

THE EUROPEAN UNION'S ENLARGEMENT PROCESS

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Excellencies, Ladies and Gentlemen,

1. It is for me an honour to address this distinguished audience in a forum that has seen, in previous years, so many illustrious speakers, both European and Australian. I wish to take this opportunity to express my gratitude to the Australian National University and the National Europe Centre for inviting me to present the Schuman Lecture 2002.
2. The subject matter of my speech, suggested by the organizers, seems to be particularly appropriate at this stage of the European construction process. There is no doubt that the most important challenge the European Union will face in the next few years is its fifth enlargement with all that it entails, including the adjustment and reform of its institutions, procedures and common policies.
3. Given that my country has just completed its Presidency of the E.U., which has had enlargement as one of its main priorities, I hope that my participation today will illustrate the long way already travelled, and the critical junction at which we now find ourselves in a process that has, as its ultimate objective, a reunited Europe.
4. We certainly are before an unprecedented and very complex process, which commenced in the 80s with the new *detente* launched by Gorbachev and with the end of the Cold War. The euphoria and high level of activity that followed, gave rise to a number of European initiatives reflected by the European Council of Rhodes in December, 1988 by stating "the determination to act with renewed hope in favour of overcoming the division of the Continent". With the fall of the Berlin Wall in November of the following year and the beginning of dismemberment of the socialist European block, the extent of the process of change was already obvious in the countries of Central and Eastern Europe. Two programs were then established by the E.U., Phare and HERD, designed to channel technical and economic aid to their processes of reform and restructuring. At the same time, these countries initiated a fast approach to the E.U. that, as from December 1991, resulted in the signing of the Association Agreements, later called European Agreements, which acknowledged accession as their long-term objective.
5. Simultaneously, the Union developed its own debate on "the deepening of integration" with views to a monetary union. The Maastricht Treaty was signed in February 1992, although it would not come into force until November 1993, once the Edinburgh commitment recognized the Danish opt-outs.
6. In February, 1993, negotiations had already begun to give countries of the European Economic Space the status of immediate eligibility for accession. Those negotiations concluded in 1995 with the accession of Austria, Sweden and Finland. In the meantime, the countries of Central and Eastern Europe continued to pursue their approach to the E.U., which, as from 1994, would unequivocally lead to their formal submission of accession applications. Cyprus and Malta had already presented theirs in 1990.
7. The qualitative change took place at the European Council of Copenhagen in June, 1993, with the decision to deepen association relations. On the one hand, market access for a number of products was expedited. On the other hand, new mechanisms for political dialogue and for extension of community policies to specific sectors were established. At the same time, the foundations were laid for a pre-accession strategy, by a review of the Phare Programme to which

the Ispa and Sapard programmes were later added, and particularly, by establishing the accession criteria, which will be discussed in due course. Consequently, the fifth enlargement ceased to be a mere hypothesis and the whole debate turned into a real enlargement policy, culminating in 1998 with the commencement of accession negotiations with the countries of the Luxemburg Group, that is to say, Poland, Hungary, the Czech Republic, Slovenia, Estonia and Cyprus. One year later, the rest of the candidates, known as the Helsinki Group, were also included: Lithuania, Latvia, Slovakia, Bulgaria, Romania and Malta. We have, at Seville, entered into the final and decisive phase of this process.

8. There is no question of the impact and importance of enlargement. Suffice it to review the conclusions reached at the latest European Councils. In December, 2000, the Nice Council, reiterated the historical significance of the process and the political primacy given to its success. A road map was established stating that negotiations would conclude by the end of 2002 with candidate countries already prepared, as long as they continue to make progress in complying with the accession criteria. The aim was explicitly mentioned that they should participate as full Members at the elections to the European Parliament in 2004. Included in the conclusions was a reference to Turkey, candidate country still pending to initiate accession negotiations, inviting the Council to adopt the single financial framework which would set in motion pre-accession aid for said country before the end of 2002.
9. Last December, the European Council of Laeken confirmed the irreversible nature of enlargement, reiterating its determination to finalize accession negotiations by the end of 2002. In this sense, the Council went a step further by identifying ten countries - the so-called "big bang" scenario- that could effectively be prepared for accession should they continue their current rate of progress in the negotiations as well as in their internal reform process. Said countries were Cyprus, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Czech Republic, and the Slovak Republic. Also a positive message was sent to Bulgaria and Romania, which would be given specific support for the opening of negotiations on all chapters in 2002.
10. This chronology of events, tedious as it may seem, is but a confirmation of the significance placed by the E.U. on enlargement. We are, in fact, faced with a process that is by all means necessary, both a political must and a unique opportunity in history to respond to the genuine aspirations of integration of the candidate countries. This should lead to the final reunification of the great European family.
11. Although there is no doubt in the European political arena and its economic and business sectors, that this complex exercise will come to fruition, it is also true that, until recently, the citizens of Europe had reservations and concerns before the magnitude of the challenge. This paradoxical state of affairs was clearly reflected in the Eurobarometer of Autumn 2000, which showed that only 44% of the European public opinion favoured enlargement, whereas 35% was against it and 21% with no clear position on the matter. The reason for this puzzling figures can be found in the answer to another poll question: 83% of Europeans believed that they were little or badly informed on the development of the enlargement process, and only 17% had enough understanding of the matter. To remedy the situation, the Commission has just up-dated its communication strategy, by means of de-centralization and by the inclusion of the civil society, both in the Member States and the candidate countries.
12. Since then, the situation has improved, probably influenced not only by the tragic events of September 11 but also because of further clarification of the enlargement perspective. The last Eurobarometer published in June already shows a 50% positive response, with 30% detractors and 20% undecided. Furthermore, the percentage of people in favour of enlargement in E.U. countries such as Germany, UK or Austria, surpasses that of those against it. In Spain, the

situation is quite comfortable, with 64% in favour and only 14% against.

13. I have so far mentioned the complexity and unprecedented nature of this fifth enlargement. Its peculiarity stems from two main specific circumstances. On the one hand, there is the number factor, since we are negotiating with 12 countries at the same time. Until now, the maximum number of simultaneous accessions did not exceed three. Such was the case in 1973, with the accession of the UK, Ireland and Denmark. Similarly, the last enlargement of 1995 included Finland, Sweden and Austria. In 1981, there was the single accession of Greece and in 1986 Spain and Portugal joined the E.U. On the other hand, as opposed to previous enlargements, we are at present dealing with a truly diverse group of countries in terms of size, population, history, culture, ethnic composition and, even, degree of development. Moreover, with the exception of Cyprus and Malta, these countries are involved in a deep process of transformation and restructuring of their economies and at the end of the consolidation of their democratic systems.
14. Added to these initial difficulties, greater than those faced by previous candidates, are a number of demanding conditions and precise requirements that candidate countries must fulfill. These were established in 1993 at the European Council of Copenhagen and include a whole set of political, economic and institutional criteria which are deciding factors when evaluating the degree of preparation for accession of individual candidates. To quote some, one could mention state of law, democracy, respect for human rights and the rights of minorities, effective market economy, transposition of the community *acquis* and the establishment of a machinery to make its application effective.
15. Yet, enlargement is not just demanding for the candidate countries. The EU must also be prepared to rise to the challenge. In this context, there are two critical issues that must be underlined. In December, 1997, the European Council of Luxemburg, decided to initiate a reform of the institutions, in order to adapt them to the new circumstances. As a result, the Treaty of Nice, adopted two years later, allowed for the participation of future Member States in the different institutions of the Union, including the re-weighing of their respective vote. This process is still open and currently under way with the Convention set up to prepare the next Intergovernmental Conference for 2004.
16. No less important is the budgetary adjustment of the EU. In March, 1999, the Council of Berlin adopted the new financial perspectives, based on the Agenda 2000 and effective for the period 2000-2006. Among them were two new headings, number seven in relation to pre-accession aid and number eight concerning the resources specifically allocated to new partners. The amounts that appeared in each of them are, 21.840 Million Euros and 51.070 Million Euros, respectively.
17. The complexities also extend to the negotiating process *per se*. Its contents refer to transposition and effective application of the totality of the *acquis*, which has been divided into 30 chapters for practical purposes. The assumption by each candidate country of a reliable commitment in this sense allows the provisional closure of each chapter. In some cases, whenever justified, transitional periods can be accepted, provided that they are limited in time, as well as in their area of application and in their impact on EU regulations. A specific deadline for their conclusion should also be established.
18. In addition, many actors are involved in this process. The Commission, together with each candidate country, is responsible for the detailed examination of the *acquis*, the preparation and submission to the Council of the draft common positions on the different chapters of the

negotiation and finally, the preparation and proposal of the overall negotiating strategy. The Member States, in turn, must examine and, whenever necessary, review the project presented by the Commission for its final adoption, in accordance with the unanimity rule. The candidate countries are then provided with the different common positions that must be individually negotiated in successive meetings of the Accession Conferences. Where agreement is reached, the chapter is provisionally closed. This means that it is possible to reopen it, if required. Last but not least, the European Parliament carries out a continuous follow-up of the whole process and receives regular reports from the Council's Presidency and the Commission.

19. It is important to remember that negotiations are carried out in a comprehensive manner, on the totality of the *acquis*, following the rule that "nothing is closed until it is all closed". Added to this basic principle are two others, equally essential. One is that of "differentiation", that is to say, evaluation of each candidate on its own merits. The other is the "catching up" principle, which allows those countries that commenced negotiations two years later, the possibility to make rapid progress and catch up with those in the first group. This situation has already occurred. It is a fact that the initial distinction between the Luxemburg Group and the Helsinki Group has now disappeared.
20. The advantages derived from enlargement are unquestionable. Suffice it to remember that after the accession of the present candidates, the Union's internal Market will increase to a population of 500 million inhabitants, facilitating all kinds of exchanges within that common economic space, creating additional job opportunities and, ultimately, bringing about greater growth and improving the standard of living for all the European peoples. At the same time, there will be an increase in competitiveness, especially in those sectors more dependant on manual labor and natural resources, which will inevitably lead to higher levels of quality, productivity and business management.
21. It cannot be denied that the candidate countries must face a number of financial, social and also political burdens as a result of the internal reform that needs to be achieved to successfully conclude negotiations. The transitional periods under negotiation in especially sensitive chapters (such as free circulation of persons and capitals, competence, justice and home affairs, environment, taxation, energy or transport, to mention only some) should soften the blow delivered by these extensive transformations. Nevertheless, the direct benefits derived from accession will be felt rather quickly in the growth potential of these countries.
22. In June 2001, a Commission report on the macroeconomic effects of enlargement evaluated that the average increase of the candidates' joint GIF will range between 1,3% and 2% during the 2000-2009 period, as a consequence of reforms and restructuring currently underway, which will translate into better allocation of resources and increased productivity and investment. There are three main sources of such growth: higher levels of investment due to transfers from the E.U. and to increased direct foreign investment; larger workforce as a result of a raise in the participation rate within the labour market; and lastly, an increase in overall productivity caused not only by changes in the sectorial composition of production but also by the implementation of the necessary structural reforms which will allow the appropriate level of performance in a single Market as competitive as that of the EU.
23. To a lesser extent, the current Member States will also experience an additional average increase of their joint GIF, which can be estimated at 0.5%-0.7% for the same period. This will come as a result of enhanced commercial integration and of manual labor imports from the

candidate countries. One cannot hide the fact that the advantages will not be evenly distributed, and that those who will benefit more are the ones who already have stronger relations with the candidate countries.

24. All in all, enlargement does not end here. It is more than a mere extension of the internal Market in its present form. The advantages will not be of an exclusively economic nature. Equally or even more important, there will be political benefits derived from the consolidation of democratic systems and the respect for human rights in the candidate countries, in accordance with the strict criteria established in Copenhagen. Furthermore, they will enjoy positive changes in the social and environmental spheres, through their endeavours to meet the standards of the Union. Finally, as a result of the events of September 11 in the US, there has been a significant strengthening of cooperation in security matters and the fight against terrorism, which has sped up the integration of the candidate countries in the area of freedom, security and justice, pertaining to the third pillar of the EU.
25. It can of course be expected that such a complex and difficult exercise will be accompanied by uncertainties. Along the way, political contingencies emerge, in particular electoral processes in candidate countries and Member States which can affect the whole process. Another factor to be reckoned with, is the shifting mood of European public opinion on enlargement issues, which, as already mentioned, requires great additional efforts and more intensive information campaigns to dispel reservations and concerns. Last but not least, the possibility of "accidents" should be factored in, such as the outcome of the Referendum in Ireland over the ratification of the Treaty of Nice, or, more recently, the tragic events of September 11. In any case, I am certain that together, using our imagination and good will, we can overcome and prevent this kind of occurrences.
26. Spain's interest in this process not only responds to our participation in a common objective but is also based on our own strategy. We believe that accession of candidate countries will contribute decisively to develop our presence in those countries, which has been so far, for historical reasons, only modest. In fact, our interest was reflected in the launching of the "Framework plan for candidate countries", a strategic wager to promote co-operation and bilateral exchanges in a variety of fields such as economy and commerce, security, defense, culture and language, science and technology, etc. Said plan, of a comprehensive nature, is a continuation and extension of the mostly economy-oriented "Enlargement Plan", set in motion a few years ago.
27. It is, at this time that I will refer to the Spanish Presidency of the EU, which concluded last 30th June, since we have placed the Enlargement process at the top of our priorities' list. Our aim has been to contribute to the decisive advancement of negotiations, in accordance with the schedules and principles already agreed upon, achieving common positions in the chapters which presented more difficulty because of their financial implications (agriculture, regional policy and financial and budgetary provisions), drawing upon the current *acquis* and the present financial perspectives and avoiding to prejudge the possible common policies' reform.
28. Special support has been granted to Bulgaria and Romania, proportional to their degree of preparation, to open all the negotiation chapters. Similarly, a comprehensive political settlement for the Cyprus issue has been promoted, under the auspices of the U.N. and a new stage has been initiated in Turkey's pre-accession strategy, which should contribute to confirm its accession perspectives by the end of this year.
29. In terms of negotiations strictly speaking, there have been four rounds under the Spanish Presidency. The Conferences at substitute level were held on 21st March and between 19th-22nd

April, whereas the Ministerial Conference took place on 10th-11th June. On 28* June, an additional Conference at substitute level, was held.

30. During the first accession Conferences in March, 23 chapters were negotiated, 9 of which were provisionally closed. Another seven, which are the two pending ones with Bulgaria and five additional ones with Romania, were opened. Consequently, significant progress has been made in chapters as complex as those dealing with free circulation of capitals with Poland and taxation with other candidates.
31. In the April round, various chapters still pending with some countries were negotiate (justice and home affairs, social policy, telecommunications, transport, etc.). Apart from that, three of the four chapters allocated by the *road map* to the Spanish Presidency were dealt with for the first time (regional policy, financial and budgetary provisions and Institutions). As for the fourth and last chapter, Agriculture, probably the most complex of all, discussions on direct payments are ongoing in the Council. The rest of the subjects - veterinary and plant health *acquis*, simplified system, quotas and periods of reference - are virtually closed. Therefore, during the second round, a total of thirty four chapters were negotiated, 12 of which were opened for the first time, with 14 provisionally closed. It is important to point out that two additional chapters were opened with Romania: justice and home affairs and institutions. The latter of these two chapters was provisionally closed. In this way, with Romania a total of 7 chapters were opened under the Spanish Presidency.
32. In June, at the Ministerial Conference and during the additional one at substitute level, the outcomes of the meetings held in previous months were confirmed. At the same time, negotiations were held on those chapters on which the EU had reached new common positions. A total of 83 chapters were negotiated during the semester, 20 of which were opened for the first time (Institutions - Malta in the Ministerial Conference) with 49 provisionally closed (17 in the last session and the rest in the previous ones at substitute level).
33. Of a maximum of thirty chapters, Lithuania and Cyprus are the two countries that have closed the largest number, with 28 each. They are followed closely by Slovenia and Latvia with 27 and Slovakia and Estonia with 26, Poland and the Czech Republic with 25, Hungary with 24, Malta with 22. Lagging behind are Bulgaria with 20 and Romania with 11.
34. At the European Council recently held in Seville, we have also carried out a first evaluation of the Action Plan that the Commission has been implementing to strengthen the administrative and judicial capacity of the candidates. Of the three basic criteria, this is the only one in which marked deficiencies are still observed. In this context, it is necessary to carry out a detailed follow-up of the commitments undertaken by the candidates, particularly in the areas of justice and home affairs and food safety.
35. Besides, this Spring, for the first time ever, Prime Ministers, Foreign Ministers, and Economy and Finance Ministers of candidate countries attended a European Council, that of Barcelona, where the image of the new enlarged European Union was, thus, coined.
36. Summing up, enlargement of the EU has been one of the priorities of the Spanish Presidency, which faced this very difficult challenge at a time when several electoral processes scheduled in key countries, could have threatened compliance with the objectives established in its programme "More Europe".

37. However, during the past six months, all expectations have been met and decisive progress has been achieved. Considerable impulse has been given to chapters left over by previous Presidencies while undertaking to reach EU common positions on chapters that the Nice road map allocated to the Spanish Presidency, namely, Agriculture, Regional Policy and Financial and Budgetary Provisions, all of them with important financial implications; and Institutions, which carries particular political significance.
38. Consequently, Spain has been able to fulfill the tasks assigned to its Presidency as well as its objective to foster the negotiation process, so that it enters in its final phase during the second semester of this year. In accordance with the conclusions reached at Seville, next Autumn, at the first European Council under the Danish Presidency, the E.U. must make two decisions: a. To finalize the financial package, including the decision on direct aid in agriculture, and b. On the basis on the Commission's proposal, to name the countries with which the negotiations could conclude in December 2002. If they can maintain the present rate of progress, those countries could, in fact, be Cyprus, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland and the Czech and the Slovak Republics.
39. Similarly, at the Copenhagen Summit, while concluding negotiations with above-mentioned ten countries, new decisions are likely to be made regarding Bulgaria and Romania. These decisions could entail establishing target dates for the conclusion of their negotiations.
40. To conclude, one must bear in mind that enlargement is an open process. Its obvious complexity is commensurate with the historical impact that it carries with it, as determining factor for the future of our Continent and for the role that the EU has to play in the international sphere. Turkey is already enjoying the recognized statute of candidate country and the benefits of pre-accession facilities. Furthermore, the latest invitations to participate in the European Conference, which is a forum of political dialogue, provide an indicative list of potential and foreseeable candidates. Together with the traditional ones, which are part of the European Free Trade Association, the European Council of Nice included the Balkan countries that is to say, Croatia, Macedonia, Bosnia Herzegovina, Federal Republic of Yugoslavia and Albania. More recently, in Gottenburg, Moldavia and the Ukraine were also invited.
41. The process of integration and extension and, ultimately, of strengthening of the EU against the background of globalization, does not seem to end with the fifth enlargement. Other countries of Europe may follow the road of the current 13 candidates, engaging in a process that will one day culminate in the reunion of the Continent as a whole, within a framework of freedom, democracy, human rights, prosperity, justice, stability and security, as common values shared, for the first time, by all Europeans.