

'Hurdles to European expansion' from Le Monde diplomatique (February 1999)

Caption: In February 1999, the French monthly newspaper Le Monde Diplomatique analyses the implications and risks, both for the 10 new Member States and for the Fifteen, of the enlargement of the European Union to 25.

Source: Le Monde Diplomatique. February 1999, n° 539. Paris. "Hurdles to European expansion", auteur:Potel, Jean-Yves , p. 8-9.

Copyright: (c) Le Monde diplomatique

URL: http://www.cvce.eu/obj/hurdles_to_european_expansion_from_le_monde_diplomatique_february_1999-en-fa62a648-a62f-404d-bd70-8689b18b1d00.html

Publication date: 02/12/2013

EAST AND WEST: TEST OF FAITH

Hurdles to European expansion

The countries of Central and Eastern Europe want to regain their rightful place in the mainstream of Europe. As a result, the leaders of the Fifteen and the Commission have been unable to imagine any arrangement other than indefinite enlargement of the Union and the straitjacket of the "acquis communautaire" (community patrimony). After ten years of painful reforms, the peoples of the candidate states are now being forced to accept ever greater sacrifices as the price of their new-found freedom.

by JEAN-YVES POTEL *

Since 1989 public debate on enlargement of the European Union to the East (and to Cyprus) has centred on just two questions. When will it happen and how much will it cost? The principle was adopted at the Copenhagen meeting of the European Council in June 1993 and rapidly became part of the common language of the Twelve - now the Fifteen - member states. But they have so far failed to narrow the gaps between them with regard to its timing.

For the time being all the players appear to be shadow boxing. The candidates are naturally continuing to press for a timetable, while disingenuously exploiting the disagreements among the existing members. Meanwhile the substantive issues are scarcely touched on, and the argument is conducted on the level of symbols. For the most part, the political leaders of the Fifteen are treading carefully, wary of domestic opposition to recent institutional consolidation or "deepening" (Maastricht and Amsterdam). But the leaders of the candidate states are beginning to grumble. Despite a fall in popular support, Europe still holds out the promise of a bright future for their voters. But they need a tangible prospect to justify the sacrifices demanded of them.

This shadow boxing is also obscuring the question of costs. At the moment, there are serious disagreements among member states. Not about enlargement, but about the means of funding the Union. The central issue is "net contribution", that is, the difference between the amount which members pay to the EU budget and the amount they receive from it, mainly through the common agricultural policy and structural funds⁽¹⁾.

Germany, which accounts for 26% of the EU's gross domestic product, provides 28.2 % of the EU budget and receives only 12.8 % in return. It is bent on securing a reduction in its contribution, as are other member states in a similar situation, like the Netherlands, Austria and Sweden. The poorest countries, however, are strongly opposed to any cuts in overall funding from which they would be the first to suffer.

Last December's European Council meeting in Vienna was unable to overcome this disagreement, but it will have to be resolved by the end of Germany's presidency on 30 June 1999. Its outcome will have strong repercussions on the enlargement process. The Commission's proposals, contained in its Agenda 2000 paper, rely on continued growth of Europe's GDP from 2000-06 to maintain contribution levels. But what would happen if the EU cut its budget?

Behind this horse-trading in dates and costs, the meaning of European integration itself is under discussion. And especially the role of the nation states. Michel Foucher, a geographer and current advisor to French foreign minister Hubert Védrine, warns that maps often give a false impression. In a persuasive essay⁽²⁾, he argues in favour of an inclusive approach based on conscious commitment to a common goal. From this point of view, the Council was right to stipulate in Copenhagen in 1983 that no enlargement is possible unless candidate countries meet three criteria: they need stable institutions guaranteeing democracy, a functioning market economy and the ability to take on the obligations of membership - or *acquis communautaire*, as it is now universally known.

The following year in Essen the Council adopted a pre-accession strategy under which the ten candidate countries were to receive approximately 1 billion euros a year in aid via the Phare programme⁽³⁾. In 1995

they each submitted a white paper on their readiness for integration into the single market and in July 1997 the Commission passed an opinion on each country.

In December 1997 the European Council in Luxembourg agreed on a two-pronged approach. In addition to Cyprus, the five "most advanced" Eastern European candidates - Poland, the Czech Republic, Hungary, Estonia and Slovenia - were invited to begin negotiations with the Commission with a view to accession to the EU. Meanwhile, all 10 candidates, including the five in the first wave, would receive material help from 1998 - 1.5 billion euros a year up to 2000, then 3 billion a year up to 2006 - to bring their economies, administration, infrastructure and environment up to scratch in readiness for EU membership. Negotiations with the five first-wave countries would begin officially on 31 March 1998.

Hungarians and Poles point out that they are not strangers knocking at the door: they have been Europeans for a thousand years. That conviction is rooted in the national consciousness of all the Central European countries. A European political and economic entity which can function as a centre of stability and influence in world affairs is no longer conceivable without their eventual inclusion. Though economic considerations do play a part, the new candidates' motivation is primarily political and strategic.

But defining the limits of Europe, even provisionally, is no easy matter. The Luxembourg Council's decision to draw a thick line - the EU border - between the Czech Republic and Slovakia, and between Hungary and Romania, has aroused anxiety and offended national feelings. The new Czech government led by Milos Zeman has repeatedly indicated that it wants Slovakia to be included in the first wave. As soon as he formed his government last summer, the prime minister made an official visit to Bratislava and spoke out strongly in Brussels. For Petr Janyska, director of European affairs in the Czech foreign ministry, "The issue is a sensitive one. It will be very difficult for us to revoke the existing customs union with Slovakia or to apply the Schengen rules on the movement of persons to Slovakia."

Budapest has a similar problem. Its links with the Hungarian minorities in Slovakia and Romania are a prime consideration. Laszlo Molnar, secretary of state in the Hungarian foreign ministry, explains that "Anything that could separate us is against our interests. We are bound together by a common history." And it is not only the Czechs and Hungarians who are worried. The Romanian authorities organised a meeting of candidate countries in Bucharest last November which, according to Anton Niculescu, Romanian secretary of state for European integration, concluded with a proposal to set up "a permanent informal club of candidate countries, with no distinction as to first or second wave".

Thus the selection of first-wave candidates has strengthened solidarity among the Ten. Each country in the second wave is now championed by one or two first-wave candidates. Estonia supports Latvia, Poland supports Lithuania, and so on. And regional organisations have been given fresh impetus. The Polish authorities see the Council of Baltic Sea States as increasingly important as a framework for cooperation with the Scandinavian countries, as well as with the Balts and the Russian authorities in Kaliningrad and Saint Petersburg. The new Czech government anticipates full reactivation of the Visegrad Triangle, founded in 1989 by Poland, Czechoslovakia and Hungary and subsequently blocked by the split between Prague and Bratislava.

These geopolitical initiatives underline the significance of the enlargement issue for European security and the balance of power. In the West, for example, there is considerable apprehension about the eastward expansion of German power and influence. But here again the map can be deceptive. Germany's economy, trade and alliances are predominantly westward-looking. And will remain so. The incentives for German investors to go east are in no way comparable to those of the pre-war period, when customs barriers were in place⁽⁴⁾.

Germany's firmly-based western orientation is likely to be further strengthened by the candidate states' contribution to security on the eastern flank. Michel Foucher notes that "for reasons of geography and national self-interest, some of the candidates are destined to become, in their turn, vehicles for increasing security in the region and for transmitting modernisation from West to East." He sees Poland, for example, as pursuing a genuine *Ostpolitik* vis-à-vis neighbouring Lithuania, Belarus and, above all, Ukraine - a policy

which extends to Russia via Kaliningrad.⁽⁵⁾ This analysis is confirmed by Henryk Szlajfer, director of strategic affairs in the Polish foreign ministry. "Europe must develop stable links with independent Ukraine. If we, that is the EU and the candidate states, fail to include Ukraine in a serious joint regional policy, then all our other plans for European construction will come to nothing."

These geopolitical considerations put into proper perspective the three main technical issues involved in the enlargement negotiations: the *acquis communautaire*, economic restructuring and the reform of the Union's internal decision-making machinery. The *acquis communautaire* ("community patrimony") means the whole set of treaties, measures, regulations and directives adopted in 40 years of European integration. In particular, all the new members will have to apply the provisions of the single market and the treaties of Maastricht and Amsterdam on the same footing as the older members. Only a few very limited temporary waivers will be granted.

The Commission has classified the thousands of pages of legal provisions into 31 chapters, focusing attention on the details of some of the essential reforms. Even in the most "advanced" countries, feudal-type arrangements and undemocratic procedures inherited from the old regime are often still in force. This is compounded by the "natural" process of deregulation that followed the collapse of the former administrations and plays into the hands of voracious entrepreneurs. Control of the financial circuits, labour legislation and social security, the organisation of agricultural markets and plant health regulations, environmental protection standards, consumer protection, regional policy and the judicial system have all been weakened in this respect. The "accession partnerships" negotiated with the Commission may prove to be efficient tools for consolidating democracy in the candidate countries. But they could also be used for other purposes. The Commission, so attentive to the liberalisation of markets (with rules on restructuring, competition, state aid, certification and standardisation, etc.), needs to pay more attention to non-compliance with labour legislation and the social dumping practised by private industry.

On a more general level, the worrying proportion of undeclared income in the candidate countries underlines the considerable gap between rule and practice. In Central Europe it still accounts for 40% to 50 %⁽⁶⁾. Most important of all, the *acquis communautaire* involves as much deregulation as regulation, if not more. This is particularly true of the rules on competition, which restrict state subsidies and require full liberalisation of sectors such as telecommunications, energy production and banking that are regarded as sensitive or strategic. Transfer of the *acquis communautaire* is thus a formidable instrument for opening up the Central European economies to foreign capital, for which local development is likely to be a very low priority.

Seen in this light, the reservations of the candidate states are more understandable. While the negotiators repeatedly stress their readiness to accept the *acquis* in its entirety, they are proving more cautious as the negotiations become more specific. Both Poland and Hungary have requested waivers for telecommunications, with Hungary particularly resistant to full liberalisation of its state-owned voice telephony networks. Conversely, the Television Without Frontiers directive, which imposes quotas of national and European programmes, is being resisted by Slovenia and the Czech Republic. Having already concluded agreements with the American majors, both countries are asking for transitional periods. And the really big issues have still to be tackled. The restructuring of heavy industry (where Hungary has already requested a waiver for coal and steel) and national agricultural arrangements are bound to give rise to difficult discussions. Europe is unlikely to prove a sufficiently strong argument to get public opinion to accept "reforms" it has resisted so far. And it would be irresponsible, to say the least, to try and impose restructuring simply by bringing the relevant regulations into line without any accompanying measures, negotiations or public debate.

The liberal economic demands of the *acquis communautaire* require a debate on the underlying social and political issues which neither side in this major enlargement process will be able to avoid. In the West the fears and reservations concern social dumping, delocalisation, heightened competition, etc. In the East, however, the dominant feeling is one of exclusion. Marcin Frybes argues that the candidate states "have been put in a position of inferiority and marginalised. They have not been invited to the debate on the future shape of Europe. They must first adjust, meet the norms, take on the *acquis communautaire* and try and pass their entrance exams. Constantly required to 'prove' their suitability for membership of the European Union,

they are not considered as countries with a specific personality, with something to offer to the European debate⁽⁷⁾."

Ritual references to the "European social model" will neither make good the gaps in the public debate nor dispel the fears. Especially as everyone realises the "model" itself is in a state of crisis. And it is precisely in this area that Central European resistance to European integration is beginning to harden. Conservative and nationalist movements are gaining ground by concentrating on a populist response to social problems rather than the ethnocentric concerns that are their usual stock in trade. Unless citizens, politicians and organisations active in the social arena become more closely involved in the debate on Europe, such ideas are likely to provide a ready-made doctrine for a radical backlash in defence of national sovereignty⁽⁸⁾.

The issue is a big one for countries that have only just recovered their national independence. Especially as, following the Treaty of Amsterdam, reform of the EU's internal decision-making machinery appears to be blocked. Everyone agrees that to avoid institutional deadlock after enlargement of the Union, the proportion of decisions requiring unanimity in Council needs to be greatly reduced. But unanimity is still the rule for most strategic issues.

For France, Belgium and Italy, reform of the decision-making machinery is therefore a prior condition for enlargement, and Pierre Moscovici, the French minister for European affairs, loses no opportunity to make that clear. The candidate countries, especially Poland, see internal reform as a pretext for postponing their accession and are asking to be involved in the technical discussions. But in this case, too, the accusations are probably unfounded.

In the final analysis, the search for solutions to these sensitive technical issues must be based on an overall appreciation of the process of European integration. While cohesion must be maintained, there will have to be some waivers to protect national activities. There are plenty of precedents for this. The transition periods will have to be adjusted to the pace of institutional reform within the EU itself and to the rate of development in the candidate countries. Enormous gaps still remain. The fact that transfers from the EU have been capped at 2% of national GDP, even if largely motivated by budgetary considerations, enables proper attention to be paid to the requirements of national sovereignty and the balance between the various states.

"It is necessary to move quickly," say the candidates. Yes, but not on any terms. As it embarks on the greatest expansion of its territory since the Treaty of Rome, the EU must take care to maintain its cohesion. It has the opportunity to strengthen its position as an outward-looking centre of prosperity, notwithstanding its 18 million officially unemployed and 50 million poor. But it also runs the risk of turning into a fortress that is impregnable from the outside and also a trap for the most deprived within its walls. In this respect, the lack of a real debate strengthens the fears of those who are still outside. Bulgarian political commentator Antony Todorov has the impression, "which is perhaps unfounded but impossible to shake off, that we being treated like a new wave of Eastern barbarians bent on storming the ramparts of the Western Empire⁽⁹⁾."

The outcome of the negotiations will also determine whether adoption of the *acquis communautaire* brings about any change in the ultraliberal policies of the last ten years. In joining the Union, each candidate must be able to safeguard and develop its own economic potential and national culture. Otherwise, as happened with the five *Länder* of former East Germany, the new EU will be a patchwork of rich regions exploiting and controlling concentrated areas of poverty and underdevelopment. A division of this kind, and the consequent growth of inequality, would seriously endanger the whole enterprise.

* Lecturer at the Institute of European Studies, University of Paris VIII. Author of *Les Cents Portes de L'Europe centrale et orientale*, Editions de l'Atelier, Paris 1998.

(1) See Jacques Berthelot, "Imposer le droit des peuples à se nourrir eux-mêmes", *Le Monde diplomatique*, November 1998.

(2) Michel Foucher, *La République européenne*, Belin, Paris, 1998.

(3) *Agenda 2000*, EU Bulletin, Supplement 5/97. The following states are candidates: Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Romania and Bulgaria. Cyprus, with which negotiations have started, is in a special position

because of the partition of the island and does not receive aid under programmes like Phare.

(4) See François Bafoil, "Les investissements directs allemands en Europe centrale et orientale. Les limites d'un engagement", *Allemagne d'aujourd'hui*, No. 143, January-March 1998, and Stephan Martens, *La politique à l'Est de la RFA depuis 1945*, PUF, Paris, 1998.

(5) Michel Foucher, *op. cit.*

(6) In 1998 households' official (i.e. declared) income was estimated at 63% of the total in Slovenia, 58% in the Czech Republic, 53% in Slovakia, 52% in Poland, 49% in Hungary, 16% in Romanian and 17% in Bulgaria. See *Political Change and Welfare Development in Central and Eastern Europe (Mass Public Opinion, 1991-1998)*, Vienna, July 1998, a survey carried out by the Österreichische Gesellschaft für Europapolitik (Austrian Institute for European Policy),

(7) Marcin Frybes (ed.), *Une nouvelle Europe centrale*, La Découverte, Paris, 1998.

(8) Jean-Yves Potel, "Les recompositions politiques", in *Une nouvelle Europe centrale*, *op. cit.*

(9) Antony Todorov, "Une forteresse imprenable", *Diagonales Est-Ouest*, No. 56, December 1998.

Translated by Barry Smerin