

## Potential Challenges of European Enlargement to the European Structure

**Abstract:** This paper examines the problems in the enlargement process of the EU and will point out how these difficulties can be solved so as to achieve a better and more effective functioning Union, and my aim is to deal with basic issues that are seen as problematic in the enlargement. These are namely EU institutions, security, economy -e. possible costs of the process, revision of the CAP, and allocation of the structural funds-, migration, and transitional period of the applicant states. In each section, after pointing at the functioning of the Union and hinting at problems as such, I give some suggestions and prospects for a better system in the issue. In the conclusion section, I give a summary as to what I have discussed so far.

### 1. Introduction: Background of the Enlargement Process

After the dissolution of the Soviet bloc, The European Union has witnessed a unique challenge in terms of membership application for the EU. This was also precipitated by Europe's further economic integration achieved by the launching of the Single European Act and Single Market Program, as now-candidate countries faced the problem of lagging behind vis-à-vis their neighbor countries in the west. For them, integration with the Union would constitute an undeniable opportunity to undertake democratic and economic reforms, which would certainly ease their problems regarding the transition to a more democratic and market-oriented state administration after the collapse of communism. Today, together with these Central and Eastern European Countries (CEE) the number of candidate countries amounted to thirteen, namely Poland, the Czech Republic, Hungary, Latvia, Lithuania, Estonia, Slovakia, Slovenia, Romania, Bulgaria, Cyprus, Malta and Turkey.

In spite of current world conditions, which facilitated this proliferation in membership applications, the basic conditions for enlargement were already set out in the Treaty of Rome, in the article, which states that "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".<sup>1</sup> Nevertheless, the enlargement problem was first taken seriously in 1993, at the Copenhagen European Council, when the member states took a decisive step towards the current enlargement by laying down certain rules that would be applied to candidate countries on their way to accession. According to those rules, which are often referred to as the "Copenhagen Criteria", candidate countries are required to achieve "stability of institutions guaranteeing democracy, the rule of law, human rights and protection of minorities; the existence of a functioning market economy together with the capacity to cope with competitive pressures within the Union; the ability to assume the required obligations regarding political and economic aims as well as monetary union."

As a final complementary to all these procedures, the Luxembourg European Council, held in December 1997, decided that the enlargement process should encompass a pre-accession strategy and accession negotiations, which would be opened as soon as the candidate countries could fulfill their obligations as set out in the pre-accession strategy. Though the pre-accession strategies may differ according to the candidate country in question, on the whole the EU's pre-accession strategy consists of Association Agreements -basic legal instruments of the relationship between the EU and candidate countries-, Accession Partnership and National Program for the Adoption of the *Acquis Communautaire* (NPAA) -in the Accession Partnership the Union designs short and medium-term priorities which candidate countries should implement to progress towards meeting the accession criteria. As a response to that candidate countries have to prepare their national programs, which indicate institutional and legal measures, and they should also undertake for the implementation of the *acquis*. After candidate countries complete all those criteria associated with the pre-accession strategy, negotiations are opened following the analytical examination of the *acquis* (screening), which is done chapter by chapter. After negotiations are held, the results are incorporated in a draft accession treaty, which is submitted to the Council for approval and to the European Parliament for assent. When these procedures are completed the treaty has to be ratified by member states and candidate countries, and after ratification the candidate becomes a member state.

In the Copenhagen Summit it was decided that the "accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required".<sup>2</sup> However, the current political climate seems to be favoring certain CEE countries whose chances of being a member of EU are greater as compared to other countries. The main reason for this difference could surely be the political and economic performance of these countries in fulfilling their obligations, but it also has to do with their strategic importance as they are situated right in the European neighborhood, especially close to Germany, and as such they have always been a matter of concern for Europe. In this framework, the "obvious winners" in the enlargement process will be the Czech Republic, Hungary and Poland, which can join both the EU and NATO within a decade (Smith et al. 1999). Turkey, on the other hand, does not seem to have

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that much of chance for a full-fledged integration with Europe. This is partly because Turkey has been the slowest among the candidate countries - i.e. even though it applied for membership earlier than other candidates (1987), it prepared its NPAA as the latest one (March 19, 2001)-, and also because Turkey has not been found to fulfill the Copenhagen Criteria even though an analytical examination of the *acquis* has not yet been initiated for Turkey.

Because a more integrated Europe, both through widening and deepening, will shape future relations in the region in a different manner, the extent to what Europe will get enlarged is of vital importance for candidate countries as well as for member states; not only does the enlargement pose serious challenges for the candidates, but also the union itself will be affected, whether positively or adversely, by this process. These challenges on the part of the Union will be centered on institutional reforms as well as internal policy adjustments. So far the most serious attempts to handle problems after accession of new members have been the launching of the Agenda 2000, and 2001 Intergovernmental Conference (IGC) culminated in European Summit in Nice. Although the Agenda envisaged future problems and proposed certain remedy as such, the EU's success in tackling potential economic, regional, financial and institutional problems of enlargement had not been so remarkable. Therefore, in Nice, member governments decided to launch an IGC, which witnessed several debates and contentions among member states, which left many problems regarding eastern enlargement, unresolved.

This paper will examine the problems in the enlargement process of the EU and will point out how these difficulties can be solved so as to achieve a better and effectively functioning Union, and my aim is to deal with basic issues that are seen as problematic in the enlargement. These are namely EU institutions, security, economy –i.e. possible costs of the process, revision of the CAP, and allocation of the structural funds-, migration, and transitional period of the applicant states. In each section, after pointing to the functioning of the Union and hinting at problems as such, I will give some suggestions and prospects for a better system in the issue. In the conclusion section, I will give a summary as to what I have talked so far.

## **2. Institutional Challenges**

### **2.1. Council of Ministers: QMV, Weighted Voting or Unanimity?**

The starting point as regards the position of the Council in a more enlarged Europe is the need to enhance or maintain the capacity of the EU's decision-making structures to reach collective agreements, which is under pressure from the addition of new members, and potential increase of the diversity of interests in the Council.

On the one hand, this has led to calls for an extension of the scope for qualified majority voting (QMV), which needs to be balanced with the member states' desire to maintain a degree of control over outcomes. What complicates the question of QMV is the increasing concern of the bigger member states about the mechanism of allocating votes which is relatively more generous to the small member states. As the big member states fear that subsequent enlargements that comprised primarily small states might lead to an imbalanced situation, they call for a reweighting of votes for QMV. These considerations are reflected in the renewed interest in the academic debate on voting power indices and in the design of 'fair' models of representation. According to a research conducted by Raunio and Wiberg (1998), with existing 15 members, no single member state is particularly strong in the EU. The voting power of the larger states decrease as the majority rule becomes more stringent. Smaller states get more voting power as majority requirement gets higher. Then, when the Czech Republic, Hungary and Poland integrate the EU, all member states lose voting power so larger states have disadvantage. Later, when Cyprus, Estonia, Malta and Slovenia are included in EU, this further strengthens the position of smaller states. Hence, in conclusion "the enlargement process seriously weakens the influence of larger member states" (ibid.: 559).

In addition to questions about extension of QMV, or reweighing of the voting structure in favor of larger countries, another set of debates revolves around the position of unanimous voting. Unanimous voting is exclusively confined to such policy areas as Common Foreign and Security Policy, Justice and Home Affairs, and CAP. For example, Brussels wants to bring all decisions on the single market within the scope of qualified majority voting, whereas Britain is ready to accept a limited extension on transport but insists on retaining unanimity on taxation, border controls and defense (Daily Telegraph, June 8<sup>th</sup>, 2000). The British was able to achieve this goal in the Nice European Council convened in 2001.

Accession of new members into the EU will obviously entail a power shift in the distribution of votes. So far there have been three possibilities; extension of QMV which is supported by smaller states, weighting vote which will favor larger ones, and retaining unanimous voting in strategic areas. The proposed solutions to this seemingly chaotic situation can be presented as follows:

- The European Commission pushed a "simple double majority system". Under this system, any EU decision would need to have the support of a majority of states (each state having one vote) and a second majority of countries making up over 50% of the EU's population. France rejected this idea because it would have weakened its traditionally leading role in the EU. France would have become just one vote in the first round of voting, and would have had to accept a clear advantage for Germany in the second round, based on Germany's larger population.
- Another suggestion is "reserving the unanimity rule only for clearly specified major political issues, while extending the use of QMV to include all policy sectors falling under competence of the first pillar of EU" (Raunio et al. 1998: 559). Pinder makes a different suggestion which is to "reduce the proportion of weighted votes required for a qualified majority from the present 74 per cent, to a declining percentage as the number of member states increases" (1992: 421). These suggestions are consistent with the view of the European Parliament who requested certain reforms to be made before any enlargement.
- Mostly the EU's original six countries favor the "flexibility clause" or the so-called "enhanced co-operation", which was first introduced in the Treaty of Amsterdam in 1997. The idea behind is to let groups of "inner

core countries” to cooperate in certain policy domains without having to wait for those who lag behind. However, the flexibility clause might end up provoking a process which means that by the time new members enter the Union, the inner core will have moved on to form a new and more exclusive club (The Economist, June 7<sup>th</sup>, 2001).

The first two suggestions were not supported in the Nice European Council, since larger states were unwilling to give up their power in the current vote sharing. Instead, the Nice Summit concluded that the votes would be redistributed in favor of the bigger countries, which would be weighted according to their population size. Because of its advantage in population Germany gained power, becoming “first among equals”.

## **2.2. The Commission**

When we observe the Commission and its functions, it is certain that enlargement will bring more work to its members. Although the number of the Commissioners is large enough to deal with more work, enlargement may lead the abolishment of the system of appointing two Commissioners from larger states each and one from smaller states each towards a more equal distribution which would envisage one Commissioner from each state. Another important system in the Commission is that a network of committees of member states’ officials supervises the Commission’s work and reports to the committee of Permanent Representatives and through them to the Council. It can be seen that the increase in the number of the member states will create a problem in the functioning of this system.

One suggestion to this issue comes from Ferdinand Mount who “has emphasized on the separation of powers and balance among the institutions” (Pinder, 1992: 423). “Much of the problem relating to the Commission’s role would disappear if the EC had a more coherent checks and balances and with a clear political legitimacy of its own” (Pinder, 1992: 423). Separation of powers also implies the end of the Council’s dominance over the executive and the legislative process.

## **2.3. Presidency of the Council and European Council**

The presidency rotates among the each member state for a six-month period. States take their turn according to alphabetical order. This procedure will create more difficulties as more states integrate into the Union. One suggestion to this is “abolishing the alphabetical order in favor of the system that would always include a large state in each troika of present, preceding and succeeding presidencies, cooperating to conduct the business, not only for the foreign policy cooperation as the troikas do already, but also for normal Community affairs. Moreover, executive responsibility for the CFSP should pass to the Commission, with the Council confined to laying down the principles and guidelines for the policy” (Pinder, 1992: 422).

## **2.4. European Court of Justice and European Court of Auditors**

Enlargement will make it difficult for these institutions to function effectively. One option for resolving difficulty can be “increasing the number of members and introducing internal reforms to safeguard efficiency; another option is restricting the number of members and introducing a package or rotation system for the nationality of individual members” (E. Parliament Briefing No15, 1999: 8). In the case of European Court of Justice, European Parliament suggests another option that is “running two parallel benches, which would only meet jointly in a grand plenary where there were differences of opinion” (E. Parliament Briefing No15, 1999: 8). Another problem in Court of Justice is that “the application of the EU law depends heavily on the courts and legal systems of the member states; and some of the judiciaries of member states that may in the future wish to join may not have the competence to play their part satisfactorily. Moreover, large influx of judges to the Court from states could cause difficulties. Therefore applicants must attain reliable juridical standards before they can accede” (Pinder, 1992: 424).

# **3. Economic Problems**

## **3.1. Cost Factor and Adjustment**

In economic realm, actually the EU has failed to determine the real prospects for additional enlargement once the current negotiations have been completed. Particularly the finance question has not been handled properly by the member states. For example in the Agenda 2000 (prepared by the Commission in 1997, and addresses the impact of enlargement on EU policies), it is suggested that enlargement would bring an additional cost of 20 billion ecus per year, which would not require an increase in the current budget ceiling of 1.27 % the EU's total GDP and costs would be met by an increase in growth rate of both current members and applicants (Smith et al. 1999). However, an earlier estimate of the Commission amounts to 38 billion ecus instead of 20 billion as proposed in the Agenda 2000. Furthermore, some researchers argue that enlargement would place tremendous pressure upon structural funds and the Common Agricultural Policy (CAP), and would require instead 63.6 billion ecus in EU's annual spending, which would be funded by cuts in existing spending or a 60 percent increase in member states' contributions. Why there is a difference between different estimate rates is that, with EU unemployment standing at over 20 million, national governments will not be so willing to advocate any increase in the budget to finance enlargement. That is why member states did not deal with the issue adequately and the Agenda's highly optimistic framework simply reflects this fact.

A main element of EU membership entails participation in the Economic and Monetary Union (EMU) after the fulfillment of the convergence criteria. But at the moment most of the candidate countries are suffering from structural and institutional problems regarding the functioning of economy notwithstanding the CEECs' success in dismantling the communist state apparatus. The problem for new entrants will be how the economy's structure and adjustment will change to find new ways of adjusting macroeconomic crises, as these mechanisms depend on the exchange rate regime, which would be unified and pegged at the European Currency Unit (Alha, 1995). The EU would have to ensure and constantly monitor macroeconomic performances of new members in order to prevent a crisis similar to the one in 1992 when economically vulnerable countries withdrew their currencies from Exchange Rate Mechanism (ERM), which was controlled by the German currency.

Given all these economic problems facing the applicant countries, the EU will be in a position to monitor their economic balances. This will require a great deal of research as well as a further burden on the EU budget. Nevertheless, the EU still does not have a clear-cut blueprint as to how its policies and institutions will change after the enlargement. In this respect, the Union must rely on more credible research and reports to give a shape to the structure of a more unified Europe after the enlargement measures have been realized.

### **3.2. Regional Policy and Structural Funds**

Regional disparities pose a very important challenge to the future of an enlarged Europe. In terms of infrastructure and economic growth, the southern countries of the Union -i.e. Greece, Portugal and Spain- lag behind the northern ones, and any accession of new members will obviously widen this gap. For some, there is even a "core-periphery pattern" of European integration (Martin et al. 1995). What is of greater importance, however, is that further trade integration could aggravate the disparities between richer and poorer countries manufacturing becoming more concentrated in a few northern regions. This is because in the absence of trade barriers firms locate in countries richer in infrastructure with stable economic conditions. The Structural Fund Policy was formed to decrease the disparity among regions and to reallocate resources from north to the south. Given that Europe is already beset by regional disparities, the Fund will only be overburdened with the increase in the number of governments who will desperately need the Fund's generosity to overcome their structural problems.

In order to adapt to the EU enlargement, in Agenda 2000 the Commission proposed that overall spending on the structural funds, among both the current members and the newcomers, should not exceed 275 billion ecus, which was 0.46 percent of the EU GDP. Also, pre-accession and post-accession aids for the countries could amount to 45 billion ecus. These numbers in fact would hardly facilitate economic and structural adjustment of new members, many of whom would be the former communist countries who are struggling for adjusting their economies along the line of European standards.

Regional problems are not only confined to the enlargement policy, for the Union already experiences problems of regional disparities. This has to do with, first and foremost, achieving a smooth running of the EU as a policy goal rather than concerns for eradication of regional disparities altogether. As a matter of fact, the structural funds could not prove successful to make a significant difference either to regional gaps or to the cohesion among members. For example, the Commission, in its first Cohesion Report in 1996, noted that between 1983 and 1995 regional income and employment disparities widened despite an overall rise in EU prosperity (Allen, 2000). Moreover, another study revealed that during 1980s per capita GDP in the poorest EU regions diverged from the EC average. The mean income of these lagging regions fell from 67.9 percent of the EC average in 1983 to 66.9 percent in 1988 (Martin et al. 1995: 167). By contrast, northern European regions converged strongly after 1985.

Accession of eastern countries may turn the regional problems from a North-South pattern into a West-East one, since the eastern countries would be among the regions that are lagging behind their more prosperous northern counterparts, notwithstanding substantial success of former communist countries in certain economic policies. Therefore, regional disparities would constitute one of the most problematic areas of the EU in the future.

## **4. External Security**

After the dissolution of the Soviet bloc in 1989, the whole landscape of the Eastern Europe changed. West Germany, due to its historical ties, opted for integration of the countries in the region. Fearing a unilateral German initiative, France and Britain became willing to accept former communist countries into the general European structure. Thus, the initial considerations with regard to enlargement had pretty much to do with security concerns, which were further reinforced by changes in the world system in general, and emergence of new problems in the European zone in particular. Despite the crucial importance of security as a rationale for accepting new members, at the institutional level it also became a source of problem. The problem stems from the fact that the European defense and security is divided among a number of institutions, the most important of which are NATO and Western European Union (WEU). Although there is not an official coordination of policy among these two institutions as to the integration of former communist-bloc Central and Eastern European Countries (CEECs) into the western defense framework, that there is an unofficial and incremental linkage between WEU and NATO in the high degree of overlapping membership creates a problem. According to Smith and Timmins (1999), there is an "institutional Darwinism" between two organizations as they both compete to maintain their relevance to a post-cold war world. After the Copenhagen European Council Summit in 1993, when the EU decided to take a pro-active stance regarding accession of new members into the Union, NATO's reply was immediate to initiate its own accession process as the United States became aware EU's going too far ahead, and tried to reassert leadership of NATO as a key player in European security affairs. Hence, we see an overlap in the enlargement policies of WEU and NATO.

However there arises a problem as these institutions undertake their accession process without an official and overt link between them. For example the US officials are concerned that new EU-WEU members might assume a "*de facto* access to NATO" as well, even though they have not accepted the responsibilities of NATO membership. If a policy of direct accession of new EU members into the NATO will ever exist or the functions of NATO and WEU more and more converge, it will bear a serious problem that those who are part of NATO but not a member of EU -the best example is Turkey- will want to have a direct access to the EU.

The key point concerning the EU's enlargement policies is that no matter how many countries are accepted for full membership, enlargement should not be allowed to disrupt the internal coherence of NATO and WEU, and, in the case of the latter, to obstruct the process of political integration. Encouraging and prompting new EU members to accept and implement NATO's membership criteria in order to become its member at the same time can do this. Furthermore, as is discussed above, EU's enlargement policy will confer some benefits on the very security of Europe thereby

providing people with certain values to identify with, which will in turn increase legitimacy of the EU institutions in the eyes of the public. Security will be enhanced further by widening policies so as to include as many potential members as possible to decrease any feeling of resentment caused by exclusion -this is particularly applicable to Turkey. Thus, if the EU is to act united as one, democracy and democratic means of security must be extended eastwards.

## **5. Justice and Home Affairs**

In the nation state system, what legitimized the state was an implicit contract between citizens and the state, which was based on the ability of the latter to provide security. That is, so long as the state was able to protect citizens from internal as well as external violence, citizens would be willing to accept this invisible contract thereby identifying them with a "national identity". The hierarchical and centralizing character of political institutions of the nation state was based on its obligations to protect citizens through war making in order to provide external security and also through a monopolized use of violence in order to establish internal security.

In the second half of the twentieth century, the state system was supplanted by the bloc system, which was apparent during the cold war years (Kaldor, 2000). Since many of the world countries were brought together under the umbrella of two basic blocs -the communist bloc and the democrats- a national identity was no longer sufficient to appeal to people for sacrifice. Then an ideological dimension -i.e. being either a communist or a democrat- was added to national identity as a form of legitimacy.

What is important about these two systems is that they were both based on the territorial defense against an enemy, an "other", in order to legitimize themselves. However, this is not applicable to the system, which has emerged after the cold war. Because the cost of war making has increased tremendously by the introduction of new forms of destructive nuclear arms and biological weapons, the so-called "state-war model" has changed so as to give a way to new forms of war making. This new system is indeed a mixture of classical war, organized crime and violations of human rights, and binary distinctions between "internal and external", "public and private", and "rule of law and anarchy" has been weakening (Kaldor, 2000). Wars in other territories have spillover effects in adjacent countries through refugees, asylum seekers, and organized crime networks.

How can all these facts have any implications for the future of the EU? Today, through the emergence of new wars, a new kind of insecurity is emerging and the old forms of identities, which give the states a basis for legitimacy, are no longer appealing for people. Therefore, if the process of the European Integration is to be sustained, it has to generate a new implicit contract that offers some concrete measures to deal with the new sources of insecurity and provides a European identity. This can be achieved through the processes of widening (further enlargement), and deepening (creating more networks and levels of relatedness among member countries) which will be entailed by extending the provision of security geographically and socially into the East, and by developing a set of arrangements that counter fragmentation and exclusion of the candidate countries. If only people identify themselves and the EU as accepting multiculturalism, human rights, rule of law and civil society can the EU gain legitimacy, and only through integration of the applicant countries it can disseminate this values into the region.

### **5.1. Border Crimes**

Enlargement brings anxiety about cross-border crime which includes smuggling, terrorism, narcotics trade, trafficking in women and children. The Central Europeans and small Mediterranean islands present a challenge of diversity. Some of them may bring risks of nationalist conflicts. There may be problems of security in their relations with states that are not applicants for membership of the EU. As a solution for this, it is expressed that "applicants will have to abolish the visa-free regimes currently operating with their eastern and southern neighbors who remain on the EU's visa 'black list'" (Grabbe, 2000: 526).

Schengen Bargain (Schengen Agreements are the major accomplishment in the field of justice and home affairs which were reached in 1985) points out softening borders in the Schengen zone. "Extending Schengen eastwards implies a bargain: Freer movement westwards at price of not allowing free movement from the east" (Grabbe, 2000: 527). This means the free movement zone will be extended but the laws and penetration would be strict. The countries on outer rim of Schengen zone not only have to control traffic through these frontiers to move carefully, but they also have to develop a sophisticated infrastructure for keeping data on who and what is crossing their borders. Applying EU visa policies will prevent bilateral cooperation between countries that are ins and outs in EU accession process. Hence, enlargement of the EU will further enhance economic dynamics and political stability in the region.

To enhance security during and after the enlargement, some measures should be taken. EU countries make statement that candidates will impose entry visa requirements on their southern and eastern neighbors. Supplementary financial aid and political support to candidate countries is necessary for them to deal with regional tensions, conflicts.

### **5.2. Migration**

Another issue on EU Enlargement regards the migration. Economists argue that labor movement is related to economic efficiency. "Existing barriers to labor mobility are responsible for a substantial loss in world-wide GDP" (Faini, 1995: 143). However, EU members have anxiety about uncontrolled immigration.

Flows of people seeking to reside long-term in the EU are small. "Permanent emigration from CEE has substantially over the last decade, while short-term and transit migration are increasing" (Grabbe, 2000: 521-2).

Faini in his article points to both migrations by EU residents and non-EU residents. He shows that migration from Southern Europe to Northern Europe is limited due to the decline in the demand in the North and due to a decline in the propensity to migrate. This implies propensity to migrate is related to the income. The propensity to move falls with rising incomes. Thus, we can argue that there will be less migration from both EU and non-EU areas as the income level rises.

In developing countries, especially in Eastern Europe, there is rising unemployment that leads to more pressure to migrate. On the contrary, it is argued that level of labor movement will be low. The major reason is the wage differentials between these countries and EU's current more affluent members. This leads to large migration costs. Moreover, success of candidate countries in transition toward market economy and recovering their economic conditions will contribute to the low migratory flows. "Study of Faini and Venturini on the case of Greece, Portugal, Turkey and Spain shows that for all these countries further increase in income would lead to a substantial drop in the emigration rate. Even moderate per capita income growth should lead to a significant drop in migrations" (Faini, 1995: 150).

The migration problem is linked to socio-economic discrepancies between east and west. Gaps between the income levels and living standards of CEECs and EU will be reduced by economic growth. "Previous EU enlargements generated only relatively limited migration, despite wide disparities in employment and income between the poorer Mediterranean states and richer northern Europe. Increasing political stability in CEE, steady economic growth and foreign direct investment are discouraging large-scale movement of unskilled workers. Future east-west migration is not expected to cause problems for EU labor markets, even where unemployment is high" (Grabbe, 2000: 522).

Thus, we can say that although EU members express the migration as an important factor that should be taken into consideration in enlargement, research shows that the migration flow will be low. Migration can be kept low by improving and supporting the economic growth of candidate countries, and by helping them in transition to market economy.

## **6. Europe's Responses to Challenges of Enlargement; what has been done so far?**

### **6.1. Ad Hoc Responses right after the Disintegration of the Soviet Union**

When it became clear in 1989 that the eastern part of Europe would undergo dramatic changes, Europe had to redefine its relationship with CEECs. West Germany took the first initiative, as it was keen to re-establish historical ties in the region, particularly with the German Democratic Republic. Germany was in favor of a collective action in dealing with eastern question because of potential financial and political problems. France and Britain agreed on German position, since they saw this as preferable to unilateral German initiatives. The Commission assumed the leadership role and embarked on bilateral agreements with CEECs regarding especially economic reforms and trade liberalization. European pledges to these countries were embodied in financial assistance delivered by the Phare program and the European Bank for Reconstruction and Development. However, these policies were launched on a short-term basis without much consideration of long-term implications. European countries' initial responses, therefore, were ad hoc as the EU found itself unprepared for these unexpected changes (Sedelmeier et al. 2000: 432-3). It lacked a clear-cut blueprint and prescription to incorporate CEECs into the European body, nor did it have adequate expertise and technical staff. The EU tried to overcome all these shortcomings in following years, convening intergovernmental conferences (IGC) and redeploying personnel from teams working on development assistance programs for the third world.

### **6.2. First Considerations about Institutional Reforms: 1996 Intergovernmental Conference and the Amsterdam Treaty**

The initial reason for the convening of 1996 IGC was to revise the Maastricht Treaty, particularly its three-pillar structure. Nonetheless, the conference later on focused on specific challenges to the EU institutions that would be brought about by the future accessions. Many people had long been arguing that the EFTA enlargement was not accommodated yet, let alone the eastern enlargement. Many governments insisted on institutional reforms as a convenient excuse for not going ahead too quickly with enlargement (ibid.: 446). The enlargement debates centered on voting structure of the Council of Ministers. As smaller countries joined the EU, reaching collective agreements would go under pressure. Larger states were against extending qualified majority voting (QMV), and instead they were pressing for reweighing of votes in favor of themselves, which would be accompanied by a trade-off that the larger states would nominate only one commissioner each -instead of two as they have today-. The nature of debates regarding the allocation of votes should not be exaggerated however. Because, conventionally, the Council votes rather little, operating mostly by consensus, and smaller member governments do not gang up on the larger member states (ibid.: 447).

Agreements about future voting structure of the EU together with other reforms adopted in the 1996 IGC are summarized in the table below.

<b>Issues</b>	<b>Results</b>
Extension of QMV	Only very limited
Number of Commissioners	Only one commissioner per member state from the next enlargement if the weighting of votes has been modified
Weighting of votes	No decision, but indication of an eventual reweighing of votes
Insertion of flexibility clauses	Circumscribed as a last resort (must involve a majority of members; must respect rights and obligations of non-participants; can be vetoed if important national interests are at stake
Number of MEPs <sup>1</sup>	Limit agreed
Review of institutional arrangements	Comprehensive review at least one year before EU membership exceeds twenty
Schengen	Schengen acquis to be applied in full by new members

**Table 1.** The main changes in the Treaty of Amsterdam with regards to enlargement. Source: Sedelmeier et al. 2000: 447.

Although the EU was on the way to accommodate to specific challenges, the 1996 IGC proved only limited success. Major questions remained unresolved, which were to be handled in Agenda 2000 adopted in July 1997, and the Commission presented detailed proposals on each chapter of reforms on 18 March 1998.

### 6.3. Policy Reforms in Agenda 2000

In Agenda 2000 the EU focused on potential challenges to the internal policies, particularly financial and distributional problems as regards CAP and structural funds. The Commission changed its outlook and took a much sharper view. As such, the policy debates shifted from trade liberalization towards issues of policy adjustments. In addition, the EU began to be much more specific about the timetable for eastern enlargement. The earliest possible date for new members' accession shifted from the year 2000 -which was the date of first accessions expected by especially German chancellor Helmut Kohl- to a more realistic date of 2002. The Commissions proposals were then presented to the member governments at the Berlin European Council, March 1999.

Agenda 2000 covered four main areas regarding enlargement (Sedelmeier et al. 2000: 448-9):

- *The Commission's opinion on the candidates.* It encompassed whether candidate countries were able to meet Copenhagen criteria and also which countries would be first eligible to opening of accession negotiations.
- *A framework enlargement strategy.* The strategy would consist of a pre-accession strategy for all applicants, pre-accession aid programs, and Accession Partnership.
- *Effects of enlargement on the EU's internal policies, particularly CAP and structural funds.* The Agenda 2000 proposals on financing EU enlargement were based on the expectation that some candidate countries would join in 2002. The Commission's proposals envisaged spending 1 billion ecus for structural policies and 500 million ecus for agriculture. Pre-accession aid would merge with EU budgetary flows after accession, when, according to the Commission's estimates, total expenditure on the new members could rise from 6.45 billion ecus in 2002 to 16.78 billion in 2006 (Laffan et al., 2000). The Commission also concluded that CAP reform would continue along the lines of 1992 MacSharry reforms (i.e. lower price support, compensation to the farmers in the form of direct payments, and an emphasis on rural development and environmental protection). Thus, given the CAP reforms in MacSharry arrangements as well as in agreements reached in Uruguay round of GATT negotiations, it was assumed that new members could not benefit CAP facilities as much as current members did.
- *New provisions on financial policy (2000-2006).* The budgetary impact of enlargement would need to be accommodated without exceeding the available sources of revenue, with the financial resources ceiling remaining at 1.27 percent of the Union's GDP. The Commission's position was that there would be no increase in the resource ceiling, but rather there would be incremental adjustments, which would be maintained by increases in GDP growth of member states. But in effect, the Commission's proposals were somewhat vague, without much specification about the possibility that the enlargement process might overburden the Union's budget more than what was expected. The Commission was also cautious, in that rather than more explicit provisions about future accessions, it adopted a strategy of incremental adjustment. This, in part, reflected the changing political climate following German unification; fears about the potential costs of enlargement; and impact of the EMU convergence criteria on the national budgets.

Table 2 indicates budgetary changes envisaged by the Commission in the Agenda 2000.

<b>Appropriations</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Pre-accession aid	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Agriculture	0.52	0.52	0.52	0.52	0.52	0.52	0.52
Structural instrument	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Phare	1.56	1.56	1.56	1.56	1.56	1.56	1.56
<i>Enlargement</i>	6.45	9.03	11.61	14.2	16.78		
Agriculture	1.6	2.03	2.45	2.93	3.4		
Structural Operations	3.75	5.83	7.92	10	12.08		
Internal Policies	0.73	0.76	0.79	0.82	0.85		
Administration	0.37	0.41	0.45	0.45	0.45		

**Table 2.** Financial framework for an enlarged Europe, 2000-2006 (1999 prices in billion Euros). Source: Laffan et al. 2000: 231.

### 6.4. The Final Point in the Arrangements: The 2001 Nice European Council

After its initial ad hoc responses to the potential challenges brought about by enlargement, the EU took its final step in the 2001 European Summit in Nice. The most serious reforms for the future of the Union were debated and many provisions regarding the institutional changes were undertaken. Specifically, the Council aimed to achieve:

- Changing the voting arrangements in the Council of Ministers so that a country's voting weight more accurately reflects its size.
- Reforming the structure of the Commission so as to prevent a disproportional increase in the number of commissioners by proposing a commissioner for each state.
- Allowing a core of member states to move ahead those who are lagging behind.

- Reforming the European Court of Justice by speeding up decisions.

So far the Nice European Council has proven to be successful especially in bringing the major institutional problems into sharp focus and by offering new provisions as such. Notwithstanding the important accomplishments of the Summit, which are summarized in the table below, any new access will continue to pose specific challenges and contentious problems, especially given the diversity of EU policy areas and different national interests of members. Whether these problems can be handled smoothly will be apparent in the future arrangements of the current member states.

#### **What they decided**

- **Majority voting:** Extended to decisions in more areas, including trade in services. Some matters, notably tax and social security policy, remain subject to national vetoes.
- **Rebalancing votes:** Big countries get more votes within the Council of Ministers, although smaller countries still get more votes relative to population. The gap between them increases. National vote totals have been set for aspiring members.
- **The European Commission:** Big countries give up second commissioner from 2005. After 2007, the size of the commission may be capped at 20.
- **Flexibility:** Groups of eight countries or more may pursue greater integration in certain areas.
- **Charter of Rights:** Proclaimed, but with no legal force yet.

**Table 3.** A Treat from Nice. Source: The Economist, Dec 14<sup>th</sup>, 2000.

After the ad hoc attempts of the EU, the treaty being prepared for the Nice summit will reform the way EU institutions work to cope with its expansion from 15 to up to 28 member states. It will focus on:

- Reform to prevent the EU becoming top heavy as enlargement increases the number of commissioners. Large states have two commissioners and smaller states one but Britain favors one commissioner for each state. Brussels wants a maximum of 20.
- Changing the voting arrangements in the Council of Ministers so that a country's voting weight more accurately reflects its size.
- Extending qualified majority voting so that decisions can be taken more effectively, meaning countries giving up their national veto
- Plans to allow a core of member states to move ahead with an activity while others stay out. Britain wants to retain an "emergency brake" which will enable any member state to veto the formation of an inner core if it threatens their national interests.
- Reform of the European Court of Justice to speed up decisions.
- Talks on how commissioners are appointed and how they can be disciplined and dismissed.
- The number of seats each member state will have in the European Parliament.

## **7. Conclusion**

With the demise of communism, Central and Eastern European countries are approaching towards their Western neighbors. The Union cannot remain ignorant to their political and economic liberalization. Integration of these countries to the Union will bring economic prosperity, regional security and an enhanced role as a global actor in international arena to EU. However, in order to benefit from the blessings of the enlargement, the reforms it requires must be done on time and properly. We have mentioned certain reforms that should be taken into consideration in the institutional structure, economic sphere, security area, justice and home affairs. We have focused on the major arguments found in the literature and then, we have tried to present our suggestions regarding the concerns in the process of enlargement.

Jean Monnet, the founding father of the European Union, used to say that the best thing one generation could leave the next was solid institutions. But those of the European Union, which were designed for an original membership of six countries, already are creaking and will very likely come to a halt unless changes are introduced before enlargement.

But the real obstacle to enlargement remains the Union's lack of political momentum, which has been underscored by the growing tensions surrounding the planned single currency and the failure of EU leaders to streamline decision-making and to curtail national vetoes at summit talks in Amsterdam. However, in Nice, whatever its imperfections the EU demonstrated that more complex and gradual changes are afoot. Therefore, Nice Summit was a success but the potential threat of unwillingness to give up their national interests remains.

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## Notes

<sup>1</sup> See the web site of "Representation of the European Commission to Turkey", as posted at <http://www.eureptr.org.tr/english/e-genisleme-1-cooperationtoaccession.html>

<sup>2</sup> The same site, posted at:

<http://www.eureptr.org.tr/english/e-genisleme-1-accessioncriteria.html>

<sup>3</sup> Members of the European Parliament