take in up to five new members.²¹ With six countries in the first wave there were already questions raised whether enlargement could proceed without more specific institutional reform. The equation was further complicated by the fact that in October 1998, after new elections, Malta decided to reactivate its membership application, which had been frozen following a general election in October 1996 which brought to power a party that opposed EU membership. On 22 March 1999 the General Affairs Council decided screening should begin with Malta as soon as possible, initially with the "preins". Once the Member States formally decide to open negotiations with Malta, possibly at the European Summit in Helsinki in December 1999, it might (re)join the first wave.22

Despite such causes for concern, Member State support for enlargement is reflected by the agreements in the area of the budget for the period of 2000-2006. While most of the *Agenda 2000* reforms proposed by the Commission have been watered down by the Member States when they were finally able to come to agreement on them, one of the surprising areas which has remained largely unaltered is with regard to allocations for additional pre-accession assistance. The Commission has proposed a EUR 520 million special pre-accession instrument for agriculture and rural development (SAPARD), to be managed by DG VI (agricultural policy). In addition, it proposed allocating

EUR 1.04 billion annually to pre-accession instrument for structural policies (ISPA), modeled on the EU's Cohesion Fund, and therefore to be used for support of transport and environment projects. This is to be managed by DG XVI (regional policy). Finally, EUR 1.56 billion is to be made available, on an annual basis, under Phare 2000. Despite the budgetary debates which have raged in most other areas, the Member States have agreed to "ring fence" these funds, protecting them from being cut, or distributed elsewhere.

Finally, the Union does not consider enlargement on a vacuum. Not only do internal reform issues influence the process, developments on national, European, and international levels often do so as well. The situation in former Yugoslavia is one example. The fighting in Kosovo, and the mass exodus of ethnic Albanians from that province, has caused the Union to reconsider its relations with Albania and Macedonia. Officials in both states have indicated their desire to conclude association agreements with the EU as a step towards membership, even indicating that expedited procedures should be applied. While this is not (yet) being actively pursued, moves have been made to introduce enhanced preferential trade provisions in the cooperation agreements that exist with these countries.²³ Hesitancy to bring these states into the group of formal applicants is based, in part, on concern about the reaction of the existing applicants, especially the second-wave countries who fear that such a move would further delay their accession.

Conclusions

In looking at the process of enlargement as it is unfolding, the prospects and potential pitfalls display themselves in a number of ways. Two significant conclusions have arisen from the screening and negotiations currently being undertaken by the EU and applicant states. On the one hand, all applicant states appear to be moving more quickly than expected towards adoption of national legislation compatible with the acquis communautaire. Thus, they can be expected to have the bulk of the required legislative base, on paper, at the time of accession. On the other hand, general administrative and institutional implementation deficits with regard to the capacity to enforce the acquis, are also being identified in all these states. These problems range from a lack of qualified personnel, through the need to establish institutional actors in certain areas, to administrative inability to oversee implementation, either as a result of insufficient human or insufficient financial resources. Areas of particular concern continue to include the need to control state aid, environment, nuclear safety, and justice and home affairs. The framework for pre-accession cooperation established within the Accession Partnerships will increasingly need to be adjusted to more effectively target activities and aid to meet the challenges identified.

Problems are likely to arise not only from the situations existing within the applicant states, but also within the Union itself. The need to make institutional adjustments in order to take in additional members is growing with the prospects of expansion of the group of first wave countries. There is also the need to make policy adjustments that would allow new members to participate in EU policy

areas. In Agenda 2000 the Commission laid out a plan for enlargement which would have resulted in enlargement with minimal disruptions and costs. While some agreement on reform in the key areas of agriculture, structural policy, and the budget were reached in Berlin, the failure to agree on reforms to the extent proposed means enlargement will be potentially more problematic than envisioned in the Commission's blueprint. With or without reform, it is anticipated that the negotiations will have to cover a phasing-in of the participation of the new entrants in certain sensitive areas such as free movement of persons and the Common Agricultural Policy because of concerns on the part of existing Member States. Postponement of the application of the acquis, whether due to the new entrants' inability to apply it, or the existing Member States' unwillingness to have it applied, can lead to a fragmentation within the Union which would tend to run counter to the goals of European integration.

In addition to these considerations, an interesting debate in the enlargement process has been with regard to the composition, or even existence, of the two groups of applicant states. Ever since the Commission proposed, and the Council agreed to, the splitting of the candidates into the categories of "in" and "pre-ins", debate has continued, and even intensified, as to whether or not such a division should exist. Some of the warnings about the danger of this split have proven themselves to be true. Foreign direct investment has tended to favour the first wave countries, further disadvantaging the countries of the second wave. In addition, a certain demoralisation in the second wave countries can be noted. On the other hand, in the way that "number two tries harder", some second wave countries have made invigorated reform efforts in an attempt to show that they were incorrectly assessed in 1997 and that their status should be reconsidered in 1999. This, in combination with the indication the Commission gave in its Regular Reports, that some of the first wave countries might be slackening their adjustment efforts, reinforces the question of whether the best way forward continues to be by means of two distinct groups.

How enlargement proceeds will be determined by the resolution of these issues presented, as well as considerations of the political developments in the region, and the need to take national situations into account, such as existing trade links and the economic situation in the applicant states. From the Union's side, consideration of how successful the Finnish presidency will be, in the second half of 1999, at achieving agreement on institutional reform will also have a significant influence.

Taking all of this into account, the Commission's next Regular Reports, to be issued in October 1999, and the Helsinki summit in December, will set the stage for what really will be the agenda in the year 2000.

RÉSUMÉ

L'élargissement de l'Union européenne est un processus à facettes multiples, impliquant non seulement les pays candidats, mais aussi l'Union européenne et ses Etats membres, dans un exercice complexe fait d'ajustements et d'évaluations. Le nombre de pays candidats (13) vient

encore compliquer le processus dans le cas présent. Le suivi de l'Agenda 2000, contenant les avis de la Commission sur les candidatures d'adhésion, ainsi que ses propositions de réforme de l'UE, a posé le cadre du débat. L'examen analytique de l'acquis communautaire avec les pays candidats a montré que l'application de l'acquis communautaire posera probablement des problèmes beaucoup plus sérieux que son adoption. Les résultats de l'examen analytique et le rapport périodique de la Commission indiquent que la distinction entre les pays avec lesquels les négociations ont déjà été entamées (les "ins") et les autres candidats (les "pre-ins") s'est atténuée dans le courant de l'année dernière. En effet, certains pays dits de la première vague ont accusé un certain retard dans leur processus de transition, tandis que plusieurs pays de la deuxième vague ont remédié aux problèmes soulignés dans l'avis initial. Le deuxième rapport régulier et les nouveaux Partenariats pour l'adhésion (qui fixent un certain nombre d'objectifs à court et à moyen terme pour les pays candidats), qui seront publiés en octobre et en novembre 1999, poseront le cadre requis pour une nouvelle évaluation de la position des pays candidats. Entre-temps, l'accord sur les réformes internes obtenu à Berlin en mars 1999, s'il traite de questions telles que la politique agricole, les fonds structurels et le budget, semble cependant ne pas avoir réalisé de réelle percée pour faciliter l'élargissement. Le besoin de réaliser la réforme institutionnelle est encore plus immédiat si l'on tient compte de l'augmentation éventuelle du nombre de pays qui participeront à la première vague. Les décisions qui seront prises au Sommet d'Helsinki en décembre 1999, qui est appelé à se pencher sur tous ces points, définiront les paramètres du calendrier de l'élargissement en l'an 2000 et au-delà.

NOTES

- ¹ The applicant states are Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey.
- The structured dialogue has continued, in fact, in many areas, via what has come to be called "pre-accession ministerial meetings". Justice and home affairs ministers have adopted a Pre-Accession Pact on Organised Crime, while environment ministers have discussed issues including compliance with the acquis communautaire, nuclear safety, and reduction of "greenhouse gases". Uniting Europe, No. 10, 8 June 1998, p. 5 and No. 17, 27 July 1998, p. 5.
- The first Task Force meeting with the first wave applicant states took place on 2 April 1998.
- ⁴ The second wave countries are Bulgaria, Latvia, Lithuania, Romania and Slovakia.
- Screening covers all 31 chapters of the acquis communautaire. These are free movement of goods, free movement of persons, freedom to provide services, free movement of capital, company law, competition policy, agriculture, fisheries, transport policy, taxation, economic and monetary union, statistics, social policy and employment, energy, industrial policy, small and medium-sized enterprises, science and research, education and training, telecommunications and information technologies, culture and audiovisual policy, regional policy and coordination of structural instruments, environment, consumer and health protection, cooperation in justice and home affairs (JHA), customs union, external relations, common foreign and security policy (CFSP), financial auditing, financial and budgetary provisions, institutions, and "other".

- These thirteen chapters were research, education, SMEs, telecommunications, industrial policy, culture and audiovisual policy, CFSP, company law, consumer protection, fisheries, statistics, FM goods, and external relations.
- Bulletin Quotidien Europe, No. 7415, Monday/Tuesday, 1 & 2 March 1999, p. 11.
- * "Bilateral screening with five 'second wave' candidate CEECs to be finished in July except agriculture", *Uniting Europe*, No. 43. 8 March 1999, p.3.
- "CEECs face problems with implementing EU acquis as screening progresses", Uniting Europe, No. 32, 7 December 1998, p.1. "Differences between first and second group of candidates in adoption of EU acquis are minimal, Commission says", Uniting Europe, No. 37, 25 January 1999, p. 4.
- No date has been set for accession. The date of 2003 has been used as a reference date on the basis of the Commission's estimations. Hungary believes it will be ready, and therefore should accede, a year earlier.
- These are the first seven areas listed in endnote 6. The EU negotiating positions on the individual chapters are "defined" at this ambassadorial level, based on the draft positions presented by the Commission. The positions are then formally approved by the General Affairs Council before the commencement of negotiations at the ministerial level.
- At the meeting on 19 April the delegates addressed the issues of industrial policy, telecommunication (both unresolved in November), statistics, consumer and health protection, fisheries, and company law. Discussions in the first three areas were concluded at the meeting on 19 May, after Swedish opposition was dropped on some aspects of telecommunications. *Financial Times*, 20 May 1999 and *Agence Europe*, No. 7466, Mon.-Tues., 17-18 May 1999, p.9.
- ¹³ "EU Member States back Presidency work programme on enlargement", *Uniting Europe*, No. 38, 1 February 1999, p.1.
- ⁴ These are the last six chapters listed in endnote 5 plus competition policy and customs union. The four areas which were not concluded at the first ministerial meeting in November (telecommunications, culture/audio visual policy, industrial policy and Common Foreign and Security Policy (CFSP)) will also be addressed.
- Other derogations requested were much narrower in scope. For example, the Czech Republic wanted to be able to maintain its ban on phthalates in toys, Estonia wanted limited concessions in the area of trademark law, and Hungary, Poland and Slovenia all asked for derogations in time with regard to legislation on pharmaceuticals. "Candidates unveil negotiating positions on eight more chapters on EU acquis", Uniting Europe, No. 39, 8 February 1999, p. 2
- http://europa.eu.int/comm/dg1a/enlarge/report_11_98_en/index.htm.
- ¹⁷ "EU opposes broadening of negotiations and setting of dates for starting talks with Latvia, Slovakia, and Lithuania", *Uniting Europe*, No. 33, 14 December 1998, p. 3.
- ¹⁸ Ibid., p. 2.
- "Differences between first and second group of candidates in adoption of EU acquis are minimal, Commission says", *Uniting Europe*, No. 37, 25 January 1999, p. 3
- ²⁰ Full text of conclusions of the Berlin informal summit reprinted in *Uniting Europe*, No. 47, 5/4/99, pp. 7-12.
- 21 It is interesting to note that in the budgetary agreements reached in Berlin, in March 1999, the financial framework for the years 2000-2006 contemplates an EU of 21 members, or six new Member States.
- ²² Malta had, along with Cyprus, been promised the commencement of accession negotiations within six months after the conclusion of the 1996-1997 intergovernmental conference (IGC). "Malta to join first six candidates in EU accession talks", *Uniting Europe*, No. 41, 22 February 1999, p.1. "Malta to join screening with 'pre-in' candidates", *Uniting Europe*, No. 46, 29 March 1999, p.4.
- ²³ "EU to develop ties with Albania, Macedonia", RFE/RL Newsline, 23 April 1999. □