



Good to know about **EU Enlargement** 

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#### FOREWORD

The year 2009 marks a historic doubleanniversary. 20 years ago this autumn, we saw the Berlin Wall come down. In May this year, we are celebrating the 5th anniversary of the enlargement of the European Union that successfully reunified Eastern and Western Europe.

Five years on, EU enlargement has brought benefits to people in old and new member states alike. Economically, enlargement has created export and investment opportunities, thus more jobs for the citizens of old member states, while it has led to better living standards in the new ones. It has helped to consolidate democracy, stability and security on our continent. An enlarged EU carries more weight when addressing issues of global importance, such as climate change or the international financial crisis. Today's EU is not only bigger, it is also stronger, more dynamic and culturally richer.

Now, the appeal of the European perspective is driving reforms in the Western Balkans and Turkey.

While most EU citizens support the overarching goals of enlargement – to extend the area of peace and stability, democracy and prosperity throughout Europe – some remain sceptical about its benefits.

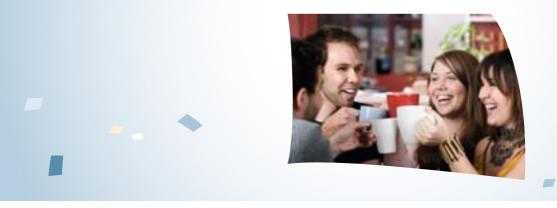
This booklet responds to the most common concerns and presents a factual balance sheet of EU enlargement. I invite you to draw your own conclusions.

Brussels, March 2009

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Olli Rehn





### What is the impact of enlargement on the security of the EU?

The European Union is founded on a set of shared values and principles, and on the premise that any European state that respects them may apply to become a member.

Enlargement is therefore a key transformational force, inspiring democratic change and economic liberalisation among those who wish to join. It is at the heart of the EU's soft power to extend the zone of peace, stability and prosperity on the continent. The appeal of the EU has been instrumental in the peaceful democratic transformation of Central and Eastern Europe and it remains the driving force for the reforms in the Western Balkans and in Turkey. It is in our vital interest that we export stability into our neighbourhood rather than import instability from there.

All Europeans benefit from the increased stability and peaceful development to which the successive enlargements of the EU have contributed over the years.

Membership in the EU is a choice of free and democratic nations who have decided to share the European identity and to pool their sovereignty voluntarily under the EU.

### What is the economic impact of enlargement?

Enlargement has benefited both new and old members, and the EU as a whole. Trade between the old and new member states grew almost threefold in less than 10 years (from  $\notin$  175 billion in 1999 to approximately  $\notin$  500 billion in 2007). Even more illustrative is the fivefold growth of trade among the new member states themselves, from less than  $\notin$  15 to 77 billion in the same period.

This was a key factor that contributed to a robust 1.5% annual growth in employment in new member states in the period

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between their accession in 2004 and the break out of the financial crisis.

This also illustrates in times of the economic crisis that enlargement is not the problem, but an essential part of the solution for the economic revitalisation of Europe. We share a common destiny.

### What are the benefits of enlargement for EU citizens?

First and foremost, all Europeans benefit from the increased stability and peaceful development to which the successive enlargements of the EU have contributed over the years. But that's not all.

The inclusion in the internal market of more than 100 million consumers with rising purchasing power has increased demand for the products of companies from the old member states, which has helped to keep and create jobs at home. Just as each machine sold by a German company in Poland benefits German citizens, each transaction carried out by a Dutch bank in the new member states benefits the Dutch economy overall.

The adoption by the new member states of the EU environmental and health standards has benefited citizens in old and new members alike.

Food safety and animal health were key concerns in recent accession negotiations. The EU took strict measures to bring the new members up to EU standards. Food processing plants, dairies and abattoirs that failed to meet the standards were shut down before accession, and only those meeting the requirements were allowed to sell their products throughout the internal market.

The implementation of specific water directives led to improvements in the quality of drinking water, as well as bathing, surface and river water.

Nuclear safety improved as a result of enlargement as well. Several nuclear power reactors, which were considered to be a





safety hazard, were closed as part of accession commitments. New member states joined the system for early exchange of information in the event of a radiological emergency, which further enhanced the security of the EU as a whole.

As a result of enlargement, more countries have joined the Schengen area which allows for easier travel for all citizens. The integration of the new member states into the EU's internal aviation market has resulted in safer and cheaper air services. EU citizens can also benefit from enlargement through enhanced business opportunities and greater possibility to study and work abroad.

### Deepening vs. widening?

The combination of deepening and widening has made the EU stronger and increased our leverage in the world economy and politics. There is no inherent tension between the two. Both widening and deepening are needed, for different reasons, and they have proceeded in parallel so far. The Single Market was founded after the southern enlargement in the 1980s, for example. At the same time, substantial cohesion and regional policies were developed.

The common currency was established after the Nordic and Austrian accessions in the 1990s, when important steps were also taken in foreign and security policy.

Since the 2004 accessions, significant progress has been made in the area of justice, liberty and security. Recently, attention has focused on economic competitiveness and climate change.

Fears that a Union of 27 Members would face decision-making gridlock have proved unfounded. Certainly, the EU's ability to function efficiently can, and must, be further improved. We need to continue with internal reforms. But we cannot take a sabbatical from our work for peace and prosperity that serves the fundamental interest of the EU and its people.



#### Too many, too fast?

Twelve new members entered the EU in 2004 and 2007. However, this reunification of Europe did not happen overnight. Ten countries of Central and Eastern Europe as well as Cyprus and Malta joined a decade and a half after the fall of the Berlin Wall. Over those years, the countries went through a profound democratic and economic transformation, which made them qualify for EU membership.

In the case of two countries, Bulgaria and Romania, the Accession Treaty provided for further safety nets to address potential accession related difficulties in the economy, functioning of the internal market and justice and home affairs.

### How are enlargements prepared?

In 1993, the EU defined precise accession criteria (known as the Copenhagen Criteria). In order to join the EU, a country must be a stable democracy with the rule of law, able to respect human and minority rights, and have a competitive market economy, as well as the ability to fully implement EU law.

The 2004/07 enlargement was the best prepared in the history of the EU. As early as 1991, the EU signed the first "Europe Agreements" with Hungary and Poland, followed by other Central and Eastern European countries setting out early conditions for EU integration. Thanks to these agreements, for example, a free trade area was established by 2001 for 85% of bilateral trade. This helped to avoid any trade shock in May 2004.

Considering citizens' concerns and lessons learned along the way, the EU has taken further steps to improve the quality of the enlargement process. There is now









a greater focus on state-building, good governance, the rule of law and the fight against organised crime and corruption, as well as the reconciliation and civil society development from the outset. Impact studies have been developed to analyse the progress made. Accession negotiations on specific policy areas are only possible when rigorous benchmarks have been met.

### Who decides?

Every major decision leading to a country's accession is taken unanimously by the governments of the EU member states in the Council of the European Union. The members of the European Parliament, who are directly elected by EU citizens, have to give their assent. Thus, all of the key decisions are taken by the relevant democratically elected bodies in each member state and at EU level.

In the acceding countries, European integration is usually based on a broad national consensus.

### Is enlargement expensive?

The EU's financial assistance to the new member states represents approximately 0.2 % of the gross domestic product of the old members, rising to 0.3 % by 2013. This is clearly outweighed by the overall economic benefits for the EU as a whole.

This money is spent in ways that benefit the EU as a whole. Roads and other infrastructure for the new member states are often built by companies from old member states. Legal certainty, less corruption, and better infrastructure benefits businesses across the Union. Money spent to help develop the economies of the new member states creates new business opportunities in old and new members alike.

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# How many workers arrived to the job markets of old member states?

The free movement of labour and people is a fundamental principle of the EU's internal market.

The predictions of a massive inflow of workers from Central and Eastern Europe have not come true. In a vast majority of the old member states, nationals from the new members represent less than one percent of the working age population. The exceptions to this are Ireland (around 5%) and the UK (1.2%), for which mobility flows peaked in 2006 and have since declined.

## Have businesses moved to new member states?

Overall, "off-shoring" of jobs from the old member states to the newest ones remains a relatively modest phenomenon. There has been no sign of an upward trend in relocation since 2004. Companies will always seek lower production costs, larger markets, technological innovation and other means to stay competitive. European companies face competition especially from the United States, China and India. Investing in Central and Eastern Europe instead of third countries can help European industry to maintain jobs and create growth throughout Europe. In a globalised economy, Europe's long-term answer to economic challenges can only be increased competitiveness combined with the development of our social model.

## What happens with crime when the EU enlarges?

Organised crime does not respect borders and is a serious concern for all member states.

Enlargement has enabled the EU to extend its police and justice cooperation to the new member states. Cooperation has been stepped up for example through the use of joint investigation teams, EU-wide exchange of information and





the implementation of the European Arrest Warrant. Border security has improved as the new members have adopted EU standards on border control.

Enhanced cooperation has helped better protect EU citizens. In 2003–06, total crime rates decreased by almost four percent. There was a decrease in crime rate and in the number of arrests in the first six months after the lifting of the internal Schengen border controls between Germany and Poland in December 2007. In some member states there has been a decrease in the number of third-country nationals found to be crossing borders illegally.

### Is there a limit to enlargement?

The EU Treaty says that any European country that respects the values of democracy, human rights and the rule of law may apply for EU membership. However, this does not mean that all European countries will apply, or that the EU must accept all applications. Europe is a geographical, cultural and historical entity. Geography is of course important: Morocco's 1987 membership application was rejected.

However, Europe's Eastern borders are less fixed than those defined by the Mediterranean or the Atlantic. Geographers and historians have never agreed on the 'ultimate borders of Europe'.

The EU is primarily based on common values. Its borders have changed every time a new country has joined. The current enlargement policy covers the Western Balkans and Turkey.

### What about Turkey?

Turkey is an important strategic partner for the EU – for our stability and security, for our economic and energy considerations, and for our wider concerns of bridging civilisations. We have a long history of cooperation. Turkey has been member of both NATO and the Council of Europe for over 50 years. The Association Agreement between Turkey and the EU was signed in 1963 and the customs union came in force in 1995.



By opening the accession negotiations in 2005, the EU member states decided to recognise Turkey's European vocation. In order to join the EU, Turkey must first meet the strict membership criteria. The pace of the negotiations depends on Turkey's capacity to make the necessary reforms.

Many Europeans have expressed concerns about the vast majority of Turkey's citizens being Muslims. The EU is founded on common values such as respect for human dignity, the rule of law, tolerance and non-discrimination rather than religion. Freedom of worship and protection of minorities are key political criteria for membership. These are fully reconcilable with Islam.

# Why have the countries of the Western Balkans applied for EU membership?

The countries of the Western Balkans have chosen a European identity. Looking at a map it is obvious: they are surrounded by EU member states.

They have come a long way since the wars and internal conflicts that followed the break-up of Yugoslavia in the 1990s. Providing these countries with a European perspective is the best tool to promote reforms as well as further consolidate democracy and regional stability in the interest of Europe as a whole.

While organised crime and corruption remain a serious challenge throughout the region, the Western Balkans have recently made progress in this area, partly thanks to EU assistance. As a result, the police and judicial cooperation both within the region and in relation with the EU has improved, which supports the overall development of the region.



As part of the EU pre-accession assistance for institution building, member state administrations help their counterparts in the Balkans to develop and implement strategies to improve security.

#### EU perspective for countries at our Eastern border

A discussion about EU membership perspective for countries like Ukraine, Moldova or Georgia is not on the agenda for the time being. Any decision to offer such a perspective would have to be taken unanimously by all member states.

The EU supports these countries through the European Neighbourhood Policy and the Eastern Partnership. The EU and Ukraine are negotiating an Association Agreement which aims to enhance Ukraine's political association and economic integration with the EU. The agreement will cover all areas of political, economic and sectoral cooperation, including the establishment of a deep and comprehensive Free Trade Area. In addition, the Eastern Partnership foresees enhanced energy security arrangements that benefit both the EU and the partner countries, increased financial assistance and, providing that security requirements are met, easier travel to the EU for the citizens of the partner countries.

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