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# UNIT 11 ENLARGEMENT OF THE EUROPEAN UNION

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## 11. INTRODUCTION

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Since its establishment in 1957 with six founding members (Belgium, France, Germany, Italy, Luxembourg and the Netherlands), the European Economic Community (EEC) has so far undergone six enlargements. After the "big bang" enlargement in May 2004 when ten new states were admitted at one go, the most recent and sixth enlargement took place on 1 January 2007 when Bulgaria and Romania were admitted. With the result that the European Union (EU) now comprises 27 member states. Article 237 of the Treaty of Rome provides that "Any European state may apply to become a member of the Community."

Previous enlargements have generally been a difficult and mixed experience for both the Community and the applicant states. They have been motivated by both economic interests (enlarging the common market) and political considerations (to enlarge the European "democratic space" by strengthening fledgling democracies). Enlargement also led to greater **budgetary** transfers from Social and Regional Funds to newer and poorer member states. Enlargement also had detrimental consequences for the Common Agricultural Policy (CAP). The increased role in decision-making has enabled the new entrants to play an important role in future enlargements and in safeguarding their interests vis-a-vis newer applicants.

The first four enlargements of the European Union (1973, 1981, 1986, and 1995) involved intense discussions about the level of commitment to the European ideal, economic and political compatibility, implications for existing policy frameworks, and frequent debates about "widening" versus "deepening". In this unit we will discuss the processes of various enlargements.

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## 11. OBJECTIVES

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After going through this unit, you will know a b u t

- six processes of enlargement of the European Union;
- which countries of the Europe have joined the Union, how and when;
- implications of enlargement of the union particularly the Eastern enlargement; and
- future trends and possibilities of the enlargement of the European Union.

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### 11.2 THE FIRST ENLARGEMENT (1973): FROM EC-6 TO EC-9

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Denmark, Ireland, Norway and the United Kingdom applied for full membership of the European Community in 1963, but their application were rejected largely because French President Charles de Gaulle insisted that more time was needed to consolidate the fragile institutions of the EC prior to any enlargement. France was also concerned that British membership might tend to reduce French and German influence in the Community. Paris **was** also apprehensive that the strong Anglo-Saxon (US-UK) relationship might compromise efforts to **transform** the European Community into an independent economic and political force in world politics. In 1967, the four prospective applicants reapplied for membership, but de Gaulle, against the wishes of the other five member states of the Community, vetoed the proposal. It was only after de Gaulle's retirement in 1969 that the way for their eventual membership was opened. After lengthy negotiations, the first enlargement was agreed **upon** in June 1971. Though the Denmark, Ireland and the UK became members on 1 January 1973, Norway, after a referendum, decided not to join the Community primarily because of concerns that it would cause potential damage to its relationship with other Scandinavian countries and because of fears that it would have to make too **many** concessions regarding fisheries **and** the oil and gas resources along its long coastline.

Unlike Ireland, which was relatively underdeveloped, the economic structures of both Denmark and the United Kingdom were broadly similar to the existing member states with the result that their assimilation was a relatively painless process. As a result of British **membership** of the Community, exports of Commonwealth food suppliers to the UK suffered, as it had to abide by the norms of the Common Agricultural Policy. The three new member states did not have to immediately conform to the *acquis communautaire* – the body of rules and regulations of the Community –, but were given transition periods.

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### 11.3 THE SECOND ENLARGEMENT (1981): FROM EC-9 TO EC-10

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The growing importance of European trade led to pressures from South European countries, *viz.* Greece (which enjoyed associate membership since 1962), Spain and Portugal (both of which had signed special trade agreements with the European Community in 1970 and 1972 respectively) to further enlarge the European Community. After these countries overthrew dictatorial regimes in the mid-1970s, there was greater willingness to enlarge the European "democratic space" by consolidating these fragile democracies and strengthening pluralist polities.

Negotiations for admission of Greece were relatively painless as it was a small economy with a population of only nine million. It was not likely to impose an unduly onerous burden even though it would enhance the competition for the existing Mediterranean farm products like wine, olive oil, citrus fruits, etc., but would provide an important new market for industrial goods. However, Greece was technically and administratively unprepared for accession to the European Economic Community.

Greece became the tenth Community member on 1 January 1981. While membership enabled the transfer of substantial financial assistance from the Community's Structural Funds and the Integrated Mediterranean Programme, it also exposed the inability of Greece to compete effectively in manufactured goods. As a result, Greek's membership proved to be a difficult experience for both the Community and Greece itself.

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## **11.4 THE THIRD ENLARGEMENT (1986): FROM EC-10 TO EC-12**

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Portugal and Spain applied for membership of the European Community in 1977. Negotiations began in earnest in the late 1970s and early 1980s, but the 1979-80 oil crisis, the problems with Greek membership and the differences in the socio-economic structures of the South European countries, the large size of the Spanish economy coupled with the pressing need to reform EC institutions and policies – all contributed to great difficulties with the applications from the countries from the Iberian Peninsula. EC membership was presented in both Spain and Portugal as a means to stabilize new democratic institutions and prevent any reversion to dictatorial regimes.

It took eight long years of protracted negotiations before a treaty of accession was signed by Spain and Portugal. Negotiations were complicated by domestic politics and the need felt by the Community to implement internal institutional reforms. Whereas Britain and Denmark favoured "widening" the Community to incorporate Spain and Portugal, Italy, and particularly France stressed the importance of "deepening" and, its corollary, the need first to resolve the deadlock regarding Britain's budgetary contributions to the EEC. Greek pressures to gain further transfers from the Structural Funds created more difficulties. There were also concerns by French and Italian farmers to protect them from strong competition offered by Spanish fish, fruits and vegetables. There was also a more general concern across the Community about a substantial expansion of Spanish wine and olive oil production. Eventually, an accession treaty was signed in 1985 and Spain and Portugal became members of the European Community on 1 January 1986.

The accession treaty provided for a transition period of up to ten years to protect EC farmers (in especially oil, vegetables, wine and citrus fruits) from Iberian competition and protected Iberian farmers from full EC competition in the case of cereals, meat and dairy products. Since the admission of Spain and Portugal would increase the size of the EC fishing fleet by 80 per cent, they were granted only limited access to the fishing grounds of other member states during a ten years transitional period. Similarly a seven year transitional period was given to both Spain and Portugal for the progressive adoption of the common external tariff and the customs union.

By and large, the economic implications of the accession of Spain and Portugal were initially very much similar to the admission of Greece. However, the admission of these countries proved to be somewhat easier for the Community than Greece partly because global economic conditions had improved in the late 1980s and because domestic politics appreciated the value of EC membership. Nevertheless, the accession of Spain and Portugal created new difficulties for the EC and in order to alleviate the concerns of other Mediterranean countries which felt threatened, new trade agreements were signed with countries like Egypt and Algeria. The third enlargement was agreed in 1985 amidst continuing difficulties in the Community over the budget and struggles over implementing political and economic reforms. Since the new member states were all poor agricultural economies, their admission was likely to strengthen the Community's agricultural lobby and make reform of the Common Agricultural Policy even more difficult. The increased size of the Community however tended to superimpose a North-South divide on the tensions existing between these more "reluctant Europeans" in Britain and Denmark and the founder-members in the original Six member States. The enlargement of the European Union towards southern Europe was driven for the most part by political factors and sought to essentially stabilize young Mediterranean democracies which had had a long span of dictatorship. These political aims were complemented by the keen desire of the affluent centre of the EU, which stood to gain from the economic development of its poorer periphery.

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## **11.5 THE FOURTH ENLARGEMENT (1995): FROM EC-12 TO EU-15**

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On 1 January 1995, Austria, Finland and Sweden joined the European Union, whereby the EC-12 became the EU of 15 member states. These three countries sought membership of the European Community primarily because they apprehended economic marginalization in view of the EC's efforts to establish the Single Market by 1992 and a feeling that it would retain a greater degree of its sovereignty by becoming a member rather than remaining outside it. The end of the Cold War in the late 1990s facilitated membership as neutrality was no longer considered a barrier. Fear of exclusion also led to applications by

Switzerland (26 May 1992) and Norway (24 November 1992). Though Norway went on to negotiate the terms of their entry, but the Swiss application was frozen soon after it was submitted.

The European Community initially argued that widening could take place only after deepening of the integration process and the completion of the process of ratification of the Treaty on the European Union. Accession negotiations with Austria, Finland and Sweden began in February 1993. The Accession Treaties were signed in June 1994. However, before the new applicant states could join the European Parliament's endorsed enlargement (May 1994) and votes in favour of membership in referendums held in Austria (12 June 1994), Finland (16 October 1994) and Sweden (13 November 1994) led to their becoming members from 1 January 1995. However, Norway was unable to become a member since the Norwegians voted against EU membership in a referendum.

The admission of Austria and the two Nordic countries (Finland and Sweden) was widely accepted to lead to increased pressures in three areas: upgradation of environmental standards, making EU institutions more democratic, open, and transparent, and a greater role of the Union in the promotion of security in Europe. Amongst key concerns of the new members were relations with Russia with which Finland shared a 1,600 km border. They were also likely to press for a resolution of the conflicts in the former Yugoslavia, promotion of greater stability in Central and Eastern Europe, and promoting the cause of the admission of the Baltic states.

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## **11.6 THE FIFTH ENLARGEMENT (2004): FROM EU-15 TO EU-25**

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Since the end of the Cold War, the Central and East European Countries (CEECs) have expressed a keen desire to be associated with Western economic and security organizations, including the European Economic Community. To the CEECs, membership of the European Union signified (a) a "return" to Europe; (b) it would foster economic growth, political stability, and regional security; and (c) an improvement of market access and gain subsidies. However, East Europeans, who initially felt that EC membership would prove to be a panacea for many of their problems, soon realized that this also posed major difficulties. Popular disillusionment mounted as the economic crisis deepened and standard of living fell.

### **11.6.1 EU Policy towards Eastward Enlargement**

The European Union has been following the so-called "principle of differentiation" in its strategy towards eastern enlargement, allowing each candidate to progress through the negotiations as quickly as is warranted by its own efforts to prepare for accession, to proceed at its own pace, and join when it is finally able to meet all the obligations for membership. This was formalized by the conclusion of different types of agreements and by a set of different unilateral measures. Depending on geographical proximity and progress/stage in economic transition, the European Union negotiated three types of agreements with CEECs:

- *Europe Agreements* were created for potential East European applicants. They were meant to promote their integration by lowering trade barriers, the establishment of a free trade area, establishing a framework for political dialogue, and laying down a framework for cooperation.
- *Trade and cooperation agreements* negotiated with states which were possible candidates for membership but were not yet sufficiently developed for Europe agreements. These agreements granted Most Favoured Nation (MFN) status rather than trade with EU and excluded sensitive sectors like textiles, steel, and agriculture.
- *Partnership and cooperation agreements* (introduced in 1992) were concluded with Russia, the Ukraine and other countries of the Commonwealth of Independent States to provide market access.

Article O of the Treaty on European Union (1993) did not contain any conditions for membership except that the candidate should be a "European State". The Copenhagen European Council (1993) laid down the basic criteria for EU membership, viz. (a) stable institutions guaranteeing democracy, the rule of law, human rights and the protection of minorities; (b) the existence of a functional market economy as well as the capacity to cope with the competitive pressures and market forces within the Union; and (c) the ability to take on the obligations of membership including adherence to the aims of political, economic, and monetary union. Article

6 of the **Amsterdam Treaty** added that "The Union is founded on the principles of **liberty**, democracy, respect for human rights and fundamental freedoms and the rule of law".

The EU regards the **criteria** as unchangeable and on which no concessions can be made to applicant states, who must fully comply with them. The need for ratification of accession treaties by all 15 EU member states implies that the governments involved must weigh their own commitment to enlargement against their ability to carry public opinion with them.

Between 1994 and 1996, all CEECs submitted their application for EU membership. In December 1997, the **European Commission** reviewed the progress of the applicants in meeting these criteria and concluded that only five (Hungary, Poland, the Czech Republic, Estonia, and Slovenia) of the ten applicant countries had made sufficient progress to be invited to begin admission negotiations with the EU. In November 1998, in its first Regular Report on Progress towards Accession by each of the candidate countries, the European Commission did not make any recommendation to start negotiations with the other five applicants (Bulgaria, Latvia, Lithuania, Romania and Slovakia). However, the Commission recommended to the European Council in Helsinki (December 1999) that accession negotiations should be opened in the year 2000 with all five second-wave Central and Eastern European Countries.

The Nice Summit (2001) expressed the hope that enlargement negotiations with the countries that had made the most progress could possibly be concluded as early as 2002, which could enable some countries to complete the accession process by the beginning of the next intergovernmental conference in 2004.

## **11.6.2 Problems of Eastward Enlargement**

The sheer size of the political, economic, and legal implications of further eastward enlargement are so immense that it raises fundamental issues about EU objectives and the functioning of EU institutions.

Enlargement involves a considerable increase in the budget expenditure of the European Union, and profoundly affect major EU policies such as agriculture, structural funds, movement of persons, institutional reforms, etc. Since compromises on these sensitive issues were likely to be difficult to **arrive** at, long transition periods would be necessary.

In the past, enlargement had multifarious effects on the European Union and even in future, enlargement will entail changes and remodelling of existing EU structures and institutions. A further enlargement of the EU will lead to radical changes and adjustments in the institutional framework and decision-making processes. Further enlargement without a reform of decision-making structures would paralyse the European Union.

A major long-term challenge of an enlarged EU of 25 or more members was that the ratio of small and poor countries relative to the large countries (**Germany**, France and Britain, flanked by Spain and Italy) would increase dramatically. Moreover, an enlarged European Union will be more heterogeneous in its foreign and security interests and perceptions.

Enlargement was also likely to double the EU's agricultural workforce and increase by 50 per cent the EU's arable land area. This was anticipated to substantially increase the budgetary expenditure of an inefficient and distorting Common Agricultural Policy (CAP). Twenty-two per cent of the working populations of the states that hope to join the EU are still employed in agriculture whereas in the EU the figure is just 5 per cent. The negative aspect is the bringing in of inefficient agricultural sectors to add to the subsidized ones the EU already supports in France and Spain. Adjustment strains from exposure of the candidate countries to competition could be considerable, not least in terms of a significant shedding of surplus labour. In the wake of *Agenda 2000*, reforms to the CAP represented "minimal adjustments to the status quo to make enlargement possible; the new member states are accommodated through their exclusion from the subsidy system, but with some compensatory **structural** expenditure.

Another major concern emanating from enlargement has been migration. Fears have been expressed that the accession of the CEEC would cause a flood of skilled workers onto Western labour markets. Free movement of labour is an emotional and political issue, especially given the high levels of non-structural unemployment in most West European countries.

Eastern enlargement of the European Union entailed substantial difficulties arising from the harmonization of economic systems and government and administrative structures. In particular, this includes the *acquis communautaire* or the legal instruments of the EU which now fill over 60,000 pages of text that have to be converted into national law. The EU has also demanded the capacity to apply and implement the *acquis*, which necessarily implies an integrated and complex process of political harmonization with the EU. The demand is even more important for the smaller latecomer CEECs, since weaker small states have to follow the EU rules more closely and effectively than previous EU entrants. There are growing doubts about the ability and competence of CEEC states to adopt EU legislation on areas like Social Charter, the environment, etc. because of the expense required. The problem as many complained was that the *acquis* is growing faster than the capacity of eastern European law to integrate it.

### **11.6.3 Implications of Eastward Enlargement**

Eastward enlargement expanded the EU single market by 57 million people (15 per cent of the existing population) and added roughly Euro 300 billion of GDP. Eastward enlargement has brought into sharper focus the conflict between the ambitious Mediterranean policy of France and Spain and German-led Northern interests regarding the allocation of resources.

East Europeans have criticized EU policy responses towards eastward enlargement: (1) The EU has lacked a coherent strategic vision and purpose. (2) The European Union has clearly been pursuing a policy of carrots (membership and various forms of assistance) and sticks (integration of their economies, maintenance of democratic institutions, and overcoming problem posed by minorities) and substantial conditionality. (3) The accession agreements have been asymmetrical in the EU's interest, that the EU has set high standards for applicant stages, although all the existing members had not yet achieved them. (4) EU's policy responses were dominated by short-term, rather than long-term, interests and considerations. Thus, enlargement is essentially an asymmetrical process wherein existing members are in the driving seat and they decide both the timetable and terms of membership of applicant countries.

The fifth enlargement differed from previous enlargements in three ways: (1) it sought to effectively use the instruments of enlargement to stabilize democracy and facilitate the establishment of free market economies in Central and East European countries; (2) it has witnessed the admission of the largest number of countries, viz. ten, at one go; and (3) it was characterized by the reluctance of the existing member states to extend all the commitments, especially financial, in the short run.

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## **11.7 GERMANY AND EU EASTWARD ENLARGEMENT**

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Germany has been the main spokesman, supporter, and initiator of the admission of CEECs in the European Union in order to stabilise the volatile East undergoing a difficult transition process and plagued by ethnic strife and to curb migratory flows from the region. Like previous enlargements, the Federal Republic hopes that eastward enlargement would play an important role in shaping political values and expectations of key elite groups on liberal-democratic lines. The German share in financial assistance, humanitarian aid and export credits overshadows the contributions of other member states of the European Union. Economically, it seeks to consolidate its privileged access to East European markets, having already emerged as the leading trade partner and major investor in most of its eastern neighbours. Prior to enlargement, Germany pressed for fair burdensharing of financial contributions to the budget, budgetary discipline, and improvement of return flows to Germany.

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## **11.8 THE SIXTH ENLARGEMENT: FROM EU-25 TO EU-27**

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Romania and Bulgaria signed accession treaties on 25 April 2006. A decision was taken in October 2006 to determine if both countries have completed the remaining reforms. They joined the EU on 1 January 2007. As a result of accession, between 2007-2009 Romania will receive Euro 11 billion in EU aid whereas Bulgaria will receive Euro 4 billion. With the accession of Bulgaria and Romania about 30 million people will be added to the 454 million of the EU-25 and extend the European Union's border; to Moldova and the Black Sea.

## 11.8.1 Turkish Membership of the European Union

Turkey, which had signed an Association Agreement with the European Community as early as 1963, was perceived as a further aspect of Mediterranean enlargement in the distant future as the association agreement envisaged full membership by 1995. However, before its provision whereby Turkish workers could enjoy free access to EC member states as of 1 December 1986 could come into force, EC foreign ministers declared that the provision was not legally binding. When Turkey applied for full EC membership in 1989, EC membership was refused partly because there were strong reactions in Germany because of fears of an uncontrolled flood of workers and partly because of both Islam and problems with Kurdish sub-nationalism were considered highly contentious about its claim for "European-ness". Nevertheless, the EU made considerable efforts to strengthen relations with Turkey, including the establishment of the customs union in 1995.

The European Union's has not displayed similar commitment to accession and determination to apply the enlargement policy instruments to Turkey as it did in the case of the Central and East European countries. EU leaders agreed on 16 December 2004 to commence official accession negotiations with Turkey on 3 October 2005. There are continuing concerns about the alignment of Turkey's political, economic and social system with the EU norms, concerns about human rights issues, military involvement in domestic politics, and settlement of the Cyprus and Aegean Sea issue with Greece, whose objections had enabled the Union to effectively delay Turkish membership. Eventual Turkish membership could take a decade or more.

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## 119 FUTURE ENLARGEMENT

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The rejection of the EU Constitutional Treaty in a referendum in France in May 2005 and next month by the Netherlands has led to enlargement fatigue and the difficulties which European citizens had with digesting the implications of the May 2004 enlargement. The prospects of the Balkans joining the EU in the mid-term are bright as they are small economies and there is reluctance to leave them in a kind of black hole in the heart of the continent. Croatia (which formally applied in 2003) is likely to open talks whereas Serbia, Bosnia and Macedonia are launching their EU accession processes. Three West European states remain outside the EU, viz. Iceland, Norway and Switzerland. Three western former states of the former Soviet Union, viz. Belarus, Moldova and the Ukraine, have expressed an interest in eventual membership. However, their prospects are rather remote at present. The European Union is very likely to develop alternatives to full membership as a tool to stabilize its neighbouring regions. For instance, the Barcelona Process (initiated in 1995) seeks to develop an intensified Euro-Mediterranean partnership, including a free trade zone by the year 2010, in order to reduce migration pressures.

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## 1110 SUMMARY

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In this unit, we have studied how the European Economic Community/European Union expanded from its original six members to 27 members in 2007. We noted that the process of enlargement has had serious repercussions for old member states as well as the new entrants. Enlargement leads to a growth in the size, population, territory and GDP of the European Union. The wider internal market tends to generally enhance trade, economic development and prosperity in the new member states. Enlargement has changed the political dynamics of Europe. A larger EU also increases the potential for it to play a greater role in world politics. At the same time, enlargement leads to greater diversity and heterogeneity. Enlargement has led to the creation of a more diverse and heterogeneous European Union with six large states (France, Germany, Spain, Italy, the UK and Poland) and nineteen small states. This makes decision-making more difficult and leads to greater coalition-building amongst member states in reaching decisions. Enlargement has also led to the declining influence of the Franco-German motor in influencing the pace and content of European integration. It has also signified that more enhanced, flexible and differentiated cooperation will become more evident.

Enlargement has raised debate about identity, coherence and effectiveness and the borders of the European Union. Enlargement has raised questions about where the borders of Europe should ultimately end. Questions have been raised whether the EU should differentiate the applicants on the basis of geographical, cultural and

historical criteria. Enlargement has also meant that the EU becomes more and more directly involved in occurrences at the periphery and thereby increasingly interested in securing the common external border and in stabilizing political and economic conditions in the **neighbouring** regions. The security concerns have become more significant after the terrorist attacks of 11 September 2001. The creation of a more diverse and heterogeneous Union will even make it more difficult to pursue a cohesive Common Foreign and Security Policy.

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## 11.11 EXERCISES

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- 1) Discuss the enlargement of the EEC from 6 to 15 member states.
- 2) Analyze the issues and problems in the EU's eastward enlargement (May 2004).
- 3) What are prospects of Turkey becoming a member of the European Union?
- 4) What are the prospects of future enlargement?

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