

ENLARGEMENT OF THE EUROPEAN COMMUNITY

INTRODUCTION

The European Community, having grown from six to nine, and then to twelve, now faces the challenge of enlargement to twenty or even thirty members. Eight countries have already formally applied for membership: a group of Mediterranean countries including Turkey (1987), Cyprus (1990) and Malta (1990) and a group of EFTA countries, that is Austria (1989), Sweden (1991), Finland (1992), Switzerland (1992) and Norway (1992). At least as many other countries have announced their intention of applying in the future or are discussing the possibility: the remaining EFTA countries, Iceland and Liechtenstein; countries of Central and Eastern Europe including the Czech and Slovak Republics, Poland and Hungary; the Baltic states of Estonia, Latvia and Lithuania, as well as Bulgaria, Rumania and even Albania.

THE CONDITIONS FOR JOINING

Any state which applies for membership must satisfy the three basic conditions of European identity, democratic status and respect of human rights. The applicant state must also accept the Community system and be able to implement it. The obligations of membership presuppose a functioning and competitive market economy and an adequate legal and administrative framework in the public and the private sector.

Membership entails acceptance of the Community's "acquis", or the existing body of EC law, which includes the contents of the Treaties, including Maastricht, all legislation adopted in implementation of the Treaties, all adopted declarations and resolutions and all international agreements. This is subject to transitional measures that might be agreed in accession negotiations.

THE STATUS OF APPLICATIONS

Among the applicant countries and potential applicants, some are relatively well-placed to take on the obligations of membership and others are not in a position to take them on in the near future.

The Mediterranean applicants

In its opinion of 1989 on Turkey's application, the Commission indicated that Turkey would experience serious difficulties in taking on the obligations of the Community's social and economic policies and called for the association agreement to be more actively and effectively applied in order to speed up Turkey's rate of development in the coming years.

For both Malta and Cyprus, integration into the Community would not pose insurmountable problems of an economic nature although both are very small states.

In the case of Cyprus, the de facto separation of the island into two entities, between which there is no movement of goods, persons, or services, inevitably causes a problem. The Community must continue to encourage efforts at finding a solution, particularly through the United Nations. In the meantime, the association agreement should be exploited so that Cyprus can pursue its economic integration.

Potential applicants from Central and Eastern Europe

In the case of the so-called Visegrad countries of Poland, Hungary and the Czech and Slovak Republics, no timetable for membership has been fixed but their states' ambition is to request formal negotiations by 1996 which would lead to membership by the end of this century. The Community's response has been to insist that this process must be preceded by a thorough preparation by means of the Europe agreements which they recently signed with the Community.

"Europe agreements" are also being developed with Bulgaria and Rumania and agreements on trade and cooperation have been signed with the Baltic republics and Albania.

The key objective of all these association agreements is to consolidate democratic structures and to accelerate the development of full market economies. Many of these countries also want to strengthen their political links with Western Europe to increase their security and a way needs to be found to accommodate this wish.

EFTA applicants

Austria

The Commission gave its opinion on Austria's application for membership on 1st August 1991¹. It stated that the Community would on the whole benefit from the accession of Austria which would widen the circle of countries whose economic, monetary and budgetary performance would speed economic and monetary union. It would also benefit from the experience of a country whose geographical position, history and ties place it right at the heart of the new Europe taking shape. Problems might arise in the area of agriculture and transit but they were not beyond resolution in the negotiations.

From a political point of view, the question of Austria's permanent neutrality would have to be resolved.

Sweden

The Commission delivered its opinion on Sweden's application for membership in August 1992². It foresaw that problem areas might include agriculture, state monopolies such as that for alcoholic beverages, competition policy in general, and regional policy. Problems might also be encountered in the area of foreign and security policy in relation to the eventual framing of a common defence policy and the possible establishment, in time, of a common defence. However, the Community would on the whole benefit from the accession of Sweden.

Finland

In its opinion of November 1992 on the accession of Finland³, the Commission concluded that areas where problems might arise are (as they are for Sweden): agriculture, state monopolies and competition in general and regional policy. Finland would also be required to accept and implement the Common Foreign and Security Policy of the European Union as it evolves over the coming years.

Norway

The Commission's opinion on Norway's application for membership⁴ was in general favourable. Norway would strengthen the European Union in a number of ways: the country's macro-economic policy has been successful in achieving inflation rates well in line with future EMU requirements, its comprehensive environmental policy would enhance the Community's own, and, as a founder Member of Nato and associated member of WEU, Norway would be expected to make a significant contribution to a common foreign and security policy. The Commission also pointed out the areas in which problems might arise: agriculture, regional policy, fisheries, state aids, state monopolies and competition.

THE PROGRESS OF ACCESSION NEGOTIATIONS

The European Council meeting in Edinburgh at the end of 1992 agreed that enlargement negotiations with Austria, Sweden and Finland should start at the beginning of 1993 and that they could only be concluded once the Treaty on European Union had been ratified by all Member States. Negotiations with Norway would be opened on the same basis once the Commission had delivered its opinion (which it duly did in March 1993). Where possible, negotiations would be conducted in parallel and the target date for full membership was to be 1st January 1995.

The Council invited the Commission, in preparing its opinion on the Swiss application, to take account of the views of the Swiss authorities following the 6 December referendum on the EEA agreement which was negative. The Commission has not yet delivered its opinion on Switzerland.

Accession negotiations with Austria, Sweden and Finland formally opened on 1st February 1993 when Foreign Ministers of the twelve EC countries and the three applicants discussed the agenda for forthcoming talks. Norway joined the formal negotiations at the beginning of April.

From the economic point of view, the EFTA countries already have a high degree of integration with the Community. With the adoption of the European Economic Area, which effectively extends the single market to EFTA, they will adopt a large part of the Community's "acquis". The EEA provides for the EFTA countries to introduce 700 pieces of detailed Community law into their own national law, applies the full body of EC single market legislation as defined by the European Court of Justice and ensures equal conditions of competition. It was originally seen as creating an alternative to full membership, although as negotiations continued many countries became convinced that they must seek to join the EC.

The EEA Agreement was signed in Oporto on 2 May 1992 and was due to come into effect on 1st January 1993 but was delayed because of the negative result in the referendum held in Switzerland. The EC and six EFTA members finally signed the EEA agreement on 17th March 1993 allowing those 18 countries to go ahead without Switzerland. It is hoped that the Agreement can come into force on 1st July 1993 but the process of ratification may take longer.

Progress on single market issues in the accession talks is expected to be rapid and smooth as so much has already been negotiated in the context of the EEA. A second category of policies will call for more difficult negotiations. These are social policy, environment, energy, agriculture and fisheries. These policy areas were touched on but not introduced in full into the EEA Treaty. Other policy areas were not covered at all by the EEA such as the customs union, external relations policy and the structural policies of the Community including social, regional, taxation and economic and monetary policy.

The Maastricht Treaty has introduced wide-ranging new policy areas into the Community such as a foreign and security policy, a policy for justice and home affairs and European Monetary Union. There is concern over how the neutrality policies of Austria, Sweden and Finland will be reconciled with EC membership.

Finally general issues such as the calculation of budget contributions and institutional changes will have to be resolved in the process of the negotiations.

THE WIDER IMPLICATIONS OF ENLARGEMENT

In a paper entitled "Europe and the challenge of enlargement"⁵, published in June 1992 at the request of the European Council, the Commission reflects on the implications of enlargement for the European Community's future development. New members would be acceding to a Community with new characteristics, a single market without internal frontiers, a developing European Union, an economic and monetary union moving towards a single currency and the introduction of a common foreign and security policy.

The accession of new members would increase the diversity of the Community but, the Commission believes, widening must not be at the expense of deepening. Enlargement must not entail a dilution of the Community's achievements.

The impact of enlargement on the Community decision-making process needs to be reviewed. Careful consideration will need to be given to the number of Commissioners, the number of Members of the European Parliament, the working practices in all the institutions, the number of votes each Member State has in Council and how many votes constitutes a qualified majority, as well as the number of official languages: all this to ensure that the Community's effectiveness is not sacrificed. In the shorter term, with the accession of a limited number of new members, institutional adaptations could be limited, but in the long term, with the prospect of 20 or 30 members, fundamental questions of decision-making will have to be resolved.

The prospect of enlargement reinforces the need for a more rigorous application of the principle of subsidiarity to make sure that the Community concentrates on its priorities and avoids overload and paralysis because of the increased number of participants and the greater diversity of issues.

The countries that are applying to join the Community are doing so not only for economic reasons. The EFTA countries already stand to gain the benefits of the single market through the creation of the European Economic Area. They are, however, also driven by the political wish to be part of the decision-making process so that they can have an influence on the future direction of the Community. The countries of Central and Eastern Europe want to join to improve their security as well as for economic reasons.

The Community believes it must respond to the challenge of enlargement with a strategy inspired, not only by practical considerations, but also by a vision of the wider Europe in the longer term.

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¹SEC (91) 1590

²SEC (92) 1582

³SEC (92) 2048

⁴COM (93) 142

⁵Bulletin of the European Communities, Supplement 3/92