

# **THE EUROPEAN UNION'S ENLARGEMENT PREDICAMENTS IN THE LIGHT OF BRITISH MEDIA REPORTS**

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## **ENLARGEMENT NEGOTIATIONS**

Brussels is optimistic that preparations for enlarging the European Union (EU) by the year 2004 are proceeding smoothly and that the overriding political imperative of enlargement will remove all barriers. All existing members agree that enlargement is a dominant issue and that the addition of several central and eastern European states would bring the Continent's Cold War division to a symbolic end. Yet, the realities of what Charlotte Lindberg Warakaulle calls "bread and butter politics," threaten to overshadow the "lofty rhetoric" of a united Europe.<sup>1</sup> According to Rory Watson of The Times newspaper, behind the veneer of confidence is a growing awareness that a series of obstacles lie ahead, any of which could delay, or even derail, "a centuries-old dream of a peaceful, united continent."<sup>2</sup>

According to Charlotte L. Warakaulle, enlargement depends on three conditions: conclusion of negotiations with candidate states, establishment of a financial framework and Union-wide ratification of a new treaty to improve the functioning of the European institutions. None of these conditions has yet been met, although progress has been made on the first.<sup>3</sup> The final stage in the negotiations with the ten candidate states –seven former Soviet satellites (Estonia, Latvia, Lithuania, Poland, Hungary, the Czech Republic and Slovakia), Slovenia, Malta and Greek South Cyprus (posing as the government of the defunct Republic of Cyprus)– comes against a background of substantial far right gains in general elections in Europe. According to Rory Watson of The Times, far right leaders believe that EU enlargement would be tantamount to an influx of 'immigrants, cheap labour and criminals' (7 June 2002).

## **STUMBLING BLOCKS**

About ninety per cent of the EU enlargement negotiations with the candidate states have been completed, but the toughest financial and other matters remain to be resolved or pose a hindrance. Financial transfers to new members through the Structural Funds, the EU's main tool for regional development, and the Common Agricultural Policy (CAP) are serious stumbling blocks. Most member states, e.g. Germany, Britain, Holland and Sweden, have

rejected the European Commission's proposals for phasing the possibly ten new states into these programmes. In particular, the German Chancellor, Gerhard Schröder, has thrown a new obstacle in the path of EU enlargement by stating that Germany, the Community's largest net contributor, will refuse to pay any more towards the CAP. In comments that risk opening a rift with France, a net recipient from the £30 billion-a-year agricultural budget and its staunchest defender, the German Chancellor insisted that the era of Germany bailing out other EU nations was over.

One EU diplomat commented during the June 2002 Seville Summit: "The difference is that Germany wants to use the enlargement of the EU as a lever to reform the CAP, and France, Spain and others, who get loads of money from it, don't." Berlin says the plans Brussels envisages for financing expansion would mean an increase of around £5 billion in CAP costs, a quarter of which would have to come from Germany. Tensions between Berlin and the new centre-right government in Paris have been building over other issues, too, with the Germans complaining that France is keener to push through tax cuts than keep its public deficit within the Maastricht Treaty limits.<sup>4</sup>

The sticking point is the suggestion to extend direct payments, also called 'compensatory payments', to farmers in the new member states.<sup>5</sup> Brussels has angered the candidate states by offering their farmers 25 per cent of the direct payment their EU compatriots receive, with parity being achieved only after ten years. The accession states will also have to introduce milk quotas, even though quotas are supposed to be abolished in three years' time. As a result, Poland will actually have to cut its milk production from 12 billion litres, its present consumption, to 8.5 billion. Poland will also have to impose quotas on steel production and give other EU nations access to its fisheries in the Baltic.<sup>6</sup> In central and eastern Europe there is a widespread feeling that Brussels intends to operate a two-tier system for membership, with one tier being superior to the other.<sup>7</sup>

## BALANCE OF WEALTH BETWEEN MEMBER STATES

The accession of up to 10 new member states to the EU will bring profound changes to the balance of wealth in the EU and many regions that have grown used to receiving substantial development aid from Brussels could be hit hard. The political debate has centred on how much the new members should benefit from the EU's generous agricultural subsidies. Enlargement also raises fundamental questions over the future of regional aid in a larger union. Under the existing rules, the addition of up to 10 relatively poor states in central, eastern and southern Europe would make huge areas of western Europe suddenly ineligible for grants, once the current financing period expires in 2006. According to the latest economic data, if 10 new states join the EU in 2004, average Gross Domestic Product (GDP) in the EU will fall by 13 per cent. On the ground, the impact of this will be considerable. As a result, 15 regions would no longer qualify for such funding; six of those regions affected are in eastern Germany, a region still working hard to catch up with the rest of the country. In Berlin, the

federal government finds itself facing a huge policy dilemma. As the largest net contributor to the EU budget, Germany is already lobbying for its payments to be cut. Spain has made it abundantly clear that it will never accept the loss of its regional funding.<sup>8</sup>

## THE OUTCRY AGAINST EU POLICIES

The outcry against this kind of EU policy has been fiercest in Poland, in which 30 per cent of the electorate voted for Euro-sceptic parties at the last election in 2001. Poland is not pleased with the EU's agricultural policy because of its two million farmers and farm employees, who are up in arms about the scheme. Many Polish farmers fear that their way of life is under threat because of increased world trade and Poland's proposed accession to the EU. They believe that they could face annihilation as Poland moves closer to joining the EU. Cheap imports of subsidised German grain have undercut the price of wheat and become a national scandal. Polish farmers think that 'dumped' EU foodstuffs will bankrupt them and they will then have to sell their land to foreigners, probably to Germans. EU enlargement is the hottest political subject in the country.<sup>9</sup>

Although public support in Poland for EU membership is currently (May 2002) 55 per cent, it is feared that this figure could fall. To ensure a referendum victory for EU membership the Polish government needs to secure more cash for the farmers. Roger Boyes of *The Times* believes that in several parts of Poland hostility to Brussels is "spilling over".<sup>10</sup> The Polish government is also facing demands from former owners of property expropriated by the Nazis and the Communists. The claimants include well-organised Jewish groups in the EU and the USA.<sup>11</sup> Since writing my paper, there have been demonstrations in Poland against soaring unemployment and rural poverty.<sup>12</sup>

Meanwhile, the European Commission and member states are being accused of pandering to the far right over their recent decision to restrict the free movement of labour once new members join the EU. Under immense pressure from Germany and Austria, member states last year accepted the Commission's proposals to impose transition periods restricting the free movement of labour from the new countries for up to five years after joining. Berlin and Vienna pushed for this precisely because they feared a sudden influx of cheap East European labour. They were also concerned that such a development would play into the hands of the far right.

According to Stephan Smith of the *Guardian*, Europeans worry more about the numbers and origins of asylum seekers and immigrants than enlargement. Exclusion takes precedence over inclusion. The far right's anti-immigration ticket is often coupled with Euro-scepticism. Enlargement, according to Warakaulle, could strengthen this trend. Integration of new member states unfamiliar to many EU citizens might reinforce the desire to keep others out.<sup>13</sup> According to Timothy Garton Ash of the *Guardian*, at the Seville summit the EU's leaders were more interested in keeping people out than in bringing people in. Many West Europeans

never really thought of those “faraway countries” of which they know little, as part of Europe. Others, notably from France, did not want these countries to join the “French-led rich man’s club at all”, Ash remarks.<sup>14</sup>

The fear of immigration has almost become paranoia. According to a report the non-governmental German Migration Council commissioned, the EU’s eastward expansion will bring an influx of about five million immigrants to western Europe by the year 2020. This bolsters the argument of expansion’s opponents, who say that the wider labour market due to be introduced in 2004 will put a huge strain on current EU members. The figure of five million is based on surveys carried out in the Czech Republic, Poland, Hungary and Slovakia. Most of the potential migrants want to go to Sweden, Austria, Italy and non-EU member Switzerland. Poland has already reached agreement with the EU that its citizens will not be allowed to work in other EU countries for the first seven years of membership and other EU members will not be allowed to buy land in Poland for twelve years.<sup>15</sup>

## THE KARLOVY AND KALININGRAD ISSUES

In the Czech Republic, the approach of EU membership has revived the claims of Germans expelled from the city they called Karlsbad (spa of Karlovy) and the surrounding Sudetenland at the end of the World War II. Wolfgang Schussel, Austria’s Chancellor, and Viktor Orban, Hungary’s Prime Minister, have demanded the annulment of the Benes Decrees under which 2.5 million Germans and about 30,000 Hungarians were deported. Czech and Slovak officials have reacted furiously to such demands.<sup>16</sup>

The EU is also faced with an influx of asylum seekers. When a wave of Gypsy asylum seekers arrived in the EU a few years ago, member states responded with tough travel restrictions. Other potential problems for the accession process include the status of Kaliningrad, the Baltic port. Though an integral part of Russia, EU member states will surround it after enlargement. There is discrimination against the large Russian minority in Latvia and opposition to foreign participation in privatisation in Slovenia.

## DENMARK’S PREDICAMENT

In Denmark, which took over the EU’s rotating Presidency on 1 July 2002, the far right has become more powerful in recent years. There has been a swing to the right in Danish politics. According to Stephen Smith of the Guardian, “The country has gone crazy and no one has noticed.” What is being witnessed in Denmark is “the return of right-wing extremism to respectability, through the legal political parties”, he claims. Denmark aimed at focusing on and influencing the European immigration and asylum debate, which dominated the EU summit in Seville. Denmark’s government has been taking steps to stem immigration. A law

passed in May 2002 prevents anyone under 24 from living in Denmark with a non-EU spouse. It also prevents asylum seekers from marrying while their applications are being processed.<sup>17</sup>

Whilst Denmark is restricting access to EU territory, the Danes hope to chair the final stages of negotiations for an unprecedented intake of new EU citizens through enlargement. Denmark is keen to limit the numbers of third-country nationals whilst seeming to be an ardent supporter of EU enlargement.<sup>18</sup> It must be remembered that the Copenhagen Criteria, which lay down the political and economic conditions for EU membership, were set during the Danish presidency in 1993.

#### FORMER COMMUNIST STATES NOT YET READY

Meanwhile, it has been pointed out that the former communist states hoping to join the EU in 2004 still lack the means to remedy corruption and ensure the proper use of EU funding, according to Michael Mann and Judy Dempsey, of the Financial Times. The European Commission has published a report on the weaknesses in the judicial and anti-corruption systems in a number of candidate states, arguing that the candidates need to strengthen their administrative structures to handle the vast sums of farm and regional aid they will receive once they join the EU. Several countries still have to bring their legislation into line with EU norms on issues including land sales, payment of state aid and the fight against counterfeiting. Despite these problems, Gunter Verheugen, the EU Enlargement Commissioner, expressed confidence that the candidates would be able to complete their entry negotiations by the end of this year. He urged the governments concerned to inform voters of the benefits of enlargement.<sup>19</sup>

Verheugen knows very well that there could be trouble for enlargement. He has watched the ascendancy of the far right in western Europe with a sense of foreboding. He insists that the addition of 10 new member states to the EU will be agreed at the summit in Copenhagen in December, but warns that the spectre of extreme nationalism is one of several 'red lights' threatening to stop the enlargement train. It is hoped that after Copenhagen, the treaties will be sent back to the capitals of the current and aspiring member states, where they will have to be ratified by national parliaments, in most cases, or by referenda. The plan is to complete ratification by the beginning of 2004, in time for the new member states to contest the European Parliament elections that summer, thus becoming full members of the EU.<sup>20</sup>

However, Verheugen is not getting much support from national politicians, who have grown reluctant to proclaim the advantages of enlargement or why it might help to create a more stable Europe. Member states have done nothing to prepare their people for this, claims Pat Cox, President of the European Parliament. According to the European Council's recent statistical survey, the Eurobarometer poll, only 1 per cent of EU citizens are 'very well informed' about enlargement and 21 per cent thought that the EU should be enlarged to include all states wishing to join. The EU élite's focus on the historic opportunities of enlargement, according to Warakaulle, "has clearly failed to capture the imagination of the electorate".<sup>21</sup>

Anders Fogh Rasmussen, Denmark's Prime Minister, recently warned the candidate states that those who were unable to conclude the negotiations or to honour their membership commitments would be left behind. Even if a few were ready, he said, the EU would complete negotiations in Copenhagen with them, he told the Danish Parliament. Charles Grant, Director of the London-based Centre for European Reform, acknowledges that obstacles exist, but adds that enlargement is highly likely to go ahead on time. He may be too optimistic.

## OTHER THREATS TO EU ENLARGEMENT

According to The Times correspondents Rory Watson and Timothy Garton Ash, the most potent external threat to enlargement comes from within the EU itself and the candidate states: public opinion. In six of the 10 front-runners for membership, less than 50 per cent of those asked in a recent opinion poll said that membership of the EU would be a good thing for their country. For the most part, the new members, if and when they get in, will have concluded that Europe is really about haggling behind closed doors to pocket a few more million euros, declares Ash.<sup>22</sup>

On the other hand, a second Irish No vote to the Nice Treaty in a referendum this autumn would remove a cornerstone of the enlargement edifice, and the whole process could grind to a halt. Some suggest that an Irish 'no' could delay enlargement until after the next round of EU treaty reform in 2004. The Irish may even cause the derailment of enlargement. A fresh No vote could set off a disastrous chain of events, imperilling the EU's 'big bang' enlargement. Anti-Nice parties increased their share of the vote by eight per cent in the Irish elections in May 2002.<sup>23</sup> Verheugen states that he is confident that Ireland will ratify the Nice Treaty. He also insists that the Commission has no alternative plan if the Irish say 'no' again. Other EU officials declare that it would be madness to think that they did not have some kind of back-up plan if Ireland voted against. "If we don't, then we can forget about sticking to the enlargement time-table; the train will be derailed", warned one official. Verheugen appealed to national and local politicians not to miss this "window of opportunity" to unite Europe.<sup>24</sup>

At the Seville Summit EU leaders tried to head off a second Irish rejection of the Nice Treaty by declaring that Ireland would not lose its neutrality. The Irish are concerned about the EU's 60,000-strong Rapid Reaction Force. They are worried that the mushrooming defence and foreign policy ambitions of the EU will one day draw Irish troops into an unwanted conflict. The declaration EU leaders agreed to at Seville says that the Nice Treaty "does not impose any binding mutual defence commitments. Nor does the development of the Union's capacity to conduct humanitarian and crisis management tasks involve the establishment of a European army". But the critics point out that this declaration has no legal force.<sup>25</sup>

Another self-inflicted thorn in the side of the EU is the Cyprus issue, which poses a very serious danger to the derailment of the whole enlargement process and which George Parker

and Clare MacCarthy of the Financial Times describe as “one of Europe’s most intractable problems”.<sup>26</sup> The prospect of including a divided island continues to make EU bureaucrats and diplomats uneasy; but then the EU is much to blame for having encouraged the Greeks to believe that reunification of the island is not a pre-requisite for membership.<sup>27</sup> Rory Watson observes that Turkey’s policy of threatening to annex formally the northern part of Cyprus could stand in the way of the island’s membership. Any suggestion that Cyprus miss the first wave of new members, however, would sound the death knell for enlargement since Greece would not ratify the accession treaties, he warns.<sup>28</sup>

Watson is wrong to assume that Turkey has threatened to annex Cyprus. What Turkey intends to do is to integrate Turkey and the Turkish Republic of Northern Cyprus (TRNC) in the same way as the Greek state of South Cyprus, falsely posing as the government of the whole island, would be integrated with the EU, and hence with Greece.<sup>29</sup> Whatever advantages the EU offers Greek South Cyprus, Turkey would offer to the TRNC, even if that meant alienating her from the EU. Once Greek South Cyprus becomes an EU member, the two Greek states inside the EU would perpetually block Turkey’s path to full membership.

A realistic solution to the problem would be to delay the prima facie illegal and unconstitutional application of Greek South Cyprus for EU membership in the name of the whole island until a mutually acceptable, lasting and fair settlement is found to the Cyprus issue. The EU should prevail upon Greece not to use her veto over this problem; but if she does, so be it. Let Greece take the full brunt of her blackmailing tactics and incur the wrath of member and candidate states.

## CONCLUSION

Apparently, accession is not very popular in the EU and in most candidate states. The enlargement process has clearly demonstrated that the core tensions remain unchanged. The question of who should be included and who excluded from the Union is as pertinent and as difficult to resolve as ever. “How do you incorporate a divided country into the EU?” asks Ash.<sup>30</sup> How do you, indeed. The global economic slowdown and the EU’s decision to maintain restrictions on the inward movement of labour and limitations on agricultural subsidies have worsened the atmosphere. Public support for enlargement is running at about 65 per cent across the region, according to Eurobarometer, the European Commission’s polling unit. However, there is the risk that one or more states may be left out of the EU’s planned 2004 expansion, or exclude themselves by voting ‘No’ in a referendum. European Commission officials argue that the momentum of the enlargement process is so strong that such problems will be overcome.<sup>31</sup> Timothy Ash calculates the chances of accession of states in the process to be 70-75 per cent, but this may be wishful thinking.

Austria tried, at the Seville Summit, to throw the timetable for admitting new members to the EU into doubt by suggesting postponement of the EU October Summit at which states that would be ready to join by 2004 would be named. The EU bureaucrats believe that any postponement could seriously undermine the enlargement process since the candidate countries' accession to the EU by 2004 depends on ratification by all 15 member states and the candidates through referendum or parliamentary approval. That timetable, agreed at the Laeken Summit in December 2001, specifically stated that enlargement negotiations should be completed by the end of 2002. The European Parliament should ratify the treaties within three months and then they will be passed on to the member and candidate capitals. Denmark declared that it had no plans to postpone the summit. Some EU states believe that any delay could unravel the process of enlargement. "It is absolutely vital for the EU's credibility to adhere to the timetable", said Peter Hain, Britain's Minister for Europe. "There should be no wavering provided the countries are ready."<sup>32</sup> All leaders are said to agree that the EU is entering a critical period. Within the next few months, watershed decisions on enlargement and defence, Eurozone stability and institutional reform will either be made or put to the test. However, the challenges facing the EU have never been greater, nor has belief in its ability to deliver ever been more stretched.<sup>33</sup>

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2 Rory Watson, 'Roadblocks on Europe's Path to Unity' *The Times*, London, 7 June 2002.

3 See Warakaulle, *op. cit.*, p.16; see also Ian Black, 'EU Enlargement Battle Begins as Leaders Fly Home', *Guardian*, London, 22 June 2002. For EU enlargement perils, see S. R. Sonyel, 'The Malaise of the European Union', *Perceptions*, Vol. VI, No. 4, December 2001-February 2002, pp. 10ff.

4 Toby Helm, 'Germany won't Pay More, Says Schröder', *Daily Telegraph*, London, 22 June 2002.

5 Warakaulle, *op. cit.*, p. 16.

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- 22 Watson, *op. cit.*
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- 24 Parker and Dempsey, *op. cit.*
- 25 Castle, *op. cit.*
- 26 George Parker and Clare MacCarthy, 'Danish PM Unveils Secret Plan to Publish EU Expansion', *Financial Times*, 28 June 2002.
- 27 Ash, *op. cit.*
- 28 Watson, *op. cit.*

- 29 Statements by Greek Cypriot party leaders, see Kıbrıs newspaper, Lefkoşa, Vol. IX, No: 4, April 2001.
- 30 Ash, op. cit.
- 31 Ibid.
- 32 Black, op. cit.
- 33 Leading article, 'The Boys from Seville', Guardian, 22 June 2002.