



*Robert Schuman*

**The Eastern Enlargements of the EU:  
Why and How Far?**

**– Finn Laursen**



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## **The Eastern Enlargements of the EU: Why and How Far?**

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# The Eastern Enlargements of the EU: Why and How Far?<sup>φ</sup>

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## Introduction

On 1 May 2004 the European Union (EU) became a Union of 25 Member States (EU-25). Eight Central and Eastern European Countries (CEECs) as well as Cyprus and Malta joined the EU in its largest enlargement ever. Before this could happen both sides, the 10 newcomers and the EU itself had to go through various reforms in the hope that the new much larger Union will be able to function in a satisfactory way in the future. In this paper we shall outline these gradual processes of preparation for the May 2004 enlargement and discuss the current situation where Bulgaria and Romania expect to join in 2007 and other states hope to join as soon as possible. Why does the EU keep enlarging and what are the implications for the future of European integration?

In connection with EU enlargements in the past we have often seen a debate on “Deepening versus Widening” (Wallace, 1989; De la Serre, 1991; Wessels, 1996). Widening, or enlargement, was linked with deepening by many political actors. The first enlargement agreed at the summit in The Hague in 1969 was for instance linked with the creation of European Political Cooperation (EPC), the foreign policy cooperation among the member states, which started in 1970. So EPC was in place when the UK, Ireland and Denmark joined the then existing European Communities (EC) in 1973. Greek membership followed in 1981 without similar EC reforms, but Spanish and Portuguese membership in 1986 came in parallel with the Single European Act (SEA), which was the first major reform of the EC. In order to complete the internal market qualified majority voting (QMV) was made the normal decision rule for adopting internal market legislation. The SEA thereby contributed to giving the process of European integration a new momentum in the mid-1980s. The enlargement which brought Austria, Finland and Sweden into the EU on 1 January 1995 was made on the basis of the Maastricht Treaty, which had created the EU in 1993. It deepened integration in various ways, *inter alia* by outlining the phases towards Economic and Monetary Union (EMU), by giving the European Parliament a right of co-decision in a number of policy areas, by adding several new policy chapters, even including education and culture, and by upgrading EPC to become Common Foreign and Security Policy (CFSP), which for the first time also included defence policy (Laursen and Vanhoonacker, 1992). Further, Maastricht started a more formalised Justice and Home Affairs (JHA) cooperation.

The Maastricht Treaty foresaw an intergovernmental conference (IGC) to review the treaty in 1996. This conference, which produced the Amsterdam Treaty, was seen as the conference which would make the next enlargement(s) possible, including the accession of

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<sup>φ</sup> Part of this paper is a revised and up-dated version of a paper prepared for the 10th ASEF University, “Enlarging European Union and Asia” at Keio University, Tokyo, 22 May – 5 June 2004. Sections of the paper rely on earlier writings by the author, esp. Laursen, 2001.

the CEECs that had now applied for membership (Ludlow et al., 1995). In the end Amsterdam failed to solve the institutional issues. This explains that there was yet another treaty reform in 2000, the Treaty of Nice, which officially made enlargement possible. But still, the Fifteen had doubts, so a further reform followed, producing a so-called Constitutional Treaty in 2004. This latest treaty is now going through the ratification process in the 25 member states.

Cyprus and Malta applied for membership in 1990. Ten CEECs applied during the mid 1990s in the following order: Hungary, 31 March 1994; Poland, 5 April 1994; Romania, 22 June 1995; Slovakia, 27 June 1995; Latvia, 13 October 1995; Estonia, 24 November 1995; Lithuania, 8 December 1995; Bulgaria, 14 December 1995; the Czech Republic, 17 January 1996 and Slovenia, 10 June 1996 (European Commission, 1996).

All these applications came after the EU decided at its summit in Copenhagen in December 1993 that the CEECs would be able to join in the future once certain conditions were fulfilled.

To the applications mentioned we should add an application from Turkey from 1987. However, the Commission had concluded in its opinion in 1989 that Turkey, although in principle eligible, was not ready for membership (European Commission, 1989). But in 1999 Turkey was officially recognized as a candidate.

### **Why Enlargement?**

The 5<sup>th</sup> enlargement of the EU has been a gradual and rather long process. It took time partly because it was a group of countries that needed to go through economic and political transitions from Communist rule and central economic planning to democracy and market economy. But at the same time it is fair to say that a number of Member States of EU-15 were not enthusiastic about the Eastern enlargement. Any change of this *ampleur* affects vested interests. If we use rational models to explain enlargement we will face a puzzle (Sedelmeier, 2000; Schimmelfennig 2001 and 2003). Countries depending on the Common Agricultural Policy (CAP) had no interests in getting in the competitors from the East. This includes France. Countries receiving a lot of money from the Structural Funds had no interests in getting in the competitors from the East either. Even if it can be argued that all EU-15 had an interest in stability in Europe, the EU could try to contribute to stability in other ways such as the financial aid that was given to the CEECs from early on after the end of the Cold War through the PHARE and other programs.

For some of the EU-15 Member States there was a rational argument in favour, namely a larger market. Freer trade and investment flows would contribute to economic growth, but again these effects could be realized short of membership, through free trade agreements such as the Europe Agreements concluded with the CEECs in the first part of the 1990s.

In the end enlargement was a political choice taken by EU-15, much aided by the European Commission, which played the role of a supranational leader or policy

entrepreneur. We will notice in the following that the decisive decisions taken along the way by the European Council from the Copenhagen meeting in June 1993, when the CEECs were promised membership, to the Copenhagen meeting in December 2002, when eight CEECs as well as Cyprus and Malta concluded accession negotiations, were largely based on recommendations from the Commission. But some Presidencies, including the Danish Presidency during the second part of 2002 also played important roles (Ludlow, 2004).

The many statements in favour of assisting the CEECs after the end of the Cold War – indeed, during the Cold War, too - gradually added up to a discourse that implied a moral commitment to accept these states as members. Schimmelfennig has used the term ‘rhetorical entrapment’ (Schimmelfennig, 2003, p.5 and p. 222). Much of this discourse was based on a certain idea of a collective European identity. It focused upon democracy and human rights. These aspects dealing with democracy and individual rights were reinforced within the EU by the treaty reforms through the 1990s, from the Maastricht Treaty in 1992 to the Nice Treaty in 2001. And the Constitutional Treaty incorporated the Charter of Individual Rights adopted in Nice in 2000 as a political document, making it legally binding.

Seen from the perspective of the applicant countries the EU has been a success story. It started with six countries in the early 1950s. At that time the UK and the Scandinavian countries did not join. But the counter-organisation, the European Free Trade Association (EFTA), which they created in 1960, turned out to be insufficient. Eventually most EFTA countries concluded that the costs of exclusion were too great (Mattli, 1999). They joined a club whose rules some of them did not fully support. This included the UK and Denmark, which joined in the first enlargement in 1973, and which have been foot-dragging members since. The last EFTA countries to join in 1995, Austria, Sweden and Finland, were those which had concluded for geopolitical reasons that they could not join during the Cold War. Similarly the CEECs could only contemplate joining after the end of the Cold War. In between, Greece, Spain and Portugal could only join after they had shed authoritarian regimes.

So the EC/EU has been an expanding club of democratic European states. In parallel with this geographical expansion the process has also gradually expanded the functional scope of integration, from limited sector integration in the 1950s to become a fully-fledged internal market and Economic and Monetary Union (EMU) in the 1980s and 1990s.

This process has contributed to creating a ‘security community’ in Europe. This community is now gradually being expanded to include the whole of Europe.

### **The Development of EC/EU Enlargement Policy**

From the start of the European integration process, from the Schuman Plan in 1950 and the creation of the first European Community, the European Coal and Steel Community (ECSC) in 1952, the idea was that other European states that so wished could join, and after the creation of the two other Communities, the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM) in 1958, the European Communities (EC) went through three enlargements before the Maastricht Treaty created

the European Union (EU), in 1993. The enlargement in 2004 was the fifth, and certainly not the last.

The Maastricht Treaty in article O stipulated:

“Any European State may apply to become a Member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.

The conditions of admission and the adjustments to the Treaties on which the Union is founded which such admission entails shall be the subject of an agreement between the Member States and the applicant State. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.”

Article O was procedure oriented. The basic procedure has not changed. The European Parliament (EP) must give its assent, which is a power it has had since the SEA in 1987. It means that the EP has a veto on enlargement. Given the fact that unanimity is required in the Council each Member State also has a veto. A Member State must be European. Morocco, which applied in 1987, was told that it cannot join because it is not European. Although the Commission opinion on Turkish membership in 1989 was negative, the question of eligibility was answered in the affirmative.

The European Council meeting in Maastricht in December 1991 also issued a short statement on enlargement, saying "that any European State whose system of Government is founded on the principle of democracy may apply to become a member of the Union." In reality democracy has been an implied principle from the beginning. This condition was confirmed by the Amsterdam Treaty, which added a reference to a new article 6 which states: ‘The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law’ (Art. 6).

In December 1991 the European Council had invited the Commission to prepare a report on enlargement for the Lisbon summit in June 1992 (*Agence Europe*, 12 December 1991). The Commission presented this report on "Europe and the challenge of enlargement" to the meeting of the European Council in Lisbon in June 1992. It referred to a new context, partly because of the completion of the internal market and the signing of the Maastricht Treaty, partly because of the end of the Cold War. The integration of the CEECs was now seen as "a historic opportunity". It could contribute to the "unification of the whole of Europe" (European Commission, 1992).

The Lisbon Report suggested the following conditions of membership:

1. Democracy and the respect of fundamental human rights;

2. Acceptance of the Community system and capacity to implement it, including a functioning and competitive market economy, and an adequate legal and administrative framework;

3. Acceptance and capacity to implement the Common Foreign and Security Policy "as it evolves over the coming years."

The concern at this time was still mainly with the applicants that joined in 1995. That Austria, Sweden and Finland had been non-aligned during the Cold War explains the explicit reference to CFSP. At the time of the Lisbon summit none of the CEECs had applied for membership, but it was known that they wanted to join. Association agreements, called Europe Agreements, had been negotiated with Poland, Hungary and Czechoslovakia, and negotiations on similar agreements were taking place with Bulgaria and Romania. Trade and Cooperation Agreements had been signed with the three Baltic States and Albania.

The Europe Agreements acknowledged that membership was the goal of the CEECs, but the EC side did not offer such membership at the time. The subtle language used, for instance, in the Hungarian agreement, was that "the final objective of Hungary is to become a member of the Community and that this association, in the view of the Parties, will help to achieve this objective..." (OJ L 347, 31 December 1993).

Concerning membership for the CEECs a break-through came at the Copenhagen meeting of the European Council, 21-22 June 1993, where the Heads of State or Government agreed, that "the associated countries in Central and Eastern Europe that so desire shall become members of the European Union." The economic and political conditions were listed in the following way:

"Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union" (quoted from Laursen and Vanhoonacker, 1994: 458).

The Presidency conclusions then went on:

"The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries."

Put differently, both the EU and the candidate countries had to be ready. Widening was linked with the EU's capacity to continue the process of integration, although different Member States had different ideas of what that meant.

## **Profile of the Acceding and Candidate Countries**

One of the reasons why the EU was slow in promising membership to the CEECs was that these countries were relatively poor, and they had to go through political and economic transitions to be able to function inside the EU. They needed to go through a transition process from Communist political regimes to pluralist democracies and from centrally planned economies to market economies. The economic profiles of the CEECs also meant that it would have some costs in budgetary terms to admit them. Further, the group of applicants was much bigger than earlier groups of applicants. The EU had as a maximum admitted three new member states at a time in the past. At the same time some EU Member States were preoccupied with meeting the conditions of participation in the single currency, the euro.

Table 1 gives figures from 2002 for population, gross domestic product (GDP) in purchasing power standards (PPS) as well as the share of agriculture and employment. If we look at the population figures we notice that most of the acceding countries are relatively small, with Poland being the main exception. The 10 countries that have acceded on 1 May 2004 have added 74.3 million inhabitants to the EU, taking the total EU population to 452.7 million. Turkey is by far the biggest applicant country. When Turkey joins it will be number two in terms of population after Germany.

If we look at GDP figures we notice rather great variation between the 10 countries that have now acceded, varying from Slovenia's €17,700 per capita down to Latvia's €8,500. The average among the acceding 10 countries is €11,150 compared with more than the double average in the old EU-15 of €24,010. Turkey is the poorest among the candidates with a GDP per capita of €5,500.

Next we have included figures for agriculture because the Common Agricultural Policy (CAP) is the most expensive of the existing common policies in the EU. The share of agriculture varies in the acceding 10 countries between 2.3% in Malta to 19.6 % in Poland. The share is also relatively high in Lithuania, with 18.6% and Latvia with 15.3%. But it is as high as 33.2% in Turkey and 37.7% in Romania.

Table 2 gives some macro-economic figures for the CEECs. At the end of the Cold War, when the CEECs started the transition process, many of them experienced a fall in growth, high unemployment and high inflation. But by 2002 the leading candidates had reached reasonable growth figures, with the three Baltic States in front with figures of 6% growth or above. Unemployment remained relatively high in Poland with 19.9% and Slovakia with 18.6%. Unemployment was also relatively high in Latvia and Lithuania. Inflation rates had come down to reasonable levels in the leading candidate states, but remained high in Romania with 22.5% and Turkey with 45%.

**Table 1: Population, Income and Agricultural Shares in Acceding and Candidate Countries, 2002**

	<b>Population (millions)</b>	<b>GDP per capita in purchasing power standards (PPS) in €</b>	<b>Share of agriculture as % of employment</b>
<b>Bulgaria</b>	7.9	5 900	10.7
<b>Cyprus</b>	0.8	17 400	5.3
<b>Czech Rep.</b>	10.2	14 400	4.9
<b>Estonia</b>	1.4	10 000	6.5
<b>Hungary</b>	10.2	13 600	6.0
<b>Latvia</b>	2.4	8 500	15.3
<b>Lithuania</b>	3.5	9 400	18.6
<b>Malta</b>	0.4	11 700 <sup>(2)</sup>	2.3 <sup>(1)</sup>
<b>Poland</b>	38.2	9 500	19.6
<b>Romania</b>	21.8	5 900	37.7
<b>Slovakia</b>	5.4	11 400	6.6
<b>Slovenia</b>	2.0	17 700	9.7
<b>Turkey</b>	69.6	5 500	33.2
<b>EU-15</b>	378.4	24 010	
<b>Acceding 10</b>	74.3	11 150 <sup>(3)</sup>	
<b>EU-25</b>	452.7	21 910 <sup>(3)</sup>	

Source: European Commission 2003a.

(1) 2001

(2) 1999

(3) This figure is an approximation based on PPS calculated for the EU-15; PPS is at this state not yet available on the basis of EU-25.

**Table 2: Growth, Unemployment and Inflation, 2002**

	<b>GDP Growth (% change)</b>	<b>Unemployment rate (% of labor force)</b>	<b>Inflation rate (year-on-year in %)</b>
<b>Bulgaria</b>	4.8	18.1	5.8
<b>Cyprus</b>	2.2	3.8	2.8
<b>Czech Republic</b>	2.0	7.3	1.4
<b>Estonia</b>	6.0	9.1	3.6
<b>Hungary</b>	3.3	5.6	5.2
<b>Latvia</b>	6.1	12.8	2.0
<b>Lithuania</b>	6.7	13.1	0.4
<b>Malta</b>	1.2	7.4	2.2
<b>Poland</b>	1.6	19.9	1.9
<b>Romania</b>	4.9	7.0	22.5
<b>Slovakia</b>	4.4	18.6	3.3
<b>Slovenia</b>	3.2	6.0	7.5
<b>Turkey</b>	7.8	10.4	45

Source: European Commission, 2003a.

If we look at the political side of the profile of the new members and applicants the CEECs have had to go through a political transition process from Communist one-party rule before 1989 to pluralistic multi-party political systems today. Democracy is not easy to establish from one day to the next. It depends on a certain political culture that takes time to develop. In a 1991 report the Commission officials suggested that the democratic tradition was weak in Poland, Czechoslovakia and Hungary and practically “none” in Romania and Bulgaria (European Commission 1991). How quickly could one then expect democracy, including the rule of law and respect of human rights and ethnic minorities to take roots in these countries?

In principle the new Member States should by today have established democratic regimes. But we do see rather volatile politics in some of them and one can fear that populist parties may come to power. There are also still concerns about the treatment of ethnic minorities in some of the CEECs. But the Amsterdam Treaty introduced a democracy surveillance mechanism that was further strengthened by the Treaty of Nice in 2000. This procedure will allow the suspension of certain rights including voting rights in case democratic rules and human rights are not respected (Article 7 TEU).

### **Agenda 2000**

*Agenda 2000* was the name given to the opinions and composite documents on enlargement published as a series of communications from the Commission on 15 July 1997. Volume I, entitled "For a Stronger and Wider Union" gave an overview. The Commission made a proposal for the new financial framework for 2000-2006 and recognized the need for reforms of the EU's Common Agricultural Policy and structural policies. Volume II was entitled "Reinforcing the Pre-accession Strategy". Also included in Agenda 2000 were the individual Commission opinions on the 10 CEEC applicants (European Commission, 1997).

Concerning the applicants the Commission concluded that Poland, the Czech Republic, Hungary, Estonia and Slovenia were closest to meeting the membership criteria set up at the European Council meeting in Copenhagen in June 1993. It was therefore recommended to start accession negotiations with these five CEECs. The remaining five should receive further assistance through a reinforced pre-accession strategy.

The proposed financial framework was based on the assumption that the first Eastern enlargement with five CEECs would take place in 2002. This meant that the budgetary costs of the CAP and structural policies would only partly be felt during the seven years of the 2000-2006 framework. On the further assumptions of average annual economic growth of 2.5% among the current member states and 4% among the applicants the Commission concluded that the financial framework for 2000-2006 could be kept under the current ceiling of 1.27% of the GDP of the member states (ibid., p. 51).

The differentiation proposed by the Commission between the five front runners plus Cyprus (5 + 1) and the remaining five in a second group led to a fair amount of discussion during the second part of 1997. (At this point in time Malta had withdrawn its

application). The European Council decided in Luxembourg in December 1997 ‘to launch an accession process comprising the ten Central and East European applicant States and Cyprus.’ The accession process would be launched on 30 March 1998 by a meeting of the foreign ministers of the Fifteen Member States and Eleven applicant countries. There would be an enhanced pre-accession strategy including accession partnerships and increased pre-accession aid. Bilateral intergovernmental conferences would be convened in the spring of 1998 to begin negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia. At the same time ‘the preparation of negotiations with Romania, Slovakia, Latvia, Lithuania and Bulgaria will be speeded up in particular through an analytical examination of the Union acquis.’ There would be a review procedure. ‘From the end of 1998, the Commission will make regular reports to the Council, together with any necessary recommendations for opening bilateral intergovernmental conferences, reviewing the progress of each Central and East European applicant State towards accession in the light of the Copenhagen criteria, in particular the rate at which it is adopting the Union acquis’ (*Agence Europe*, 15 December 1997).

1999 was the year when the EU finally agreed on some reforms of the CAP as well as the new financial framework for 2000-2006. This happened during the German Presidency in the first part of the year. Towards the end of that year, during the Finnish Presidency, it was decided to start accession negotiations with the remaining CEEC applicants plus Malta, which had reintroduced its application for membership in 1998.

The CAP reform included reduction in base price for beef meat (20 percent in three stages), price cuts for milk combined with specific quota increases and lower intervention prices for grains (20 percent in two stages) (*Agence Europe*, 12 March 1999 and 18 March 1999). The reform continued the reform of 1992, which had been made necessary by the GATT Uruguay Round. The EU was gradually moving away from guaranteed high prices to income support for the farmers.

Final agreement on all the chapters of Agenda 2000 was reached at the Berlin summit in March 1999. The CAP reform was slightly diluted by a postponement of the reform of the milk sector and a change in the reduction of the intervention price for cereals to 15 per cent. Structural policy was also an issue at the Berlin meeting. In the end the Cohesion Fund appropriation was increased from 15 to 18 billion Euro over the 2000-2006 budget framework period (*Agence Europe*, 27 March 1999).

It took 20 hours of difficult and sometimes acrimonious negotiations in Berlin to reach the agreement. The total expenditure for agriculture would actually increase. Money for structural policies would be slightly reduced (*Financial Times*, March 27/28, 1999). The agreement was welcomed as paving the way for enlargement.

### **Accession Negotiations**

The accession process formally started on 30 March 1998 with a meeting between the EU and the 11 applicants. Council President Robin Cook reminded the applicants that membership implied the full acceptance of the *acquis communautaire* as well as its effective

application. It also implied the full acceptance of the common positions, common actions and other acts in the context of CFSP as well as common actions, common positions, conventions and other acts agreed within the framework of Justice and Home Affairs (JHA) cooperation (*Agence Europe*, 30 March 1999).

After the formal opening of the accession process membership negotiations officially started with the 5+1 within the framework of six separate IGCs on 31 March (*Agence Europe*, 1 April, 1999). But during the first months of the process all 11 candidates went through a ‘screening process’ which started on 3 April (*Agence Europe*, 8 April 1999). On 10 November 1999 real negotiations started with the members of the first group on the first seven chapters that had been covered during the screening process.

On 4 November 1998 the Commission adopted progress reports on the applicants. Although the Commission did not recommend starting negotiations with any of the Five in the second group the progress in Latvia, Lithuania and Slovakia was especially noted.

In the autumn of 1999 the Commission again published reports on the applicants. This time the Commission recommended that “negotiations should be opened in 2000 with all candidate countries which meet the political criteria for membership and have proved to be ready to take the necessary measures to comply with the economic criteria, i.e. Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia” (European Commission, 1999, p. 31). On Turkey the Commission remarked: “Turkey has expressed the wish to be a candidate country and should be considered as such” (*ibid.*, p. 11.)

The meeting of the European Council in Helsinki in December 1999 followed the recommendation from the Commission: “Determined to lend a positive contribution to security and stability on the European continent and in the light of recent developments as well as the Commission’s reports, the European Council has decided to convene bilateral intergovernmental conferences in February 2000 to begin negotiations with Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta on the conditions for their entry into the Union and the ensuing Treaty adjustments” (European Council, 1999c).

The Helsinki summit also welcomed the launch of talks aiming at a comprehensive settlement of the Cyprus problem. A political settlement would facilitate the accession of Cyprus to the EU. But, the European Council said, “If no settlement has been reached by the completion of accession negotiations, the Council’s decision on accession will be made without the above being a precondition. In this the Council will take account of all relevant factors.”<sup>1</sup>

Helsinki further decided to make Turkey a formal candidate. The European Council welcomed “recent positive developments” in Turkey,” and went on to say: “Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the

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<sup>1</sup> Seen in retrospect it could be argued that this decision was a mistake. The EU lost bargaining power with the Greek Cypriots that eventually turned down a reunification plan that was accepted by the Turkish Cypriots in April 2004.

other candidate States.” Turkey would from now on “benefit from a pre-accession strategy to stimulate and support its reforms.”

During the years 2000 and 2001 negotiations then took place with 12 applicant countries. Each autumn the Commission issued its ‘report cards’ on progress on the 31 chapters that were covered in the negotiations. These 31 chapters are listed in table 3.

**Table 3: The 31 Chapters of the Accession Negotiations**

1. Free movement of goods	12. Statistics	23. Consumers and health protection
2. Free movement of persons	13. Social policy	24. Justice and home affairs
3. Free movement of services	14. Energy	25. Customs union
4. Free movement of capital	15. Industry	26. External Relations
5. Company law	16. SMEs	27. CFSP
6. Competition	17. Science and research	28. Financial control
7. Agriculture	18. Education and training	29. Financial and budgetary provisions
8. Fisheries	19. Telecommunication	30. Institutions
9. Transport	20. Culture and audiovisual	31. Other
10. Taxation	21. Regional policy	
11. EMU	22. Environment	

Source: Commission reports

The list of chapters starts with the four freedoms of the internal market. Then follow the various common policies. And it finishes with financial and institutional issues. Some estimates say that the EU’s *acquis communautaire* runs into about 80,000 pages. The EU is a case of deep integration, not shallow integration like the kind of integration found in various free trade areas (FTAs) in different parts of the world (Laursen, 2003a). This is why joining the EU requires a huge effort on the part of the candidates.

**Table 4: Progress in negotiations**

	<b>Chapters Closed by October 2001</b>	<b>Chapters Closed by October 2002</b>	<b>Chapters Closed by October 2003</b>	<b>Chapters Closed by September 2004</b>
<b>Cyprus</b>	23	28	31	
<b>Czech Republic</b>	21	25	31	
<b>Estonia</b>	19	28	31	
<b>Hungary</b>	22	26	31	
<b>Poland</b>	18	27	31	
<b>Slovenia</b>	21	28	31	
<b>Bulgaria</b>	12	22	26	31
<b>Latvia</b>	18	27	31	
<b>Lithuania</b>	18	28	31	
<b>Malta</b>	18	25	31	
<b>Romania</b>	8	13	20	26
<b>Slovakia</b>	20	27	31	

Sources: Commission 2001, 2002, 2003 and 2004

Table 4 shows the number of chapters closed through the last couple of the years of the negotiations. By December 2002 the 10 applicants that joined in May 2004 had closed all the 31 chapters. Least progress had been made by Bulgaria and Romania. The chapters causing the biggest problems, agriculture as well as financial and budgetary provisions, were the last to be opened and closed.

### **The Copenhagen Summit 2002: the End Game of the Negotiations<sup>2</sup>**

In its Strategy Paper put out on 9 October 2002 the Commission concluded that Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia fulfilled the political criteria for membership. Further, “Bearing in mind the progress achieved by these countries, the track record in implementing their commitments, and taking into account their preparatory work in progress, the Commission considers that these countries will have fulfilled the economic and *acquis* criteria and will be ready for membership from the beginning of 2004” (European Commission, 2002).

In order to prepare the final EU offer on enlargement and decide about interim institutional arrangements after enlargement an extraordinary European Council meeting took place in Brussels 24-25 October 2002.

Just prior to the summit the French President Jacques Chirac and German Chancellor Gerhard Schröder held a bilateral meeting, where they reached an agreement to maintain the financial framework of the CAP until 2006 at the level decided in Berlin in 1999 and to start implementing an upper limit on agricultural spending from 2007 to

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<sup>2</sup> This section partly relies on Finn Laursen and Berenice Lara Laursen, 2003.

2013, taking account of inflation. The two leaders managed to reach an agreement on the phasing-in of direct aid for farmers in future member states for the 2004-2006 period (*Agence Europe*, 25/10/2002).

The meeting of the European Council in Brussels endorsed the recommendation from the Commission that the 10 candidate countries already singled out for membership fulfilled the Copenhagen criteria and would be able to “assume the obligations of membership from the beginning of 2004.” The Union further reiterated “its preference for a reunited Cyprus to join the European Union on the basis of a comprehensive settlement” and urged “the leaders of the Greek Cypriot and Turkish Cypriot communities to seize the opportunity and reach an agreement before the end of the accession negotiations.” Concerning Bulgaria and Romania the European Council expressed its support for the two countries’ “efforts to achieve the objective of membership in 2007.” And concerning Turkey the Union welcomed “the important steps taken by Turkey towards meeting the Copenhagen political criteria” which had “brought forward the opening of accession negotiations with Turkey” (European Council, 2002a).

At the meeting several decisions were made relating to the costs of enlargement. The ceiling for budgetary expenses agreed by the European Council in Berlin in 1999 for 2004-2006 had to be respected.

First, there was an agreement on the amount of funds that the candidate countries were to receive from the EU structural funds, namely 23 billion euros.

Second, a decision was reached on the phasing in of EU farm subsidies that the candidate countries will get as direct payments to the individual farmers. Expressed as a percentage of the level of such payments in the Union the schedule would be: 2004: 25%, 2005: 30%, 2006:35% and 2007: 40%. Afterwards there would be “10% increments so as to ensure that the new Member States reach in 2013 the support level then applicable in the current European Union.”

Third, it was decided that the rules about own resources would apply to the new Member States. But this would make many of the new member states net contributors to the EU budget. So, “If the forecast cash flow balance with the Community’s budget compared to the year 2003 is negative for individual candidate States in the years 2004-2006, temporary budgetary compensation will be offered” (European Council, 2002a). Or, as the Danish Presidency explained it, “no candidate country is to be in a poorer position after accession in relation to the EU budget than before, when they received support from the EU for their accession preparations”(Denmark, 2002b, 8).

After the Brussels meeting of the European Council intense individual negotiations with the 10 candidate countries took place up to the meeting of the European Council in Copenhagen in December, where the final agreement was reached about enlargement.

The Danish Presidency worked out its “final packages” during November. The Presidency’s proposals were criticized by both the current members and the future members. The Presidency admitted, “It was a rough reception on both sides, Member States and candidates. Reactions were more negative than expected.” Since the net cost of enlargement for the period 2004-2006, according to the Danish compromise proposal, would be 1.3 billion euro higher than calculated on the basis of the financial package agreed in Brussels the main ‘net contributors’ (Germany, United Kingdom, Sweden, Netherlands and France) found the Presidency’s offer too generous, while most candidates considered it largely inadequate (*Agence Europe*, 28/11/2002).

At the summit intense negotiations took place especially with Poland about money and Turkey about a date for the start of negotiations about membership. It was agreed that Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia would be able to join from 1 May 2004. For Bulgaria and Romania the EU set 2007 as the target date for accession (Denmark 2002b, 9).

Concerning Turkey the Commission had concluded in its annual report in October 2002 that progress was being made towards fulfilling the political Copenhagen criteria – requirements for democracy, protection of minorities and the rule of law – but that the country did not fully meet these criteria.

Turkey was pressing for a date. In the end, Copenhagen at least offered a date for a decision about a date. The Commission would present a report to the European Council in the autumn of 2004 and make a recommendation concerning Turkey’s fulfilment of the political Copenhagen criteria. If the European Council decides then, on the basis of the Commission report, that Turkey fulfils the criteria the EU will initiate accession negotiation with Turkey ‘without delay.’ It was also decided to increase pre-accession financial assistance to Turkey (Denmark 2002b, 10).

The Turkish leaders present in Copenhagen were not satisfied. Their US ally had also put pressure on the EU leaders, with President Bush personally calling some of them, including the Danish Prime Minister Anders Fogh Rasmussen.

At the start of the summit the Presidency tried to get a final agreement with the other Member States about the final financial offers to the candidates. The Fifteen approved various “packages” proposed by the Presidency while insisting that the financial offer was “at the limit of budgetary resources”, as Anders Fogh Rasmussen expressed it in a press briefing. According to the compromise formula Poland would benefit in 2005 and 2006 of a new additional budget facility (cash-flow facility) of 1 billion euro (550 million in 2005 and 450 million in 2006) to allow the Polish authorities better to manage their budgetary difficulties during the first three years of membership. At the same time Poland would lose 1 billion euro in revenue in the long term under the Structural Funds. In reality therefore this was a money transfer within the budget, which would not increase the total costs to the EU budget (*Agence Europe*, 14/12/2002).

A number of other issues were dealt with during the end-game, including Polish milk quotas, zero level VAT on medicines and foodstuffs for Malta until 2010, 5-year restriction on Czech heavy-goods vehicles in the EU and nuclear safety.

### **The EU's Institutional Issues**

A central aspect of the EU's capacity to absorb the applicant countries is institutional. We have now moved from a Union with 15 to a Union of 25 Member States, and more candidates are waiting to join. Could such a Union function on the basis of the original institutions designed for a Community of Six? Collective action considerations suggest that decision-making becomes more difficult as the number of members increases if decision-making procedures are not improved in parallel (Laursen, 1994).

If the voting weights in the Council used in EU-15 were to be extrapolated to the CEECs and other candidates the results would be as shown in table 5. The bigger member states did not find such an extrapolation acceptable. They called for changes in the weights. The problem they saw was that most of the new member states were relatively small. The big members did not want a situation where the small members can dominate. So they wanted a re-weighting of votes in their favor.

The question of voting in the Council had been on the agenda of the 1996-97 IGC. Some of the larger countries tried to get their number of votes increased relative to the smaller countries. There were also suggestions for a double majority, where a majority of votes would also require a majority of the EU's population for a measure to be adopted.

The composition of the Commission was also discussed during the Amsterdam negotiations. In EU-15 the Commission had 20 members, two from Germany, France, Spain, Italy and the UK, and one from the remaining 10 members. Many reform proposals have suggested that the Commission is getting too big, and that a possible solution would be just one member per country. But most large member states now called for a smaller Commission.

In the end the Amsterdam negotiations did not solve these issues (Laursen, 2002, 2005). The Dutch presidency suggested a re-weighting of the votes in the Council, but no agreement could be reached. The Cologne meeting of the European Council in June 1999 therefore decided: "In order to ensure that the European Union's institutions can continue to work efficiently after enlargement, the European Council confirms its intention of convening [an IGC] early in 2000 to resolve the institutional issues left open in Amsterdam that need to be settled before enlargement." Three topics were singled out:

- size and composition of the Commission;
- weighting of votes in the Council (re-weighting, introduction of dual majority and threshold for qualified-majority decision-making);
- possible extension of qualified-majority voting in the Council (European Council, 1999, b).

The Helsinki summit in December 1999 confirmed this agenda, leaving open the possibility of adding other matters during the IGC, which started in February 2000 and which was concluded in Nice in December 2000. The Treaty of Nice introduced new weights of votes in the Council (see table 6). Further, a certain number of policy issues were moved from unanimity to qualified majority voting (QMV). Concerning the Commission the decision was that from enlargement each member state would nominate one Commissioner, but once Member State number 27 joins there must be a reduction in size and some system of rotation must be introduced.

*Table 5: Extrapolation of pre-Nice votes to EU-28 (1999 Eurostat population data)*

<b>Member States</b>	<b>Votes</b>	<b>Population (thousands)</b>
Germany	10	82 038
Turkey	10	63 400
United Kingdom	10	59 247
France	10	58 966
Italy	10	57 612
Spain	8	39 349
Poland	8	38 667
Romania	6	22 489
Netherlands	5	15 760
Greece	5	10 533
Czech Republic	5	10 290
Belgium	5	10 213
Hungary	5	10 092
Portugal	5	9 980
Sweden	4	8 854
Bulgaria	4	8 230
Austria	4	8 082
Slovakia	3	5 393
Denmark	3	5 313
Finland	3	5 160
Ireland	3	3 701
Lithuania	3	3 744
Latvia	3	2 439
Slovenia	3	1 978
Estonia	3	1 446
Cyprus	2	752
Luxembourg	2	429
Malta	2	377
<b>TOTAL EU 28</b>	<b>144</b>	<b>544 579</b>

  

<b>Determining a qualified majority</b>			
<b>Total votes = 144</b>	<b>Votes</b>	<b>% Votes</b>	<b>Min. % Population</b>
Qualified Majority	102	70,83%	51,45%
Blocking Minority	43	29,86%	11,88%

Source: CONFER 4728/00, 24 March 2000. 1998 data for Malta. Estimated figures for Turkey.

Table 6: Council Votes in EU-27 (as of 1 January 2005 and thereafter) according to the Treaty of Nice

	Present votes	Future Votes	Population (mio.)	% of Union population
Germany	10	29	82,03	17,05
United Kingdom	10	29	59,25	12,31
France	10	29	58,97	12,25
Italy	10	29	57,61	11,97
Spain	8	27	39,39	8,19
Poland		27	38,67	8,04
Romania		14	22,49	4,67
Netherlands	5	13	15,76	3,28
Greece	5	12	10,53	2,19
Czech Republic		12	10,29	2,14
Belgium	5	12	10,21	2,12
Hungary		12	10,09	2,10
Portugal	5	12	9,98	2,07
Sweden	4	10	8,85	1,84
Bulgaria		10	8,23	1,71
Austria	4	10	8,08	1,68
Slovakia		7	5,39	1,12
Denmark	3	7	5,31	1,10
Finland	3	7	5,16	1,07
Ireland	3	7	3,74	0,78
Lithuania		7	3,70	0,77
Latvia		4	2,44	0,51
Slovenia		4	1,98	0,41
Estonia		4	1,45	0,30
Cyprus		4	0,75	0,16
Luxembourg	2	4	0,43	0,09
Malta		3	0,38	0,08
Total EU 27	87	345	481,18	100
<b>Qualified majority of votes</b>	62	258/255* (as well as a majority of members if proposal from Commission, otherwise two-thirds of members)		Furthermore at least 62% of the Union population if a member state asks for control of this criterion
<b>Blocking minority</b>	26	88/91*		

**Sources:** Treaty texts and European Parliament, "Draft Treaty of Nice (initial analysis)," Brussels, 10 January 2001. Galloway, 2001, p. 88. The final version of the Nice Treaty was published in the *Official Journal of the European Communities* C 80, 10 March 2001.

\* On the confusion about the qualified majority and blocking minority, see chapter 21 in Laursen, forthcoming (see also *Agence Europe*, 23 December 2000).

Concerning institutional issues the Brussels meeting of the European Council in October 2002 decided that the weighting of votes in the Council for the period between accession and 31 December 2004 would follow the then existing weights (see weights in table 5). In EU-25 this would mean a total of 124 votes, with a qualified majority vote being set at 88 votes. From 1 January 2005 the votes established by the Treaty of Nice and its attached declaration will apply, starting with 29 votes for the four biggest Member States and graduated down to 3 votes for Malta (see weights in table 6). In EU-25 this will give a total of 321 votes, and the QMV was set at 232. A QMV, as stipulated by Nice, will also include a majority of Member States, in some cases two-thirds of the members. Further, a member may request verification that the Member States constituting the qualified majority represent at least 62% of the total population of the Union (Annex I, European Council 2002a).

As the Heads of State or Government left Nice some of them had their doubts. They decided to have yet another IGC in 2004 in order to make the EU more efficient and legitimate. The Laeken summit in December 2001 decided that this IGC should be prepared by a Convention, with relatively large representation by the EP and national parliaments (Laursen, 2003b). By July 2003 this Convention produced a draft Constitutional Treaty, which was then sent to an IGC that started on October 4, 2004. A meeting of the European Council in Brussels in December 2003 failed to reach a final agreement on the Constitutional Treaty. Especially the question of voting in the Council was controversial. The Convention had proposed a simple double majority; a majority of states which should also represent at least 60% of the EU's population would constitute a QMV. But Spain and Poland defended the more cumbersome system of weights agreed in Nice because Nice gave them a relatively high number of votes. In the end an agreement was found by June 2004. The double majority system was accepted, but the thresholds were increased to 55% of the states representing 65% of the EU population. This system will start from 2009 if the Constitutional Treaty is ratified by all 25 Member States (Laursen, 2004).

### **Current Candidates**

As mentioned earlier both Bulgaria and Romania have concluded accession negotiations and are expected to join in 2007. On 13 April the European Parliament voted to give green light to membership. Bulgaria's accession was backed with a 522-70 vote with 69 abstentions. In the case of Romania the vote was 497-93, with 71 abstentions. Romania is seen as the least prepared for membership. It is also considered more corrupt than Bulgaria. The Commission will publish its annual report in November and this report is expected to determine whether the two countries will join in 2007 or 2008 (*Financial Times*, April 14, 2005).

Croatia is next in line. Membership negotiations should have started by now, but have been put on hold by the EU on 16 March 2005 because Croatia has not cooperated sufficiently with the UN war crimes tribunal in The Hague. Croatia has failed to hand over General Ante Gotovina to the court. Gotovina is wanted by the court for alleged killing of

over 150 ethnic Serbs and for expelling about 150,000 at the end of the 1991-95 war. He is considered a national hero in Croatia. The government claims that it does not know where he is (“EU shelves Croatia talks,” [www.EurActiv.com](http://www.EurActiv.com), 16 March 2005). The decision to shelve the talks with Croatia, which was mainly pushed by Britain, has upset Croatia and its supporters inside the EU, especially Austria, Hungary, Slovakia and Slovenia (*Financial Times*, March 15, 2005; *Le nouvel Observateur*, 16 Mars 2005). The European Council has established a monitoring team with CFSP High Representative Javier Solana and officials from the current and future Presidencies, Luxembourg, the UK and Austria, which will draw up a report by May. On the basis of the report it may be decided to open accession talks with Croatia before talks will start with Turkey (“Summit gives another chance to Croatia” at [www.EurActiv.com](http://www.EurActiv.com), 16 March 2005). Croatia hopes to join in 2007. But the Commission President Jose Manuel Barroso thinks 2009 is more realistic.

The most controversial among the current candidates is Turkey. But in December 2004 Turkey was promised that membership negotiations will start on 3 October 2005. One condition is that Turkey takes steps to recognize Cyprus before. This is expected to be done through Turkey signing a protocol to its association agreement with the EU which will extend the agreement to the 10 new member states, including Cyprus. It is expected that negotiations will take at least a decade. The aim is full membership, but that outcome is not guaranteed. But, according to the December agreement, Turkey must in any case be “anchored in European structures through the strongest possible bond” (“EU offers Turkey a date – but Cyprus remains the key,” [www.EurActiv.com](http://www.EurActiv.com), 17 December 2004). A Turkish accession agreement may in the end include longer transition periods than seen in the past. Free movement of labour/persons is an extremely sensitive issue in many member states. Some kind of permanent safeguard clause may have to be included in an accession treaty. Turkish membership will also have a big impact on CAP and structural funds. But those financial problems will only have to be dealt with in the financial framework after the 2007-13 framework currently being negotiated. But if Turkey keeps on with ongoing reforms and implement them fully and sort out the Cyprus issue the prediction must be that Turkey will eventually join. The prediction is complicated by the fact that France has decided to have a referendum on the issue.

### **Future Candidates – Where Will it end?**

The remaining states of former Yugoslavia, Serbia and Montenegro, Bosnia-Herzegovina and Macedonia have been promised membership in the future on the basis of the Copenhagen Criteria. And Albania is in this same group. The future status of Kosovo is still uncertain.

In 2000 the EU started the Stabilisation and Association Process (SAP) with the Western Balkan states designed to encourage and support the domestic reform process.

The Former Yugoslav Republic of Macedonia (FYROM) was the first country in the region to sign a Stabilisation and Association Agreement (SAA) in 2001. It entered into force on 1 April 2004. Macedonia submitted its application for EU membership on 22 March 2004 (“EU-Western Balkans relations,” [www.EurActiv.com](http://www.EurActiv.com), 12 April 2005).

Recently the Commission has recommended that negotiations on a Stabilisation and Association Agreement (SAA) start with Serbia and Montenegro. An SAA could be the first step towards membership. One condition is full cooperation with the UN war tribunal in The Hague (“Commission says Serbia and Montenegro ready for negotiations”, [www.EurActiv.com](http://www.EurActiv.com), 13 April 2005).

The latest development is that other states from the former Soviet Union - other than the Baltic States that have joined in 2004 - have started expressing an interest in membership. This includes especially the Ukraine after its change of government in January 2005. The new president Viktor Yushchenko quickly stated full membership of the EU as his “strategic goal” (“Yushchenko to launch Ukraine’s bid to join EU,” [www.EurActiv.com](http://www.EurActiv.com), 20 January, 2005). For the moment Ukraine has a Partnership and Cooperation Agreement (PCA) which entered into force in 1998. Ukraine also falls under the EU’s 2004 so-called European Neighbourhood Policy (ENP). Neither the PCA nor the ENP open up the prospect of membership. However, Commission Vice President Margot Wallström has called the Ukraine vision of membership “realistic” (“Prospect of Ukraine’s membership ‘realistic’,” [www.EurActiv.com](http://www.EurActiv.com), 25 January 2005). And Ukraine’s membership is supported by 55% of the voters in the EU’s largest member states, i.e. Germany, France, the UK, Italy, Spain and Poland, while Turkey’s bid is only favoured by 45% (“European voters: Ukraine would be most welcome,” [www.EurActiv.com](http://www.EurActiv.com), 24 March 2005).

But what about Moldova, Belarus, etc.? If Europe is a geographic concept it stretches to the Urals and includes part of Russia.

Moldova has a PCA that entered into force in 1998. Solution of the Transnistrian conflict in the eastern part of the country is considered important by the EU. But the government, led by the Communist Party is pro-European (“Moldova: Victorious Communists eyeing European integration,” [www.EurActiv.com](http://www.EurActiv.com), 8 March 2005).

There are no contractual links between the EU and Belarus. The country’s current regime is considered too authoritarian.

For the moment the prospect of Ukraine’s membership suggests that the EU at some stage will have to decide where the EU’s future eastern border will go.

### **Policy Implications: Looking into the future**

It is well known that it is difficult to predict about the future. What we do know is that we now have a much wider EU, and we expect further enlargements in the future. But are the institutions up to the job of making it function? Many feel that the ratification of the Constitutional Treaty will be a help, partly because it includes more majority voting.

Day-to-day decision-making will surely be made more difficult when you have a greater number of players with more diverse interests. A number of policy areas will be affected. We suggest:

1. Changing the CAP will become more difficult. The CEECs benefiting from the current CAP will resist change the way especially France has resisted change in the past.
2. Decisions about financial frameworks and budgets will become even more difficult than they already are. Most of these decisions still require unanimity (and will continue to do so according to the draft Constitutional Treaty) and the net payers are not willing to contribute more. The financial framework for 2007-2013 will be a huge political battle.
3. Developing a 'progressive' environmental policy may well slow down. The CEECs do not want measures that will increase production costs.
4. Something similar may happen in the areas of social and labour market policies and taxation. The CEECs are eager to try to follow Ireland's example. They want to attract investments. So regulation of production will be kept at the required minimum and corporate taxes will be low.
5. In the area of CFSP the CEECs will join the UK in a rather pro-American group, making it difficult for the EU to speak with one voice internationally. The development of an autonomous EU defence policy may be hampered.
6. The issues of border controls and migration will remain on the EU agenda for a number of years. Not only do many in the EU-15 Member States fear that the free movement of persons will lead to a lot of immigration from the new Member States, but there is also a fear that there will be more illegal immigration from further east. Some of the EU's new eastern neighbours are to a large extent failed states that have not succeed in policies of transition to democracy and market economies. They could therefore produce refugees and this is combined with a fear that the new member states will have lax border controls.

So the question remains: Will the EU be able to manage the increased diversity? If not there is a risk of a return to the kind of power politics that Europe knew in the past. Some Realist scholars have predicted such a development (Mearsheimer, 1990). But liberal institutionalists point to the important role played by institutions in Europe today (Keohane, Nye and Hoffmann, 1993; Moravcsik, 1996). It will indeed take good, efficient, democratic and legitimate institutions to get the new EU to function. The ratification of the Constitutional Treaty would be a step – but only a step – in such direction.

Some observers who see the basic philosophy of the founding fathers of European integration, Jean Monnet, Robert Schuman, and others, with its emphasis on the role of 'supranational' institutions, as important for Europe's future, are worried that the new members have not fully understood and accepted that philosophy. That philosophy puts emphasis on 'upgrading the common interest' and not just stubbornly defending national interests. The EU has created a polity. It is more than purely intergovernmental cooperation (Laursen, 2003a).

Should EU-25 not be able to solve the problems, then the main alternative may be 'enhanced cooperation' between a smaller group of states. After the failure of the IGC in December 2003 the French and Germans again talked about the possibility of an *avant-*

*garde*, a pioneer group of states that could move ahead and leave the laggards in a more peripheral situation. We can hope such a scenario can be avoided. But there is a risk that some Member States cannot ratify the Constitutional Treaty. The Heads of State or Government will then face the difficult question of what to do with this *arrière-garde*. Should it be asked to leave the EU and seek some association agreement? Or should the EU fall back on the Treaty of Nice with its various shortcomings?

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