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European Union Committee

10th Report of Session 2012–13

The future of EU enlargement

Report

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References in footnotes to the Report are as follows:

Q refers to a question in oral evidence.

Witness names without a question reference refer to written evidence.

SUMMARY

The enlargement process has, historically and in successive Treaties, been understood as an integral part of the European Union's development. 40 years after the first enlargement, which brought the UK, Ireland and Denmark into the then European Community, the EU is about to accept its 28th Member State, Croatia. With eight further countries either already candidates or potential candidates, the EU's enlargement agenda shows no sign of halting. Yet further enlargement will not be easy, either for the Union or for the candidate countries.

This report considers the process by which aspirant countries—that is, the EU's candidate and potential candidate countries—progress towards readiness for membership. The lessons learned from the 'big bang' enlargement of 10 countries in 2004 and the accession of Romania and Bulgaria in 2007—as well as from the ensuing Cooperation and Verification Mechanism for these two countries—have led to significant changes to the enlargement process.

We welcome the increased focus on implementing real, lasting changes in aspirant countries ahead of their accession, and the prominence of the rule of law in ongoing dialogues about enlargement. We also support the strict use of conditionality, so that progress towards membership is inseparable from concrete reform and vice versa. At the same time, it is essential that the enlargement process is not exploited by Member States in order to gain leverage in bilateral disputes with aspirant countries.

This report explores the impact of accession and enlargement on the candidate countries and on the existing Union. Although the enlargement process undoubtedly brings economic benefits for candidates and new Member States, the economic and social impact on existing Member States is less easy to measure, particularly with regard to the free movement of workers. Nevertheless, enlargement offers both candidates and the EU enhanced stability and security, and the enlargement agenda remains one of the Union's main tools for ensuring the stability of its neighbourhood.

We also draw attention to the obligation for new Member States to join the euro area. The medium- and long-term impacts of further countries joining the euro area represent a forgotten dimension of the ongoing discussions about the future structure and governance of the area. It is important that future members are engaged now in these vital discussions in order to both ease their entry and ensure that the new structures are able to cope with enlargement.

Many countries still aspire to join the Union, and so our report concludes with an examination of the likely scope of enlargement in the medium-term and whether there are any credible alternatives to full membership. We note that enlargement fatigue (in the EU) and accession fatigue (in aspirant countries) could seriously threaten the future of the enlargement agenda, but find that the EU's capacity to absorb new members currently suffices and should not pose a threat to the advancement of that agenda. Although there now exist several 'stepping stone' mechanisms on the path to full membership, such as EEA membership, we do not think that any credible alternatives to membership exist. Discussions about 'privileged partnerships' or 'associate' member status are distractions that hinder reform in aspirant countries and diminish the EU's soft power.

The future of EU enlargement

CHAPTER 1: INTRODUCTION

1. On 1 July 2013, Croatia is due to become the 28th member of the European Union, the first new Member State since Bulgaria and Romania joined the Union in 2007. Croatia is the first of the Western Balkan countries covered by the 2003 Thessaloniki Agenda to reach ‘acceding country’ status.¹
2. In the original founding Treaties, and in successive Treaties, the process of enlargement has been understood as an integral part of the Union’s development, and the UK has long been a supporter of the enlargement agenda. This report asks where that agenda stands 40 years after the first enlargement that brought the UK, Ireland and Denmark into the then European Community. With one acceding country, five candidate countries, and three potential candidate countries—countries with a ‘European perspective’—how can the EU ensure that the accession process is both rigorous and fair to the current Member States and those who wish to join?
3. This report revisits some of the questions posed in our 2006 report *The Further Enlargement of the EU: threat or opportunity?*² It does so in the context of the economic crisis and debates about the future structure of both the euro area and the Union, the lessons learned from the 2007 entry of Bulgaria and Romania into the EU, and the full experience of the 2004 enlargement.
4. The members of our Committee are listed in Appendix 1. The inquiry was conducted between October 2012 and February 2013. We have received a wide range of evidence, including from witnesses in countries which might join the EU, in existing Member States, and from the Commissioner for Enlargement and European Neighbourhood Policy, Commissioner Füle, and the UK Government. Our witnesses are listed in Appendix 2. We are grateful to them all for the written and oral evidence they have provided. The evidence that we received is available online. Our Call for Evidence is reproduced in Appendix 3.
5. Chapter 2 sets out the history of the EU’s enlargement agenda and the reasons for its continued importance to the Union, as well as considering the current process by which enlargement is conducted. Chapters 3 and 4 consider the impact that previous enlargements, particularly those of 2004 and 2007, have had on the acceding countries, the existing Member States, and the Union as a whole. Chapter 5 then explores the potential impacts of future enlargements, as well as the potential barriers to successful enlargement. Finally, Chapter 6 considers whether there are any viable alternatives to enlargement.
6. **We make this report to the House for debate.**

¹ At the 19–20 June 2003 meeting, the Council endorsed the General Affairs Council Conclusions of 16 June (10369/03), including *The Thessaloniki Agenda for the Western Balkans: moving towards European integration* (http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/gena/76201.pdf).

² European Union Committee, 53rd Report (2005–06): *The Further Enlargement of the EU: threat or opportunity?* (HL Paper 273)

BOX 1**Chronology of enlargement**

The European Coal and Steel Community, the first of the European Communities, was founded in 1951 by Belgium, France, Germany, Italy, Luxembourg and the Netherlands.

1 January 1973: Denmark, Ireland and the United Kingdom – 9 Member States

1 January 1981: Greece – 10 Member States

1 January 1986: Portugal and Spain – 12 Member States

1 January 1995: Austria, Finland and Sweden – 15 Member States

1 May 2004: Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia – 25 Member States

1 January 2007: Bulgaria and Romania – 27 Member States

1 July 2013 (expected): Croatia – 28 Member States

Enlargement has taken place on varying scales since 1973. As a comparison, we offer the following figures regarding the increase of the Union's (or Community's) population subsequent to each enlargement.

1973: 192 million (EU-6) – 257 million (EU-9), a **33 per cent** increase

1981: 262 million (EU-9) – 271 million (EU-10), a **4 per cent** increase

1986: 274 million (EU-10) – 322 million (EU-12), a **18 per cent** increase

1995: 350 million (EU-12) – 372 million (EU-15), a **6 per cent** increase

2004: 385 million (EU-15) – 459 million (EU-25), a **19 per cent** increase

2007: 466 million (EU-25) – 495 million (EU-27), a **6 per cent** increase

2013 (expected): 504 million (EU-27) – 508 million (EU-28), a **1 per cent** increase

If all of the current aspirant countries (see Box 3) were to join alongside Croatia, the total increase over the EU-27 population would be 93 million, or 18 per cent.

Source: Eurostat and, pre-2001, the European Observatory on the Social Situation and Demography

CHAPTER 2: THE ENLARGEMENT AGENDA

7. In the Treaties on which the EU is founded, enlargement is governed by Article 49 of the Treaty on European Union (TEU). In practice, enlargement relies on a set of overarching criteria, known as the Copenhagen criteria, and a detailed technical process. This chapter provides an overview of the foundations of enlargement, the process by which it is achieved, and some potential pitfalls for the EU's enlargement agenda. The relevant Treaty articles and the Copenhagen criteria are set out in Box 2.

Importance of enlargement

8. As set out in the Treaties, enlargement is a reactive process; it is for individual countries to apply to become Member States, not for the EU to solicit new members. Mr Graham Avery, Senior Member of St Antony's College, Oxford, and Senior Adviser at the European Policy Centre, Brussels, explained that the EU lacked a "strategy for enlargement in the sense of a deliberate plan for future expansion". However, as one of the EU's longest standing features, there are clearly aims and aspirations behind the EU's enlargement process that mean it is accurate to speak of the EU having an 'enlargement agenda'.
9. Professor Dimitry Kochenov, Chair in Constitutional Law of the EU at the University of Groningen, drew attention to the roots of enlargement in the Treaty establishing the European Coal and Steel Community (ECSC), signed in 1951, which provides: "Any European State may request to accede to the present Treaty. It shall address its request to the Council, which shall act by unanimous vote after having obtained the opinion of the High Authority; the Council shall also determine the terms of accession, likewise acting unanimously".³ This early vision of enlargement has been gradually supplemented to form the current provisions, with Article 49 TEU now highlighting the importance of European values as well as geographical 'Europeanness' (see Box 2). This reflects an evolution from a Community with an economic "mission" to a Union with equal concern for promoting "peace [and] its values", and solidarity among peoples and Member States.⁴
10. The Commission has previously sought to provide guidance about what 'European' means with regards to enlargement, saying that it "combines geographical, historical and cultural elements", but noting that "the shared experience of proximity, ideas, values, and historical interaction cannot be condensed into a simple formula, and is subject to review by each succeeding generation".⁵ The question 'What is a European state?' is therefore not one that can be answered with full and final clarity. Nevertheless, we will consider this question further in Chapter 5 in the section on the scope of enlargement.

³ Article 98 Treaty establishing the European Coal and Steel Community. The High Authority was the ECSC original equivalent to the European Community's Commission and was eventually merged with it. The Treaty establishing the ECSC expired in 2002.

⁴ Article 2 Treaty establishing the European Coal and Steel Community, Article 3 TEU

⁵ Europe and the challenge of enlargement, 24 June 1992, Bulletin of the European Communities Supplement 3/92, Commission, p.11

11. We will discuss in greater detail the potential benefits—and dangers—of further enlargement in Chapter 4.

BOX 2

Enlargement in the EU Treaties and Council Conclusions

Article 49 TEU provides:

Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union. The European Parliament and national Parliaments shall be notified of this application. The applicant State shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by a majority of its component members. The conditions of eligibility agreed upon by the European Council shall be taken into account.

In turn, Article 2 provides:

The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

Article 49 refers to “conditions of eligibility” agreed by the European Council. In Copenhagen in 1993, the European Council agreed the following criteria to be met by candidate countries before entry:

- (1) Political—stable institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minorities
- (2) Economic—a functioning market economy and the capacity to cope with the competitive pressures and market forces within the EU
- (3) Ability to take on the obligations of membership—including adherence to the aims of political, economic and monetary union

The Copenhagen Council Conclusions also set out a fourth consideration: the Union’s absorption capacity, or its ability to absorb new members without damaging the momentum of European integration. The Copenhagen criteria were confirmed by the Madrid Council in December 1995, which also stressed the importance of gradual, harmonious integration of candidate countries with the EU through the development of a market economy and administrative and judicial capacity, and the creation of a stable economic and monetary environment.

Source: 21–22 June 1993 and 15–16 December 1995 Council Conclusions

12. The current enlargement agenda has two main drivers: safeguarding stability and security within wider Europe, and achieving economic prosperity and growth. There was a consensus amongst witnesses that enlargement was a key tool for

maintaining security and stability across Europe.⁶ This might be called the geopolitical argument for enlargement.

13. The UK Government commented on the conflicts in the Western Balkans in the 1990s and the “continuing role” of the EU in ensuring security and stability in the region.⁷ An example of this might be the EU’s Rule of Law Mission in Kosovo (EULEX).⁸ The Czech Republic’s Ministry of Foreign Affairs called for the “moral dimension” of supporting democracy in Europe to be “revive[d]”.⁹ We were also reminded of the historical successes of the enlargement process in this sphere and enlargement’s “remarkable” transformational power in some of the older Member States, such as Spain, Portugal and Greece, which “came out of their own dictatorships”.¹⁰ Mr Richard Howitt MEP, member of the Foreign Affairs Committee and rapporteur for the former Yugoslav Republic of Macedonia, emphasised that there was no “alternative” of status quo, warning against complacency or allowing the Western Balkans to become “a missing part of the jigsaw”.¹¹ The Embassy of the Republic of Serbia told us that “leaving Western Balkan countries outside” the Union could be “risky” and “expensive”. Other witnesses highlighted the strategic position of Turkey with regards to the Middle East.¹²
14. Many witnesses also suggested that enlargement could assist in developing the conditions in which Europe’s economies could flourish.¹³ The Serbian Embassy argued that “economic realism is certainly in favour of EU enlargement”.¹⁴ Mr Mustafa Osman Turan, the Deputy Permanent Delegate of Turkey to the EU, noted that Turkey’s accession would bring 75 million consumers into the single market.¹⁵ The Foreign and Commonwealth Office (FCO) also emphasised the importance of the single market in “open[ing] up prosperity and opportunity to hundreds of millions of people”.¹⁶ The extent of the economic impact of enlargement will be discussed in detail in Chapters 3 and 4.
15. **European union has always been driven by a desire to bring peace and prosperity to Europe. The transformative power of enlargement has been proven through successive enlargements. The goals of security, stability of the EU’s neighbourhood, democracy, and economic growth rightly lie at the heart of today’s enlargement agenda.**
16. Despite enlargement’s importance, witnesses suggested it had slipped down the list of the EU’s priorities, displaced by a greater focus on the EU’s internal

⁶ Avery, Commissioner memorandum, Croatian Embassy, Croatian European Integration Committee, Dimitrov, EPC, FCO written evidence, French Senate European Affairs Committee, Q 146 (Füle) Kullaa, LDEPP, Macedonian European Affairs Committee, Serbian Embassy, Turkish Embassy

⁷ FCO written evidence

⁸ EULEX website (<http://www.eulex-kosovo.eu/en/front/>)

⁹ See also: Duff, Kullaa, Serbian Embassy

¹⁰ Q 38 (Hakura)

¹¹ QQ 152, 156

¹² Czech government, Turkish Embassy

¹³ Avery, Commissioner written evidence, Commissioner memorandum, Croatian Embassy, Croatian European Integration Committee, FCO written evidence, Kullaa, Taylor

¹⁴ Serbian Embassy

¹⁵ Q 122. See also: Serbian Embassy

¹⁶ FCO written evidence

affairs, notably the questions about the degree of integration within the euro area.¹⁷ Commissioner Füle cautioned strongly against the EU becoming distracted: “If you lose momentum in enlargement, I do not see how anyone or anything can get it back in the foreseeable future”.¹⁸

17. The evidence suggested that a loss of focus was not universal across the EU institutions, but rather confined predominantly to specific Member State governments and, by extension, the Council. Mr Howitt MEP named France and Germany in particular as having lost enthusiasm.¹⁹ By comparison, Commissioner Füle spoke with great enthusiasm about continuing to drive the enlargement agenda forward, and we heard that there were “strong” pro-enlargement majorities in the European Parliament.²⁰
18. **Enlargement has regrettably slipped down the Council agenda in recent years, with countries such as France and Germany redirecting attention towards the EU’s internal affairs. Although vital institutional and governance questions are being asked as a result of the euro area crisis and the EU’s economic and financial difficulties, neither the Council nor individual Member States can afford to ignore the enlargement agenda. We strongly support the commitment of this Government, and previous governments, to promoting the enlargement agenda.**

Principles of enlargement

19. The Copenhagen criteria, summarised in Box 2, derive from the Conclusions of the June 1993 Council in Copenhagen. They set out three key areas where a candidate country must meet the EU’s set standards in order to be eligible for membership: politics, economics, and a willingness and ability to assume the responsibilities and obligations of membership. In addition, the Conclusions stressed the EU’s ability to meet the demands of including a new member, known as its absorption capacity.
20. The Copenhagen criteria make clear that widening the EU should not jeopardise the Union’s internal development: the ability to sustain the momentum of European integration is thus made an important factor in the decision to enlarge the EU. In practice, widening and deepening are often cyclical.²¹ For example, the signing of the ultimately unratified Treaty establishing a Constitution for Europe in October 2004 followed close on the heels of the May 2004 enlargement that brought eight further countries into the EU.
21. The Copenhagen criteria were set out in anticipation of the Central and Eastern European enlargement, and so are products of a specific political circumstance. However, our witnesses gave broad support to them as a continuing guide for enlargement, albeit as only the foundation of a more complicated process.²² Further principles are also set out in Council Conclusions relating to specific

¹⁷ Croatian Embassy, Duff, EPC, Q 93 (Tannock)

¹⁸ Q 146

¹⁹ Q 149

²⁰ Q 137 (Füle), Q 149 (Howitt)

²¹ LDEPP, Q 142 (Füle)

²² Croatian European Integration Committee, Juncos, Kochenov, Leruth

candidate countries and enlargements, as well as the EU's association agreements with individual countries.²³

22. **Twenty years on, the Copenhagen criteria still set out the right principles for the EU's enlargement policy, but they only offer the broad brushstrokes of a more complicated enlargement picture.**
23. Our witnesses commented on the flexibility provided by the Copenhagen criteria. Professor Alan Mayhew, Jean Monnet Professor at the University of Sussex, said that they “have the advantage of being so vague that the EU can interpret them as it wishes”, and Associate Professor Susan Senior Nello of the University of Siena noted the “political leeway” in how they are applied.²⁴ Several witnesses commented on the question of whether Romania and Bulgaria had satisfied the Copenhagen criteria prior to accession, drawing attention to the judiciary and the fight against corruption (and, in Bulgaria's case, organised crime), which continue to be monitored under the Cooperation and Verification Mechanism (CVM) post-2007.²⁵ Commissioner Füle acknowledged that there was still significant progress to be made in Romania and Bulgaria some six years after their accession.²⁶
24. **The EU's failure to apply the Copenhagen criteria rigorously led to the entry of Romania and Bulgaria before they were ready to meet the full obligations of membership. This has led to an unsatisfactory post-accession mechanism—the Cooperation and Verification Mechanism—needing to be put into place for these countries. In the future, the EU must resist the watering down of the criteria, and should apply them rigorously.**

The current enlargement process

25. Following the 2004 and 2007 enlargements, there have been changes to the enlargement process in response to lessons learned. This section briefly summarises the current enlargement process.
26. Box 3 sets out the countries currently engaged with the enlargement process and their status. In discussing the aspirant countries—that is, the candidate and potential candidate countries—throughout this report, we refer to the former Yugoslav Republic of Macedonia (FYROM) in accordance with the nomenclature used in official EU documents, and to Kosovo in accordance with the relevant UN Resolution,²⁷ without intending to indicate a position regarding either the ‘name issue’ between FYROM and Greece or the non-recognition of Kosovo by some EU Member States. A map of the EU and its neighbourhood, including the aspirant countries, is included at Figure 1.
27. As indicated in Article 49 TEU, the first step of the official enlargement process is an application for membership from the relevant state. In practice, an application will trigger the Council to ask the Commission to prepare an opinion

²³ See also: EPC, Juncos, Kochenov, Leruth, Mayhew

²⁴ Mayhew, Senior Nello

²⁵ Avery, Q 36 (Blockmans), Q 38 (Hakura), Q 152 (Howitt), LDEPP, Serbian Embassy, Tannock, QQ 88, 91 (Tannock), Taylor

²⁶ Q 135. See also the Commission's latest CVM reports: 5938/13 (Romania) and 12828/12 (Bulgaria)

²⁷ UN Resolution 1244/1999 establishing the UN Interim Administration in Kosovo (UNMIK)

regarding the applicant's ability to meet the conditions of membership. If the Commission's opinion is positive, the Council will need to agree by unanimity a negotiating mandate for formal negotiations to be opened.

28. The Thessaloniki European Council in June 2003 identified the countries of the Western Balkans as 'potential candidates'. This meant that the EU had made a firm commitment to granting candidate status to each country once it had met the criteria. Four Western Balkan countries have progressed to either candidate or acceding country status, while three remain as potential candidates. Turkey's Association Agreement of 1962 also envisaged the possibility of accession.

BOX 3

Current candidate and potential candidate countries

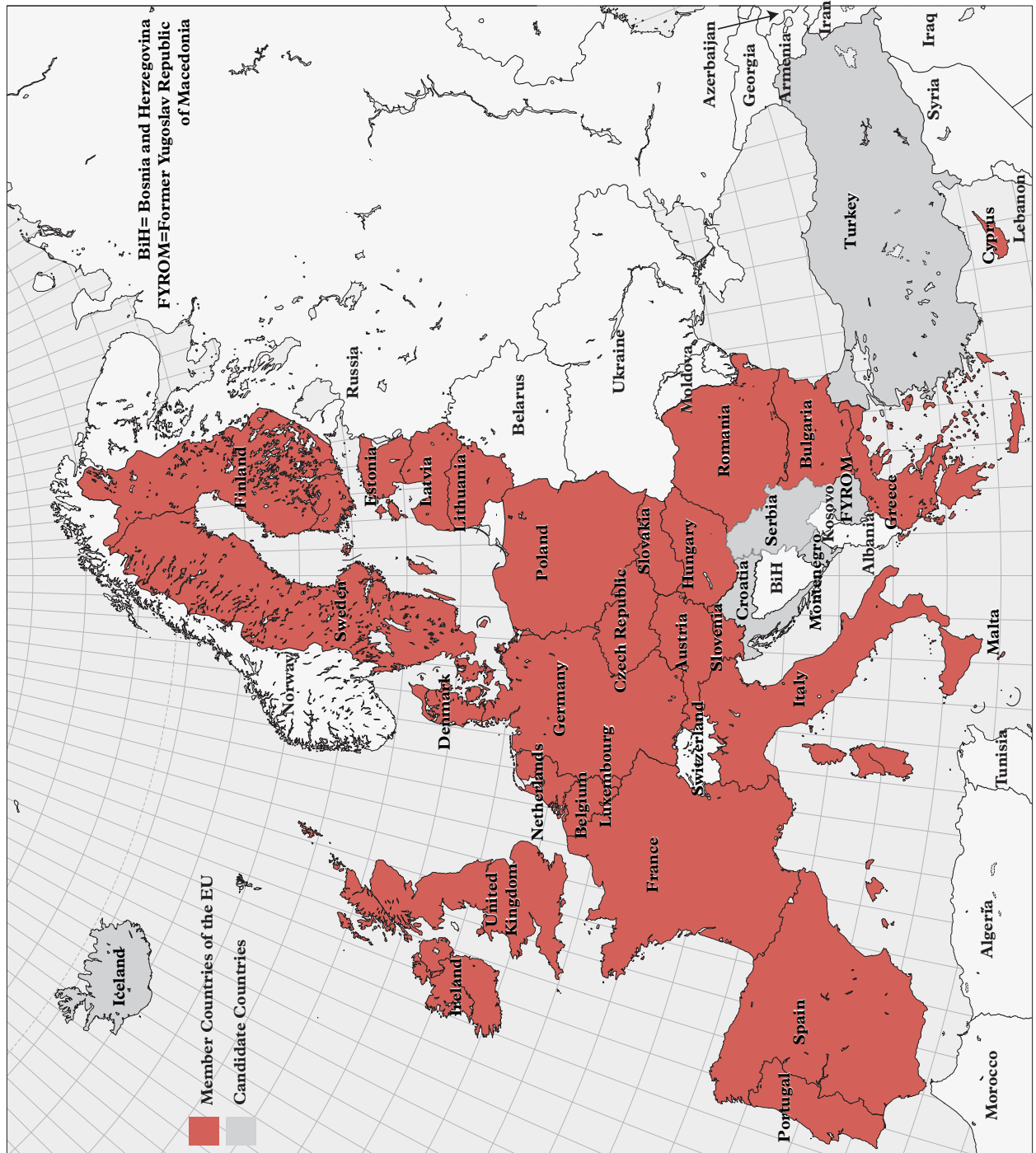
Nine countries are currently participating in the enlargement process:

- (1) **Croatia** (acceding) – negotiations on the final chapter were formally closed on 30 June 2011; the accession treaty is currently being ratified by the 27 Member States
- (2) **Iceland** (candidate) – negotiations open; 11 chapters provisionally closed
- (3) **Montenegro** (candidate) – negotiations open; 1 chapter provisionally closed
- (4) **Turkey** (candidate) – negotiations open; 1 chapter provisionally closed
- (5) **Former Yugoslav Republic of Macedonia** (candidate) – negotiations not yet open
- (6) **Serbia** (candidate) – negotiations not yet open
- (7) **Albania** (potential candidate)
- (8) **Bosnia and Herzegovina** (potential candidate)
- (9) **Kosovo** (potential candidate)

Source: European Commission

29. After granting official candidate status, the Council must take a further unanimous decision in order for formal membership negotiations to be opened. Ministers and Ambassadors of the EU governments and the candidate country conduct negotiations at intergovernmental conferences regarding the EU's body of secondary legislation, the *acquis communautaire*. The *acquis* is divided into thematic chapters; there are currently 35 chapters, listed in Appendix 5. Each one is negotiated separately. Negotiations are conducted on how and when the *acquis* should be adopted and implemented.

FIGURE 1
Map of the EU and its neighbourhood



30. The first stage of negotiations is known as screening. The Commission and the candidate country carry out a detailed examination of each chapter to determine how well the country is prepared. If the country is sufficiently prepared, then negotiations may be opened directly, but if not the Commission may set opening benchmarks, conditions that must be met before negotiations on the chapter can begin. For example, in order to open Chapter 24 on justice, freedom and security, Croatia had to adopt an Integrated Border Management Action Plan.
31. The EU will adopt a common position on the chapter, which typically sets closing benchmarks, conditions that must be met before negotiations on the chapter can be closed. For example, in order to close Chapter 7 on intellectual property, Croatia had to ensure it had the administrative capacity to enforce rights concerning the fight against piracy of intellectual property and counterfeiting. Closing a chapter again requires unanimity in the Council. The entire negotiating process is not concluded until each of the 35 chapters has been closed in this way.
32. Negotiations are therefore inevitably a long process, throughout which interim benchmarks are also set. Mr Howitt MEP spoke of these as best seen as “stepping stones” to support reform, rather than “hurdles that countries can fail to meet”.²⁸ H.E. Mr Vladimir Drobnyak, Head of Mission of the Republic of Croatia to the EU and former Chief Negotiator for Croatia, spoke positively about how the benchmarking system had made the process more “individualised”, but pointed out the “heavy toll” it placed on the candidate country’s administrative system. He suggested that this could be a hurdle, noting that in some Western Balkan countries enlargement was “still perceived primarily as a political process”, with insufficient understanding of the level of legal, technical and administrative work required.²⁹ Dr Diana Bozhilova, Research Fellow at King’s College London, argued that the EU must consider “what sort of burden it is placing on these states and how they are going to be able to match the resources required”.³⁰
33. **The current benchmarking system can provide stepping-stones towards implementing—and demonstrating—reforms. It can provide certainty to all parties and a clear route for candidate countries to follow in order to achieve reforms during a long and sometimes difficult process.**
34. **Although it is quite right that the enlargement process has become more rigorous and structured, the effort required from the aspirant countries should not be underestimated. Many of the aspirant countries have further to go in order to meet the Copenhagen criteria than during previous enlargement rounds, and on a technical level more is being asked of them than of any former enlargement country. While aspirant countries must play their part fully, the EU must ensure that this does not place an insurmountable burden of work upon candidate countries.**
35. Lessons learned from Croatia’s accession process and the need for the CVM post-2007 mean that an exceptional procedure has been proposed for Chapters 23 and 24 regarding the judiciary and fundamental rights, and justice, freedom

²⁸ Q 150

²⁹ QQ 70, 72, 79

³⁰ Q 53

and security. In future negotiations, these chapters will be opened on the basis of action plans, with interim benchmarks set regarding their implementation. Only later will closing benchmarks be set. Witnesses strongly supported this new approach.³¹

36. **We support the new approach to Chapters 23 and 24 (Judiciary and fundamental rights, and Justice, freedom and security) that will prioritise the implementation of domestic reforms. This is an important lesson learned after the most recent enlargements and will help to ensure that irreversible reforms are achieved in these crucial areas.**

Financial assistance for enlargement

37. The EU's Multiannual Financial Framework includes an Instrument for Pre-Accession Assistance (IPA) that seeks to provide financial support for the aspirant countries' reforms. This includes technical assistance and funding projects aimed at developing the structures necessary for the implementation of the *acquis*. The IPA allocates funding specifically to individual aspirant countries, or else to multi-beneficiary programmes, such as those that involve transition assistance, institution building, or cross-border cooperation.³²
38. Box 4 provides a short summary of the structure of the IPA.
39. The Rt Hon David Lidington MP, Minister for Europe, told us that twinning—bilateral projects between a Member State and an aspirant country—was a “key component” of the IPA, giving the example of a project in Kosovo to assist in strengthening the rule of law in carrying out their Integrated Border Management strategy and the fight against drug trafficking, which was run by Northern Ireland Cooperation Overseas.³³ He reiterated the Government's view that the IPA needed to be more flexible to account for individual countries' needs, and better aligned to strategic aims.³⁴
40. According to the latest multi-annual indicative financial framework, the IPA will have programmed €11.5 billion over the 2007–13 period, with €9.95 billion of that allocated to country-specific programmes.³⁵ The most recent Annual Report on financial assistance for enlargement reviews expenditure and activity during 2011. We note with concern the failure to convert funds from commitments into actual spending in many cases, ranging from zero per cent in the case of Iceland to 59.1 per cent for multi-beneficiary projects under Component I.³⁶

³¹ Q 36 (Blockmans), Commissioner written evidence, Dimitrov, Q 71 (Drobnjak), Q 150 (Howitt), Q 50 (Lazowski), LDEPP, Q 103 (Leigh), Q 180 (Lidington), Macedonian European Affairs Committee, QQ 88, 91 (Tannock)

³² The next financial framework, running from 2014–20, will include a similar instrument, IPA-II. This Committee has twice reported on the 2014–20 MFF: European Union Committee, 13th and 34th Reports (2010–12): *EU Financial Framework from 2014* and *The Multiannual Financial Framework 2014–2020* (HL Papers 125 and 297).

³³ FCO memorandum. See also: FCO written evidence

³⁴ FCO written evidence. See also: Dimitrov, LDEPP

³⁵ Figures in October 2012 current prices, taken from the Commission's latest multi-annual indicative financial framework for the IPA (14962/12)

³⁶ 16841/12

BOX 4**The Instrument for Pre-Accession Assistance (IPA)**

The IPA has five separate Components:

- (I) Support for transition and institution-building;
- (II) Cross-border cooperation;
- (III) Regional development;
- (IV) Human resource development; and
- (V) Rural development.

Potential candidate countries (i.e. Albania, Bosnia and Herzegovina, and Kosovo), are eligible for funding under Components I and II, but may benefit from assistance similar to the latter three under Component I's transitional assistance.

Components III-V are aimed at the candidate countries (i.e. Montenegro, Turkey, FYROM, Serbia and previously Croatia) with a view to supporting preparations to participate in the relevant EU funds and policies, such as cohesion policy and the Common Agricultural Policy.

Owing to its extensive alignment with the *acquis* and its level of economic and social development, Iceland receives financial support exclusively through Component I.

The current IPA makes the following national funding allocations:

(Figures in October 2012 current prices to the nearest million)

Albania:	€595 million
Bosnia and Herzegovina:	€656 million
Croatia:	€998 million
FYROM:	€615 million
Iceland:	€30 million
Kosovo:	€635 million
Montenegro:	€236 million
Serbia:	€1,386 million
Turkey:	€4,795 million

Source: Revised multi-annual indicative financial framework, October 2012 (14962/12).

41. **Although aspirant countries are typically middle-income countries, we believe that a substantial Instrument for Pre-Accession Assistance (IPA) is essential to prepare countries for membership. The next IPA should focus more closely on the strategic aims of the EU's enlargement policy and maintain the flexibility necessary in order to meet individual countries' needs. In turn, this should lead to the more effective use of money, with a greater percentage of committed funds being translated into actual spending that will benefit the aspirant countries.**

Conditionality

42. The enlargement process is underpinned by the principle of conditionality, which means that progressing to the next step of the enlargement process is made dependent upon meeting certain prior conditions. This allows the EU to confirm that at each stage an aspirant country is making concrete progress towards meeting the Copenhagen criteria and is adopting and effectively implementing the *acquis* so that reforms are entrenched.
43. The principle of conditionality has long guided the enlargement process, but there have been changes in the way it is used following lessons learned from the 2004 and 2007 enlargement rounds.
44. Professor Kochenov argued that during previous enlargement rounds “the Commission failed to capitalise on the opportunities offered by the principle of conditionality”, and several witnesses suggested that reforms had previously been made on paper, that is on the face of legislation, but had not actually been implemented on the ground. Commissioner Füle himself acknowledged this as a problem with previous enlargements.³⁷
45. There was broad agreement among witnesses that the application of conditionality had become more exacting in order to address this issue,³⁸ and this was widely supported.³⁹ The more rigorous system of conditionality includes the need for countries to demonstrate a strong track record in implementing reforms, as indicated by the new approach to Chapters 23 and 24 (see paragraphs 35–6), which offers further time for candidate countries to establish and demonstrate reforms.⁴⁰ The European Integration Committee of the Croatian Parliament and Ms Kadri Liik, Senior Policy Fellow at the European Council on Foreign Relations, explained how conditionality and benchmarking could be useful tools for candidate countries, giving clarity on what had to be achieved.⁴¹
46. **The EU must maintain a system of tough conditionality that requires genuine reform before moving on to the next step, always keeping in mind the need for implementing, as well as adopting, the *acquis*. In this way, conditionality—and the associated benchmarking procedure—can serve as a tool both for the EU and for the governments of aspirant countries.**
47. **The EU must require genuine reforms at each step; conversely, the EU must meet its obligations to allow candidates to progress if reforms have been made. Failure to do so diminishes the EU’s influence and damages the credibility of the enlargement process.**

³⁷ Q 47 (Bozhilova), Dimitrov, Q 135 (Füle), Q 150 (Howitt), Kochenov

³⁸ Croatian Embassy, Dimitrov, Q 72 (Drobnjak), Duff, EPC, FCO written evidence, French Senate European Affairs Committee, Q 38 (Hakura), Q 150 (Howitt), Juncos, Q 47 (Łazowski), LDEPP, Q 110 (Leigh), Mayhew, Rose, Serbian Embassy, Taylor

³⁹ Croatian Embassy, Dimitrov, EPC, FCO written evidence, French Senate European Affairs Committee, Q 38 (Hakura), Q 150 (Howitt), Juncos, Q 47 (Łazowski), LDEPP, Q 110 (Leigh), Mayhew, Rose, Taylor

⁴⁰ QQ 135, 140

⁴¹ European Integration Committee of the Croatian Parliament, QQ 17, 33 (Liik)

Post-accession conditionality and monitoring

48. The evidence we received was mixed on how effective the post-2007 CVM for Romania and Bulgaria has been. H.E. Mr Konstanin Dimitrov of the Republic of Bulgaria said that it had proved a “useful instrument” and had supported the Bulgarian government in carrying out necessary reforms, but Professor Andrew Taylor of the University of Sheffield suggested that the CVM had not fully delivered, showing the limits of the Commission’s ability to drive through change in the face of domestic inertia.
49. The Liberal Democrat European Parliament Party (LDEPP) pointed out that the existence of the CVM had led to Romania and Bulgaria feeling “second rank” within the EU.⁴² Looking forward, Commissioner Füle expressed the desire to erase any need for post-accession monitoring in future so as to avoid the impression of there being “two sorts” of Member States. On the other hand, Baroness Nicholson of Winterbourne, former MEP and rapporteur for Romania’s accession in 2007, argued that such processes should be “institutionalise[d]” in order to give the EU a “policy of conditionality with strength”.⁴³
50. **Progress still needs to be made on judicial reform and corruption in Romania and Bulgaria, as well as on fighting organised crime in Bulgaria. The last six years indicate that post-accession conditionality achieves only slow progress. In future accessions, every effort must be made to ensure that all reforms are irreversible prior to accession, as post-accession mechanisms are both undesirable and unlikely to prove effective. Consideration should be given as to how best to ensure that the reforms are justiciable and, where applicable, are embedded in the constitution of the applicant country.**

Credibility and pitfalls of the enlargement process

51. The enlargement process must be credible in order to effect change in the aspirant countries and maintain support for enlargement amongst the publics of both the aspirant countries and the current Member States.⁴⁴ Although this latter issue is explored in greater detail in Chapter 5 regarding enlargement and accession fatigue (see paragraphs 147–59 and 181–95), we comment here on some potential pitfalls directly relating to the enlargement process and how it is conducted.

A perception of ‘raising the bar’

52. Some witnesses suggested that a more stringent application of conditionality could undermine the credibility of the process for the leaders and publics of aspirant countries. They also expressed concern about the process becoming increasingly wide-ranging and demanding, asking new candidates to meet criteria that were not met by the existing Member States.⁴⁵ An example of this

⁴² See also: Dimitrov, Taylor

⁴³ QQ 135–6, Nicholson

⁴⁴ Q 61 (Christou), Commissioner written evidence, Dimitrov, EPC, FCO written evidence, Q 135 (Füle), Q 156 (Howitt), Juncos, LDEPP, Macedonian European Affairs Committee, Mayhew, Turkish Embassy, Wunsch

⁴⁵ Q 51 (Bozhilova), Serbian Embassy

might be the decriminalisation of libel, which was set as a benchmark for Montenegro, although many EU Member States, including Denmark and Germany, retain libel as a criminal offence, and the UK only removed criminal libel from the statute books in 2010.⁴⁶ Commissioner Füle agreed that candidates should not be expected to “deliver more” than existing Member States.⁴⁷

53. As well as the question of heightened requirements, we also heard that the way in which the process was conducted could have undesired consequences. For example, the Serbian Embassy suggested that “strict conditioning” could have “counter effects”, such as “imped[ing] the integration processes and regional stability”, and the European Policy Centre (EPC) noted that the “tightening” of the Commission’s “oversight” over national reforms meant there was a “degree of intrusiveness in the internal affairs” of aspirant countries.
54. Dr Charles Tannock MEP, member of the Foreign Affairs Committee of the European Parliament and rapporteur for FYROM, acknowledged the “danger of being over-officious”, but pointed out that seeing conditionality robustly applied and reforms taking place in the aspirant countries raised the credibility of the enlargement process in the eyes of the EU’s citizens, suggesting that there was a delicate balancing act to be achieved.⁴⁸ Our witnesses offered some ways in which this could be done. For example, clearly communicating “the political and economic goals of enlargement” could encourage aspirant countries’ citizens to “accept more rigorous terms for membership”. Mr Howitt MEP suggested that the Commission’s Progress Reports should “analyse the costs of non-enlargement” for the aspirant countries and warned that “the current public relations of the EU in the accession countries are pretty meagre and superficial”.⁴⁹
55. Other witnesses highlighted the importance of candidate countries embracing reform and the principle of conditionality. Ms Liik said that it was up to individual countries to “change their story” and move towards European values and EU membership if they wished, and the Minister for Europe said that there were “no shortcuts” to meeting the criteria for membership.⁵⁰ We note with concern the recent political dispute in FYROM, with the main opposition, the Social Democrats, boycotting parliament after being ejected from the assembly during a debate in December 2012. This ongoing issue led to Commissioner Füle cancelling a visit to the country in February this year.
56. **Given the scale of the reforms that many aspirant countries are undertaking, it is unsurprising that this can sometimes lead to negative public perceptions of the accession process. To combat this, the EU must ensure that only strictly necessary criteria are imposed upon candidate countries and that the criteria are applied fairly across the board.**
57. **At the same time, candidate countries must play their part in the process fully, accepting the need for rigorous conditionality in order to achieve real reforms. This should be reinforced by the EU being willing to take**

⁴⁶ See Coroners and Justice Act 2009, section 73

⁴⁷ Q 140

⁴⁸ Q 91

⁴⁹ Kullaa, Juncos, QQ 156, 164 (Howitt)

⁵⁰ Q 23 (Liik), Q 169 (Lidington)

action against backsliding, as such conditionality demands. This includes slowing or halting the enlargement process—and associated funding—when appropriate.

58. **Both national governments and the Commission should work more proactively to communicate to citizens the long-term benefits of sometimes painful reforms. We agree that it would be beneficial for the Commission’s Progress Reports to highlight the costs of non-enlargement for both the aspirant countries and the EU as a whole.**

A perception of ‘closing the door’

59. A number of witnesses also argued that uncertainty about whether progress towards reforms would be met with genuine progress towards accession could give the appearance of the EU making excuses to “close the door”, damaging the credibility of the enlargement process.⁵¹
60. Mr Fadi Hakura, Associate Fellow at Chatham House, and Dr George Christou, Associate Professor at the University of Warwick, emphasised the negative impact that uncertainty about the EU’s position towards Turkey had had on that country’s national reforms, although Mr Turan disputed that a slowing of the accession negotiations had affected the national process of reform, and the Minister for Europe denied that the EU was losing leverage with Turkey.⁵² Mr Howitt MEP emphasised that the reform process was challenging, and that countries would only “endure that pain” when “real progress” was being made towards accession.⁵³
61. Several witnesses agreed that it was the fact of progress, rather than the pace of it, that was important for the enlargement process to appear credible to candidates and potential candidates.⁵⁴ Incentives such as visa liberalisation were mentioned by several witnesses as being useful tools for demonstrating the EU’s commitment to a continuing process and eventual membership. Dr Steven Blockmans, Senior Research Fellow at the Centre for European Policy Studies and Professor at the University of Amsterdam, said that, when visa-free travel had been introduced for Albanian citizens, “it was hailed by the political leadership” as though Albania had achieved membership, and Sir Michael Leigh, Senior Adviser to the German Marshall Fund of the USA and former Director-General at DG Enlargement, described visa liberalisation as the “main incentive” on offer.⁵⁵ Dr Christou suggested that partial visa liberalisation might suffice “in the short term” to incentivise further progress in Turkey.⁵⁶
62. **Conditionality can only be effective if it is genuinely conditional. The halt in Turkey’s journey towards EU membership is a stark reminder of the need for a credible process that delivers progress, albeit incrementally.**

⁵¹ Q 52 (Christou), Commissioner written evidence, EPC, EPI, Juncos, Nicholson, Turkish Embassy, Wunsch

⁵² QQ 37, 51, 129, 174

⁵³ Q 164. See also: Q 14 (Hakura), Mayhew

⁵⁴ Q 45 (Blockmans), Q 153 (Howitt)

⁵⁵ Q 41 (Blockmans), Q 105 (Leigh). See also: QQ 52, 59 (Christou), Dimitrov, Q 64 (Łazowski), Nicholson, Taylor

⁵⁶ Q 63

63. **We urge the Commission and the UK Government to think carefully about how valued incentives, such as visa liberalisation, can be used in order to counteract negative perceptions of the credibility of, or the EU's commitment to, the enlargement process.**
64. Witnesses also told us that the perception of the EU closing the door had been exacerbated by increasing “nationalisation” and “politicisation” of the enlargement process, that is to say by the introduction of conditions and benchmarks by the Council, and the increasingly politicised decisions being taken about whether a candidate had met the benchmarks set.⁵⁷
65. The EPC told us that the increase in Council-set conditions and benchmarks as a way to “control the accession process” had made the process “more unpredictable” and “raised doubts over the EU's commitment to enlargement”, “feeding speculation” that conditionality was being used as “an excuse to keep the door closed”. Dr Ana Juncos, Lecturer at University of Bristol, said that the introduction of “political considerations” into the process, particularly regarding the opening and closing of chapters, sent “the wrong message”, giving the impression that “the ‘rules of the game’ change to suit the interests of the existing Member States”.
66. **It is right that the enlargement process is ultimately governed by Member States through the Council. The excessive politicisation of the enlargement process through Council-set conditions and benchmarks can increase uncertainty about the steps that countries must take in order to progress. So long as the Council acts in good faith, this need not call into question the EU's commitment to enlargement.**
67. Some of the most problematic conditions and benchmarks introduced by the Council relate to bilateral issues between the candidate country and one or more Member States, such as the ‘name issue’ between Greece and FYROM, or the unilateral blocking of chapters, as in the case of Turkey's negotiations, where 10 of the 35 chapters have been blocked by France and Cyprus.⁵⁸
68. The EU has learned some painful lessons about the problems that such disputes can throw up. The entry of Cyprus into the EU in 2004 without reconciliation between its Greek and Turkish populations has led to an entrenched dispute, diminishing the EU's leverage in encouraging both sides to reach a settlement, and consequently interrupting Turkey's accession process.⁵⁹ Looking forward to the aspirant countries and those in the Eastern Partnership that may one day wish to apply for membership, there are a number of other very substantial disputes that should be resolved before accession, notably:
- (a) The dispute between Greece, and increasingly Bulgaria, and FYROM regarding not only the latter's name, but also the level of ‘good neighbourly relations’ exhibited by FYROM;
 - (b) The dispute between Serbia and Kosovo;

⁵⁷ Q 34 (Blockmans), Q 51 (Christou), EPC, FCO written evidence, QQ 32, 38 (Hakura), Juncos, LDEPP, Mayhew, Nicholson, Senior Nello, Taylor, Turkish Embassy

⁵⁸ See Q 120 (Turan) and FCO memorandum

⁵⁹ Avery, Q 34 (Blockmans), Q 51 (Christou), Duff, QQ 88, 99 (Duff), Glencross, Hakura (QQ 12, 37), Q 163 (Howitt), LDEPP, Senior Nello, Taylor, Q 119 (Turan)

- (c) The dispute between Moldova and Transnistria; and
 - (d) The territorial disputes in the Caucasus following the collapse of the Soviet Union.
69. **In allowing Cyprus entry into the Union before the dispute over Northern Cyprus was resolved, the EU has imported a bilateral dispute into the Union, transforming it into a dispute between the EU and one of its candidate countries. This was a grave mistake, for which both the EU and Turkey bear some responsibility, and one that has had serious negative consequences for both Turkey and the EU.**
70. **Looking forward, the EU needs to take much more effective action to avoid importing any further bilateral disputes—be they territorial or otherwise—into the Union. In doing so, it is important not to give a third country a *de facto* veto over the accession of a candidate country.**
71. Regarding the current enlargement process, witnesses criticised the fact that bilateral issues were increasingly being raised as Council-imposed conditions on accession. The European Affairs Committee of the Assembly of the Republic of Macedonia said that such blocks “undermine[d] the whole process of merit-based accession”, and Baroness Nicholson of Winterbourne suggested that the process was being “increasingly subverted”.⁶⁰ The Minister for Europe acknowledged that it was “important for the integrity” of the process that bilateral issues did not “distort” negotiations.⁶¹
72. A further difficulty relating to bilateral issues was raised by Mr Howitt MEP, who criticised the ease with which bilateral issues could be veiled by Council Conclusions, as Member States may be unwilling to challenge others. Ambassador Drobnjak also noted that there were “hundreds” of opportunities within the Council working group on enlargement for reticent Member States to “filibuster” under the guise of needing further time to examine whether benchmarks had been met, calling this a “grey zone” in which countries could “hide” so that “no one can blame [them] on the record”. Commissioner Füle expressed this more positively, noting that this meant the process moved “through consensus”, although he acknowledged that each benchmark gave the Member States a potential veto.⁶²
73. **The need for unanimity in the Council means that bilateral issues can disrupt the enlargement process at any stage. This is unavoidable and undesirable. We call upon the Government, working closely with other Member States, to take a robust approach to this issue, encouraging openness surrounding bilateral or domestic issues and seeking to find solutions that allow the enlargement process to continue smoothly.**
74. Particularly given the unique circumstances of the Western Balkans, resolving bilateral—or possibly multilateral—issues is no simple matter, but our witnesses indicated the importance of both sides being willing to work proactively in order to resolve them. The Minister for Europe affirmed that “regional cooperation and good neighbourly relations” “remain central to the enlargement process”,

⁶⁰ See also: Q 21 (Blockmans), Q 73 (Drobnjak), EPI, Q 163 (Howitt), Q 111 (Leigh), Q 178 (Lidington), Turkish Embassy

⁶¹ Q 178

⁶² Q 163, Q 75, Q 135

agreeing that “bilateral disputes cannot be allowed to undermine these key principles or to interference with the enlargement process”. Mr Howitt MEP emphasised that he wanted to see “pressure” on both Greece and FYROM over the ‘name issue’, saying “you have to have two good neighbours”, with the suggestion being that pressure from other Member States on Greece—what Sir Michael Leigh called “moral suasion”—was necessary.⁶³

75. **Good neighbourly relations and the resolution of bilateral disputes are two-way streets. Member States should ensure that they strive for good regional cooperation and take up proactively the resolution of bilateral disputes in good faith whilst encouraging other Member States to act similarly.**
76. There was general agreement that bilateral issues should be resolved outside the enlargement process wherever possible.⁶⁴ However, the Minister for Europe pointed out that it was “easier to exert peer-group pressure” between Member States if the candidate country had “gone methodically through the accession process”.⁶⁵ There is therefore a tension between resolving issues early, in order to give candidate countries greater certainty that their progress towards membership will be unimpeded, and the opportunities available to Member States to ensure that this is so.
77. The Commission also has a role in ensuring that bilateral issues do not derail enlargement. Commissioner Füle indicated they would be offering a parallel process in order to maintain separation between bilateral issues and the enlargement process. He said the Commission had prepared an “inventory” of open bilateral issues between the Western Balkan countries and would consult the countries to determine the importance and seriousness of those issues, many of which were “being neglected”.⁶⁶
78. This is important because several witnesses identified concerns over whether Western Balkan countries that enter the Union sooner might gain leverage over their neighbours and have the opportunity to “pull up the ladder” by introducing bilateral issues into the enlargement process.⁶⁷ Mr Howitt MEP suggested that it might be possible for future accession treaties to include provisions that “either prohibit or make it more difficult” for this to happen, such as using reinforced majorities.⁶⁸
79. **We commend the Commission’s proactive approach to identifying bilateral issues amongst the Western Balkan countries and hope that this will encourage a greater openness about these issues so that they can be resolved more transparently through the existing forums or international arbitration, as appropriate.**
80. **A change to the way that enlargement is handled by the Council in order to diminish the ability of individual Member States’ to veto progress on**

⁶³ FCO written evidence, QQ 158, 164 (Howitt), Q 111 (Leigh)

⁶⁴ Croatian European Integration Committee, FCO written evidence, Q 139 (Füle), Q 158 (Howitt), LDEPP

⁶⁵ Q 178

⁶⁶ Q 139

⁶⁷ EPC, Q 159 (Howitt)

⁶⁸ Q 159

enlargement unilaterally, particularly at the opening or early stages of accession negotiations, could be welcome.

81. There was generally strong support for the use of international forums and courts in order to resolve bilateral disputes. Mr Howitt MEP suggested that the EU should set up its own arbitration mechanism for enlargement-related disputes, while Ambassador Drobnyak explained that Croatia had gone through ad hoc arbitration with Slovenia on their border dispute. The Minister for Europe noted that, with regards to the 'Icesave case' between Iceland and the United Kingdom and the Netherlands, Iceland's leaders had found it "easier to handle the issue when it is a matter of judicial process" rather than responding to political representations.⁶⁹
82. **Bilateral issues should, wherever possible, be resolved through the internationally recognised courts or resolution procedures. They must be dealt with before accession, but should not block the process from continuing at any stage prior to this.**

⁶⁹ Q 163, Q 76, Q 176. See also: Q 139 (Füle)

CHAPTER 3: IMPACT ON CANDIDATE COUNTRIES AND NEW MEMBER STATES

83. Our witnesses were clear that enlargement remained one of the EU's most effective tools to promote long-term political and economic reform in its neighbours, and thus to help ensure stability in its neighbourhood.⁷⁰ This chapter explores the economic, political and institutional changes that the enlargement process—and ultimately accession—can effect, and the impact of the requirements on new Member States to join both the euro and the Schengen area.

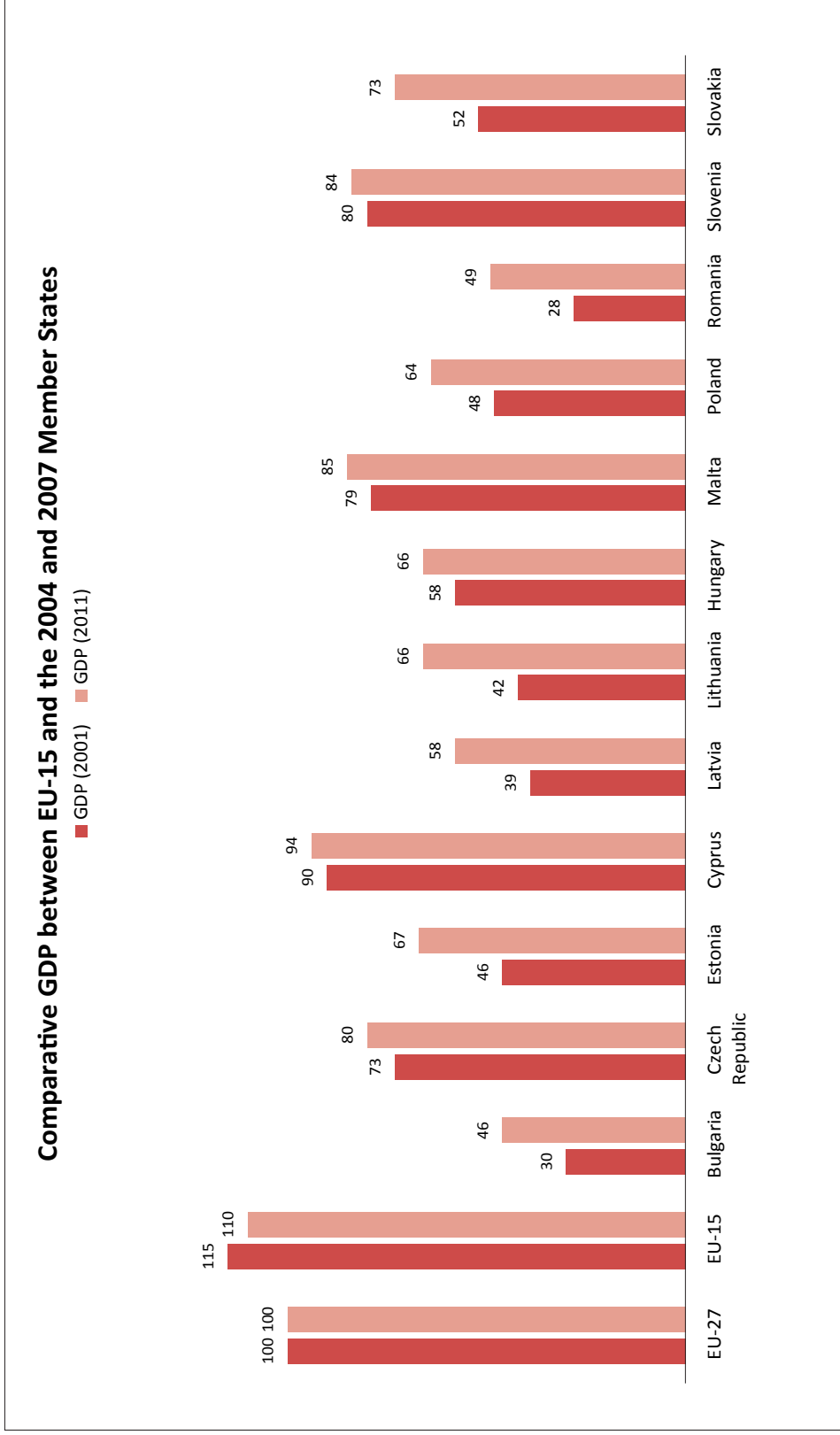
Economic impact

84. The evidence we received suggested that the enlargement process and accession offered significant economic benefits to candidate countries and new Member States. Witnesses told us that, despite the economic crisis, the new Member States from 2004 and 2007 had seen rapid economic growth after joining.⁷¹ Figure 2 indicates the growth in GDP per capita in purchasing power standards between 2001 and 2011, compared against the figures for the EU-27 as a whole.
85. Ambassador Dimitrov provided us with a short case study of Bulgaria's experience. He said that “competitive pressure” from EU market forces had improved Bulgarian business, and that harmonisation with consumer protection legislation and the opportunities of the single market had benefited Bulgarian consumers. He also told us foreign direct investment (FDI) in the country had increased, reaching €9 billion in 2007.
86. On such measures, the enlargement process and, ultimately, accession have been of economic benefit to the newest Member States. However, Ambassador Dimitrov noted that EU membership had not been an economic panacea, stating that 19.5 per cent of the Bulgarian population still lived on incomes below the poverty line. Undoubtedly, the broader economic downturn within the EU has dampened the economic benefits gained from membership, and more generally Professor Mayhew noted that, in terms of purchasing power parity, there had been a mixed picture for the 2004 and 2007 countries.
87. It is therefore difficult to predict with any accuracy what economic gains might be made by the current aspirant countries as they progress towards membership. The Serbian Embassy thought it was unlikely that the positive experience of the Central and Eastern European countries would be fully replicated for the Western Balkans, but nevertheless spoke positively about the connection between stronger relations with the EU and an “influx of investments”. They pointed out that national harmonisation with the *acquis* could create an improved environment for both business and consumers, and other witnesses concurred with this view.

⁷⁰ EPC, FCO written evidence, Juncos, Macedonian European Affairs Committee, Serbian Embassy, Tannock, Taylor

⁷¹ Croatian Embassy, Macedonian European Affairs Committee, Mayhew, Tannock. This analysis was also supported by an IMF working paper regarding the 2004 Member States: *Five Years After: EU Membership and Macro-Financial Stability in the New Member States* (IMF Working Paper, March 2009) (<http://www.imf.org/external/pubs/ft/wp/2009/wp0968.pdf>).

FIGURE 2
Comparative GDP per capita in purchasing power standards



Source: Eurostat

88. The Croatian government argued that it would be “more beneficial” for the country to be within the EU, rather than “facing the challenges” of globalisation and the current economic downturn “alone”.
89. **For candidate countries, the enlargement process can bring an influx of investment and an improved business environment, alongside EU financial assistance to support reforms. After joining, new Member States can expect further economic benefits through participation in the single market and in EU funds that seek to support growth. It is impossible to estimate with any accuracy an exact figure that can be gained from the accession process, but it is hard to explain why so many countries persist in seeking to join the EU if they were not convinced of the benefits, both economic and political.**

Requirement to join the euro and Schengen areas

90. The requirement to join the euro under Article 3 TEU remains non-negotiable for new Member States and represents a potentially major challenge for these countries post-accession, although there is no deadline within which countries must join, making any such decision effectively voluntary. Similarly, under their accession treaties, new Member States are expected to join the Schengen area once they have met the criteria.

The euro area

91. Of the 2004 and 2007 countries, five have already joined the euro: Slovenia, Cyprus, Malta, Slovakia and Estonia. Lithuania and Latvia have joined the Exchange Rate Mechanism II (ERM II), which is a precursor to adopting the euro. Poland, the Czech Republic, Hungary, Bulgaria and Romania have not yet joined the ERM II, and so are at least several years away from joining the euro.
92. Of the longer-established Member States, Sweden maintains that joining the ERM II is voluntary, and by refusing to do so has exercised a *de facto* opt-out from the euro. This follows a 2003 referendum in which 56.1 per cent of the population voted against adopting the euro. The Czech Republic’s government has provisionally committed to a referendum on whether the country should join the euro. Dr Tannock MEP therefore expressed scepticism about “how seriously” the requirement under Article 3 was likely to be “enforced” in practice.⁷² As is well known, the UK and Denmark have formally agreed opt-outs from joining the euro.
93. A Eurobarometer survey conducted in November 2011 showed that most respondents in the seven new Member States yet to join the euro thought the euro would have negative consequences for their country rather than positive ones. This is part of a trend after May 2009. Nationally, only Bulgarians viewed the euro as more likely to have positive consequences, and only three countries had a majority of respondents who favoured introducing the euro: Romania, Bulgaria and Hungary.⁷³

⁷² Q 90

⁷³ Flash Eurobarometer 336

94. Montenegro and Kosovo have already adopted the euro as their currency, raising difficulties with the technical requirements for joining the euro, some of which are based on the national currency. Dr Tannock MEP noted that this might require new rules to be established. More generally, Benjamin Leruth, doctoral candidate at the University of Edinburgh, argued that the way in which economic criteria are applied during the accession process may need to be altered as a result of ongoing changes to the euro area's governance and structures.⁷⁴
95. Given the potential impact of these significant discussions about the euro area on the aspirant countries in the future, Ambassador Drobnjak emphasised the need to involve candidate and potential candidate countries “a little more in the key debates and issues”, such as enhanced integration of the economic and monetary union, in order to “prepare the countries in advance” for the demands of joining the euro area.⁷⁵
96. **The requirement for Member States—excepting the UK and Denmark—to join the euro is impossible to enforce, as Sweden's reluctance has demonstrated. It must be recognised that, at least in the current economic climate, joining the euro may be a formal obligation, but is in reality an aspiration. It is unlikely that many of those still committed to entry will join the euro in the near future.**
97. **As the governance and structures of the euro area undergo significant change, more should be done to engage candidate and potential candidate countries so that the changes—and the demands that will ultimately be laid on them—are clearly understood.**

The Schengen area

98. The Schengen area is an internally borderless area that includes 26 European countries: all of the EU Member States except the UK and Ireland, which have opt-outs, as well as Iceland, Liechtenstein, Norway and Switzerland. However, Bulgaria, Romania and Cyprus are not yet full members of Schengen. Membership requires a country to have the capacity to, *inter alia*, meet the responsibility for controlling its external borders on behalf of the other Schengen States and efficiently cooperate with law enforcement agencies across other Schengen States.
99. Bulgaria and Romania's entry into Schengen has recently been linked to their progress in meeting the benchmarks set out in the CVM. The EPC pointed out that both countries had met the technical criteria for entry, and suggested that the decision stemmed from “mistrust” owing to the high level of mutual dependency on which Schengen relies. Professor Mayhew highlighted that—along with visa liberalisation—Schengen membership was “of the highest importance” to the aspirant countries.
100. **As the Schengen area expands, through enlargement or otherwise, it is right that the rules for entry are applied strictly in order to preserve its integrity.**

⁷⁴ Q 90, Leruth

⁷⁵ Q 83

Political and institutional impact

101. Demonstrating compliance with the Copenhagen criteria and respect for the values set out in Article 2 TEU may well require a profound transformation in aspirant countries. Consequently, Ambassador Drobnjak emphasised the need for “broad political consensus” in order to negotiate the accession process successfully.⁷⁶
102. Dr Juncos told us that the reforms demanded by the enlargement process promoted “specific models” of political “reorganisation” that had a significant impact on national politics, particularly “the balance of power” between domestic parties. Assistant Professor Rinna Kullaa of the University of Jyväskylä reflected with approval that, during the enlargement process, EU actors engaged with parties from all sides of the political spectrum in candidate countries, “elevating both the awareness and knowledge base of the opposition”. Similarly, the Embassy of the Republic of Croatia to the UK highlighted the “europeanisation effect on political parties” throughout the accession process.
103. Enlargement can also have a profound impact on the national political structure, granting the Head of State and the government “a new important set of duties” representing the country within the EU, which in turn affected “all spheres” of domestic policy, as well as its foreign and security policy.⁷⁷ Ambassador Drobnjak emphasised the importance, for Croatia, of having their Head of State “sit at every European Council equal to the others”, saying that this “matter of equality” was a “main concern” for those aspiring to join the Union.⁷⁸
104. **The EU enlargement process and accession can have a profound and often positive impact on aspirant countries’ national political systems. The aspiration to ‘sit at the table’ as one amongst equals within the EU can generate consensus across the political spectrum and is a motivator that should not be underestimated.**
105. In his evidence to us, Dr Adam Łazowski, Reader at the University of Westminster, emphasised a sometimes forgotten aspect of accession’s impact on new Member States: the impact on the administration and the national courts that must apply EU law, demanding “tremendous investment both in terms of legal knowledge and skills”. The UK Government indicated that the UK was involved in several bilateral projects that centred around increasing judicial capacity within aspirant countries, and the prioritisation of Chapters 23 and 24 also emphasises the need to ensure that candidate countries are prepared to take up this task of membership effectively once they have joined.⁷⁹
106. **Enlargement and EU membership are grounded in law—the *acquis*. Building the administrative and judicial capacity of aspirant countries so that EU law can be effectively applied post-accession is vital. We hope that the new approach to Chapters 23 and 24 will ensure that such capacity-building remains central to the enlargement process.**

⁷⁶ Q 77. See also: Kullaa

⁷⁷ Kullaa

⁷⁸ Q 78

⁷⁹ Commissioner written evidence, FCO memorandum

CHAPTER 4: IMPACT ON MEMBER STATES AND THE UNION

107. We heard that enlargement was a process by which the EU continues to redefine itself, and it is certainly true that successive enlargements have transformed the Union as well as the individual countries seeking to join.⁸⁰ This chapter will consider the geopolitical, economic, and institutional changes flowing from enlargement, as well as the impact of accession on key EU policy areas, and finally the important issue of free movement of people.

Geopolitical impact

108. There was general agreement among witnesses that enlargement had had political and strategic benefits for the EU.⁸¹ Commissioner Füle highlighted a number of strategic benefits arising from enlargement, including boosts to European security and the EU's influence beyond its borders.⁸² Ms Liik and Dr Blockmans emphasised that the 2004 enlargement had better equipped the EU to deal with its neighbours to the East.⁸³ Turkish accession could bring similar benefits.⁸⁴ The Croatian Parliament took the view that the most important consequence of an enlarged EU was the overall stability of the continent. Professor Kullaa and the Minister for Europe also highlighted the importance that US foreign policy placed on stability in the Western Balkans, with EU enlargement being seen as a key tool to deliver this.⁸⁵

109. **Enlargement increases the EU's influence on the global stage and better equips the EU to deal with its neighbourhood. This has been seen through the 2004 and 2007 enlargements and can be anticipated as a likely benefit of further enlargement to the Western Balkans and Turkey.**

110. **Past enlargements have achieved the intended aim of bringing lasting peace and stability to the EU's neighbourhood, and future enlargements can be expected to extend this even further.**

Economic impact

111. Our evidence suggested that enlargement brings economic benefits both for acceding countries and for the older Member States. Commissioner Füle observed that there were “clearly” “positive figures” showing the benefits of enlargement.⁸⁶ The LDEPP noted how enlargement had “opened new markets”, although it had not had any “massive impact in terms of GDP”, which might be linked to the economic crisis and ensuing period of austerity.

112. An important economic result of enlargement, according to some, was extension of the single market. A report published by the Commission in 2006 found that

⁸⁰ Kullaa, Turkish Embassy

⁸¹ Avery, Dimitrov, Commissioner written evidence, Czech government, FCO written evidence, Q 165 (Howitt), LDEPP

⁸² Commissioner written evidence

⁸³ QQ 3, 4

⁸⁴ Q 9

⁸⁵ FCO written evidence

⁸⁶ Q 144. See also: FCO written evidence, Mayhew

the 2004 enlargement had helped both new and old Member States “better face the challenges of globalisation” by extending the single market.⁸⁷ Various witnesses pointed to the fact that enlargement offers access to new markets, with an additional 104 million consumers introduced by the 2004 and 2007 enlargements, amounting to a combined GDP of around £11 trillion.⁸⁸ Mr Turan observed that Turkey’s accession would add a further 75 million consumers to the internal market.⁸⁹ Nevertheless, as the National Farmers’ Union highlighted, it was up to businesses to take advantage of the single market.

113. Some differences were identified in the degree to which existing Member States had benefited economically from enlargement. Professor Mayhew noted, for example, the correlation between geographical proximity to new Member States and economic benefits in terms of trade and FDI. He said that, on the whole, enlargement had had relatively little impact on southern Europe in these terms, while Germany, Austria and the Nordic EU countries had benefitted significantly. For the UK specifically, exports to the Central and Eastern European countries almost trebled over the 2001–2011 period, reaching close to £14 billion in 2011.⁹⁰
114. **Although difficult to quantify precisely in the light of other factors affecting the EU economy, enlargement has brought economic benefits to the existing Union, expanding the single market to nearly 500 million consumers, with a combined GDP of around £11 trillion.**

Policy impact

115. The UK Government observed that enlargement inevitably changed the nature of the European Union, with implications for policy, but their view was that “we should recognise and embrace that diversity”.⁹¹ The Commission’s overall judgment was that the EU and its policies had substantially benefited from enlargement, including in the core areas of the internal market and the environment.⁹² Concerning the internal market, the impact of the free movement of goods in particular was explored, and some positive benefits of the free movement of persons were also highlighted. The Minister for Europe noted that some of the newer Member States were often UK allies on single market issues.⁹³ By way of example, many newer Member States had been supportive of UK initiatives relating to smarter regulation, growth and the digital single market.⁹⁴
116. Dr Bozhilova saw environmental and energy policy as areas that had been affected positively by enlargement.⁹⁵ The FCO agreed, noting that enlargement

⁸⁷ Bureau of European Policy Advisers and Directorate-General for Economic and Financial Affairs, *Enlargement, two years after: an economic evaluation* (http://ec.europa.eu/economy_finance/publications/publication7548_en.pdf)

⁸⁸ FCO written evidence, FCO memorandum, LDEPP, NFU, Tannock

⁸⁹ Q 122

⁹⁰ FCO written evidence

⁹¹ FCO memorandum

⁹² Commissioner written evidence

⁹³ Q 181

⁹⁴ FCO memorandum

⁹⁵ Q 69

had provided new opportunities to promote the energy and climate change agenda within the EU. Specific examples of UK collaboration with newer Member States included work with Hungary on low-carbon investment, and with Poland on nuclear power and shale gas. Looking towards future enlargement, the FCO considered that both Turkish and Icelandic accession could be beneficial to the EU's energy policy.⁹⁶ Commissioner Füle suggested that enlargement would reduce the risk that the EU would be affected by energy shortages.⁹⁷

117. The positive views of the impact of enlargement on energy policy were tempered by the Minister for Europe who, in line with evidence given to our inquiry into EU energy policy,⁹⁸ acknowledged that realisation of UK goals concerning energy and climate change had been rendered more challenging by debate with Poland, which favours the use of coal.⁹⁹ The European Commission and others noted particular resistance at a political level by Poland to reducing coal-fired energy. As coal is a carbon-intensive fuel, it has the particular effect of jeopardising long-term carbon reduction goals. We also heard that the problem might relate to future enlargement as some of the Western Balkan countries and Turkey were similarly keen on coal.¹⁰⁰ In addition to issues relating to carbon emissions, it was noted that those countries acceding in 2007 had had significant problems in liberalising their energy markets. Looking further forward, some of the obstacles raised by recent accessions might be smoother in the future owing to preparatory work undertaken through the Energy Community Treaty.¹⁰¹
118. We also heard differing views as to the impact of enlargement on the Common Agricultural Policy (CAP). Following the 2004 and 2007 enlargements, agriculture came to represent a larger proportion of employment within the EU, rising from 4% pre-2004 to 7.5% after the 2007 enlargement. In addition, the 2004 and 2007 enlargements introduced Member States with different agricultural structures to those in older Member States.¹⁰² Mr Howitt MEP observed that, despite predictions that the 2004 enlargements would significantly impact the CAP, there have not been any significant changes.¹⁰³ The NFU, however, pointed to the more fragmented and inefficient nature of farming in some of the newer Member States and concluded that, for UK farmers, it had been more difficult to achieve desired policy outcomes in the direction of a more modern productive farming sector focused on the market. Concerns surrounding the lack of a level playing field have also arisen where farmers in newer Member States are unable to meet costly animal welfare obligations but nevertheless

⁹⁶ FCO memorandum

⁹⁷ Commissioner memorandum

⁹⁸ Inquiry conducted by our Sub-Committee on Agriculture, Fisheries, Environment and Energy, launched in September 2012.

⁹⁹ Q 181

¹⁰⁰ Q 63 (Philip Lowe, Director General, DG Energy, European Commission, 21 Nov 2012); QQ 104, 105 (Matt Phillips, European Climate Foundation, 5 Dec 2012). These references are to evidence given to the inquiry into EU energy policy launched in September 2012.

¹⁰¹ Q 84 (Professor Peter Cameron, Energy Law Expert, 28 Nov 2012). The Energy Community Treaty extends the EU's internal energy market to Albania, Bosnia and Herzegovina, Croatia, FYROM, Montenegro, Serbia, Kosovo, Moldova and Ukraine. Four others take part as Observers: Armenia, Georgia, Norway and Turkey.

¹⁰² NFU, Senior Nello

¹⁰³ Q 154

compete in the same markets as those farmers that comply.¹⁰⁴ Associate Professor Senior Nello took the view that the balance to be achieved in relation to agriculture was to adapt the acceding States' industries to EU policy and to avoid excessive transfers within the EU budget.

119. Dr Łazowski pointed to Justice and Home Affairs as an example of a policy area vulnerable to enlargement, particularly police and judicial cooperation in criminal matters, saying it was problematic if there were a lack of mutual trust in the rule-of-law.¹⁰⁵ On the other hand, the UK Government considered that enlargement offered opportunities for the UK to pursue policy objectives such as tackling cross-border crime, terrorism and illegal immigration.¹⁰⁶
120. The LDEPP noted that the 2004 and 2007 enlargements had led to a “shift of priorities to the East” in European foreign policy, with a growing interest in EU-Ukraine and EU-Russia relations. Foreign policy was highlighted by the FCO as an area in which enlargement had helped the UK to meet its international policy objectives. An example was that of the imposition of sanctions by the 27 Member States, which they considered to have had a significant impact in relation to Iran, Burma and Zimbabwe.¹⁰⁷
121. **Enlargement has benefited some of the EU’s core policies, such as the internal market. From a UK perspective, newer Member States have often served as allies on key policy areas, including single market issues and better regulation. Predicted negative policy impacts, such as on the Common Agricultural Policy, have not materialised in the way that was feared, although progress in developing a more innovative market-based CAP may have been hindered.**
122. **Future enlargement is likely to have a varied impact on EU policies. It may assist with certain areas, such as single market rules, but could pose a risk to important areas such as energy and climate change. We draw particular attention to the current inertia relating to a future climate change mitigation strategy, which we do not believe to be in line with the desired policy outcomes of the UK and many other Member States. While such issues can be overcome and should not deter future enlargement, policy outcomes should form part of the enlargement debate.**

Institutional impact

123. The enlargement of the EU from 15 Member States in 2004 to 27 by 2007 necessitated a number of institutional changes. Most obviously, the size of the Council of Ministers increased. Despite a provision in the Treaty of Lisbon that the number of European Commissioners should amount to two-thirds of the number of Member States, an arrangement was made to maintain the existing position of one Commissioner per Member State, and the Minister for Europe told us that there was “no chance whatever” of a rotation system being agreed.¹⁰⁸

¹⁰⁴ NFU

¹⁰⁵ Q 69

¹⁰⁶ FCO memorandum

¹⁰⁷ FCO memorandum

¹⁰⁸ Q 177

The size of the European Parliament has increased from 626 before the 2004 enlargement and is currently 754.¹⁰⁹ However, it is difficult to estimate precisely the costs of enlargement to the EU institutions, owing to various confounding factors, such as the Union's increased competences and efforts to streamline the institutions' administration and make efficiency savings.

124. Witnesses were divided on how significant an impact enlargement had had on the ability of the EU institutions to function effectively. The EPC argued that the 2004 and 2007 enlargements have not “hamper[ed] the overall efficiency of EU decision-making,” and several other witnesses agreed.¹¹⁰ The Minister for Europe said that, in his experience, enlargement had not made taking decisions at EU-level more difficult.¹¹¹
125. However, the NFU argued that decision-making was more cumbersome, forcing more decisions to be taken in a more informal way, thus reducing transparency. Professor Richard Rose, Director of the Centre for the Study of Public Policy at the University of Strathclyde, noted that, since EU decision-making favours consensus, bargains and compromises must incorporate far more interests and points of view. He also observed that official languages have risen from 11 to 23, adding to the complexity of negotiations and decision-making. Statistics from the European Parliament, set out in Figure 3, suggest that since 2004 the proportion of first-reading deals has increased. By achieving an early agreement with Member States, first-reading deals can limit the scope for members of the European Parliament to amend a piece of legislation.
126. **There is no clear evidence to suggest that the 2004 and 2007 enlargements have had a negative impact on the EU's ability to make decisions. In our view, however, enlargement must inevitably have added to the complexity of negotiations and contributed to an increased reliance on informal processes in order to reach decisions. Such processes threaten transparency and we therefore emphasise that the Government and EU institutions should remain alive to the need to maintain transparency in decision-making while enlarging the Union.**

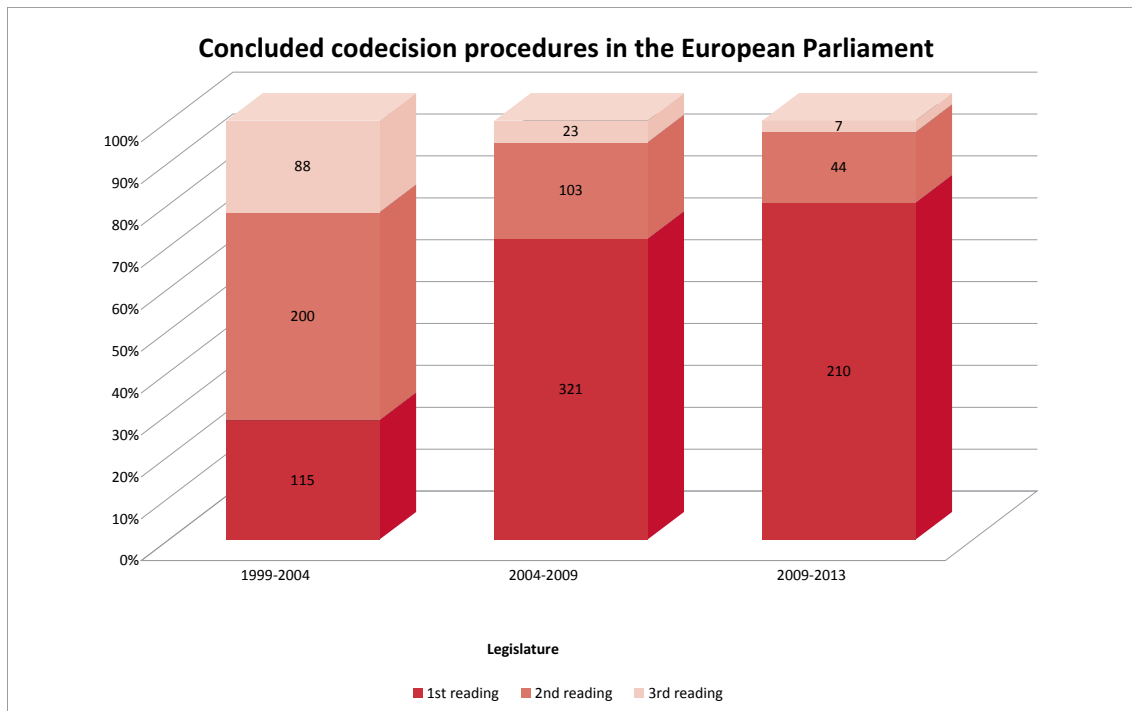
¹⁰⁹ The size of the European Parliament has varied since the 2004 enlargement, owing to changing Treaty provisions and the timing of elections.

¹¹⁰ Avery, EPC, French Senate European Affairs Committee, Q 154 (Howitt), Q 177 (Lidington)

¹¹¹ Q 177

FIGURE 3

Concluded codecision procedures in the European Parliament



Source: European Parliament

Free movement of persons

127. The principle of free movement within the Union applies to citizens of EU Member States. Those staying for over three months should be: in a position of employment or self-employment; a family member of a worker; a student; or able to support themselves financially without imposing a burden on the financial resources of the home state.¹¹²
128. Partly to address concerns about the degree of such movement, restrictions on the free movement of workers were applied to workers from new Member States for a transitional period of up to 7 years following all of the last three enlargements. After the 2004 enlargement, all prior Member States other than Sweden, Ireland and the UK made use of these transitional provisions. The UK did not restrict entry, but did require workers from the new Member States to register. After the 2007 enlargement, all of the prior Member States, with the exception of Finland and Sweden, made use of the transitional provisions on the movement of Bulgarian and Romanian workers. All restrictions on free movement from the countries that acceded in 2004 have now been lifted. Those restrictions that remain on Bulgarian and Romanian citizens, including those in the UK, will need to be lifted by 31 December 2013.
129. We heard that the migration of motivated workers had brought economic benefits.¹¹³ Dr Samantha Currie of the University of Liverpool argued that citizens from the new Member States have “helped to alleviate skills bottlenecks” and have

¹¹² See Directive 2004/38/EC on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States

¹¹³ Dimitrov, Q 165 (Howitt), LDEPP, Q 174 (Lidington), Mayhew, Senior Nello, Tannock

filled gaps in the labour markets of older Member States that were otherwise unfilled by nationals.¹¹⁴ She also noted the Commission's report in 2006 that found that migration from new Member States had not adversely affected labour markets in older ones.¹¹⁵ Associate Professor Senior Nello referred to recent work done by Martin Kahanec and Klaus Zimmermann, which found that the impact of the 2004 and 2007 enlargements on wages and employment "are small and hard to detect".¹¹⁶ Kahanec and Zimmermann also found that post-enlargement migration contributed to the growth prospects of the EU. Growth can also be expected as a result of intra-EU movement flowing from future enlargement according to Richard Howitt MEP, who noted that "Europe needs Turkey's young labour", an observation that echoed the European Commission's 2012–13 enlargement strategy.¹¹⁷

130. Witnesses observed, though, that there had been some negative impacts from the free movement of persons. Dr Tannock MEP mentioned, for example, the relocation of business to new Member States in order to benefit from cheaper labour costs as an economic impact on the older Member States.¹¹⁸ Dr Currie noted that the possibility to post cheap labour from a new Member State to work in a country where labour costs are otherwise higher, known as social dumping, has caused problems, exposed in European Court of Justice cases interpreting the Posting of Workers Directive.¹¹⁹ In one such case, a Latvian company delivering a contract in Sweden employed Latvian workers at a rate of pay consistent with the Directive but lower than the rates of pay for Swedish workers, leading to collective action by the Swedish workers.¹²⁰ The Court ruled that the collective action was in conflict with the company's freedom of establishment under the Treaty. Dr Currie concluded that the issues raised are sensitive and "such concerns will inevitably be heightened in the context of EU enlargement whilst wage levels across the Member States remain so variable". An attempt in March 2012 by the European Commission to resolve the issue was withdrawn by the Commission several months later owing to opposition on subsidiarity grounds and a lack of political support.¹²¹
131. The Minister for Europe said that, amongst EU leaders, there was no "strong appetite to retreat from the principle of freedom of movement" because the principle provides "advantages to citizens from every country". However, he identified a concern—shared by Ministers and officials of other countries "particularly" in the north and west of the EU—regarding migrants who came not to work but in order to claim benefits. He spoke of these as "real public

¹¹⁴ Currie, Mayhew

¹¹⁵ 6337/06

¹¹⁶ Senior Nello, citing M. Kahanec and K.F. Zimmermann (2010) 'Migration in an enlarged EU: A challenging solution?', in Keereman, F. and I.P. Székely eds. *Five years of an enlarged EU – A positive-sum game*, Springer, Berlin, pp.63–94. A version of this paper, published as part of the Commission's Economic Papers series, is available here: http://ec.europa.eu/economy_finance/publications/publication14287_en.pdf.

¹¹⁷ Q 162, 14853/12

¹¹⁸ Tannock

¹¹⁹ Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services

¹²⁰ *Laval Un Partneri Ltd v Svenska Byggnadsarbetareförbundet* [C-341/05, 18/12/2007]

¹²¹ 8042/12. The Proposal was withdrawn in the face of resistance by over one third of national parliaments across the European Union and a lack of support in both the European Parliament and the European Commission.

concerns about migration and about integration and social cohesion”.¹²² Other witnesses agreed that there were public concerns relating to migration from the newer Member States, with a perception that local jobs had been lost to migrants.¹²³ Professor Mayhew noted that, despite the UK gaining an economic benefit from migration, its “scale” had given rise to some “high profile anti-immigrant and anti-foreigner agitation”. Mr Howitt MEP emphasised the economic benefits of migration within the EU but accepted that the political consequences are certainly “one of the barriers that we need to examine in relation to EU enlargement”.¹²⁴

132. **The free movement of workers is a fundamental Treaty right and an important element of the EU’s internal market, offering potential benefits to all EU citizens and providing motivated migrant workers to fill gaps in labour markets that would go unfilled by national workers.**
133. **We acknowledge widespread public concerns about the impact of the free movement of persons. The seven year transitional period allowing Member States to maintain restrictions on the movement of workers from new Member States is, we consider, ample time to allow for the restructuring of labour markets. If, as we detect, Member States are supportive of the principle of free movement, communication of its advantages is clearly an important issue to be addressed by Member States.**
134. **Where the concern is directed towards the free movement of non-workers who may be travelling to receive social security benefit, rather than to engage in employment, it is a matter for the authorities of Member States to tackle within the framework of EU legislation.**

¹²² Q 174

¹²³ French Senate European Affairs Committee, Q 165 (Howitt), Q 174 (Lidington), Macedonian European Affairs Committee, Mayhew, Tannock

¹²⁴ Q 165

CHAPTER 5: ENLARGEMENT IN THE MEDIUM TERM

135. In Chapter 2, we set out the current position of the enlargement agenda and how the process is operating, including some of the challenges. This chapter looks ahead to how the enlargement agenda is likely to progress over the next ten years and the obstacles that it may encounter.

Pace of future enlargement

136. The 2004 enlargement was conducted as a ‘big bang’ enlargement with many countries acceding at once. Presently, each aspirant country’s accession process is being conducted individually, on its ‘own merits’, with no coordinated timetable. Our witnesses evinced widespread support for this ‘regatta’ approach.¹²⁵ However, there was a suggestion that some countries, such as Turkey, might feel they had been ‘skipped over’ in the “queue” for enlargement, and it was suggested that, in the future, two or more of the Western Balkan countries’ accessions could be linked.¹²⁶
137. **We strongly support enlargement being conducted under the ‘own merits’ principle. Although this may result in some countries progressing more quickly than others, it is the only way to conduct the process fairly and to avoid the risk of countries acceding before they are fully ready to take up the obligations of membership.**
138. As part of its management of the enlargement process, the Commission produces annual Progress Reports on each of the countries currently on the path towards accession, and a Communication on its enlargement strategy. The most recent of these were published on 10 October 2012.¹²⁷ These Progress Reports indicate that the pace of reforms is highly variable across the candidate and potential candidate countries, with some countries making little progress or seeing backsliding in some areas. For example, Dr Blockmans remarked that, over the last few years, Bosnia and Herzegovina has received “stagnation reports”.¹²⁸
139. More generally, our witnesses noted that progress is likely to be slow in many of the current aspirant countries, with Dr Tannock MEP calling it “painfully slow”.¹²⁹ Dr Juncos emphasised the “enormous challenges” still faced in the Western Balkans, owing to “high adoption costs”, as well as the region’s post-conflict “legacies” and “long-standing bilateral issues”. Some witnesses suggested that further enlargement beyond Croatia and Iceland before 2020 is very unlikely, and witnesses emphasised the lengthening of the process.¹³⁰ This has been seen in Croatia’s case, which saw a six-year formal negotiations process, compared to the four-year process experienced by the 2004 countries. Ambassador Drobnjak noting that Croatia had “lost a year” owing to bilateral

¹²⁵ Q 156 (Howitt), Q 87 (Tannock)

¹²⁶ Q 52 (Christou), Q 87 (Tannock)

¹²⁷ 14853/12, 14854/12, 14855/12 (Iceland), 14856/12 (Montenegro), 14857/12 (Turkey), 14860/12 (FYROM), 14861/12 (Serbia), 14862/12 (Albania), 14863/12 (Bosnia and Herzegovina), 14864/12

¹²⁸ Q 13

¹²⁹ Q 87

¹³⁰ Q 58 (Christou), Croatian Embassy, Duff, Tannock, Q 86 (Tannock)

issues, but even accounting for this, the process is moving more slowly.¹³¹ Commissioner Füle spoke robustly about having a longer process, however, saying that four or more additional years of negotiations would be justified if they ensured that aspirant countries were “fully ready” to join.¹³²

140. **The longer time-scale for future enlargements is, in our opinion, justified in order to ensure that reforms are embedded and to avoid the need for post-accession monitoring in the future. Sustaining the direction of travel is more important than its speed. It is crucial that there remains a clear and definite process through which aspirant and candidate countries can progress. In order for the longer time-scale to be sustained, delays that are not related to the implementation of reforms—such as those that can arise out of bilateral issues—must be avoided.**

Scope of future enlargement

141. Commissioner Füle is responsible not only for the EU’s enlargement policy, but also the European Neighbourhood Policy (ENP). The drivers of the ENP are similar to those of enlargement: the ENP aims to “avoid the emergence of new dividing lines between the enlarged EU and our neighbours and instead strengthening the prosperity, stability and security of all”.¹³³ The ENP encompasses 16 countries around the Mediterranean and to the east. It is clear that the ENP encompasses a number of countries that would not be eligible for EU membership; indeed, Morocco’s application to join the then-European Community was turned down in 1987.
142. Nevertheless, one sub-group of the ENP is spoken about frequently as offering a group of eventual candidate countries: the Eastern Partnership. This group of six countries encompasses countries in eastern Europe and the Southern Caucasus: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Many of our witnesses spoke positively about the countries of the Eastern Partnership as satisfying the geographical definition of ‘European’.¹³⁴ However, Dr Tannock MEP suggested that the eligibility of the three Southern Caucasus countries might be less certain.¹³⁵
143. Professor Mayhew cautioned that it would be wrong for the EU to rule out accession in the long term for countries to which Article 49 applies.¹³⁶ Dr Christou suggested that drawing a definite boundary was a misguided approach geopolitically, and Baroness Nicholson of Winterbourne argued that “much of the allure” of EU enlargement had been the theory that it was open to all.¹³⁷ Both Dr Bozhilova and Ms Liik pointed out that many of the Eastern Partnership countries lie to the west of Turkey geographically, and so could not be excluded from the category of ‘European states’ on that ground.¹³⁸ Speaking

¹³¹ Q 73

¹³² Q 136

¹³³ European Commission, European Neighbourhood Policy website (http://ec.europa.eu/world/enp/policy_en.htm)

¹³⁴ QQ 57, 65 (Łazowski), Q 106 (Leigh), Q 169 (Lidington), QQ 6, 8 (Liik), QQ 101–2 (Tannock)

¹³⁵ Q 102

¹³⁶ Mayhew

¹³⁷ Q 67, Nicholson

¹³⁸ Q 67 (Bozhilova), Q 6 (Liik). See also: FCO written evidence, FCO memorandum

more generally, Commissioner Füle said “the borders of the European Union are where the interpretation of Article 49 meets the consensus of member states”, perhaps referring back to the Commission’s 1992 definition of ‘European’, which noted that it was “subject to review by each succeeding generation”.¹³⁹

144. **The values of the Union and its historic openness to enlargement mean that the EU could eventually extend to all European countries that wish to join. Any attempt to draw a boundary that would permanently exclude European countries would not be consistent with the Treaty, although the difficulties of defining ‘European’ remain. Drawing a boundary could also lead to countries being drawn into a Russian sphere of influence. The prospect of eventual membership does provide the EU with some political leverage as part of its work with the Eastern Partnership countries.**
145. Professor Mayhew argued that, for those who may be geographically eligible to join the Union, the ENP had been used to underline the fact that accession was not an option except in the very long term. Whilst the Eastern Partnership endeavours to “accelerate political association” between the EU and the six partner countries, there is still a significant distance to be travelled before any of the six meet the political criteria for EU membership.¹⁴⁰ Freedom House’s assessment of the six partner countries includes four “partly free” (Armenia, Georgia, Moldova and Ukraine), and two “not free” (Azerbaijan and Belarus), although we did not explore this issue in detail, and do not necessarily endorse these assessments.¹⁴¹ In a recent paper, Jana Kobzova of the European Council on Foreign Relations highlighted the importance of a “strong pro-EU constituency”, which had been the key to relative success in countries such as Moldova and Georgia, in comparison with countries such as Belarus and Ukraine.¹⁴² Our witnesses emphasised the variation between the six partner countries, with Moldova highlighted as the current “frontrunner”.¹⁴³ Dr Tannock MEP emphasised that there were still political problems in the Eastern Partnership countries surrounding elections and the treatment of opposition leaders.¹⁴⁴
146. **Although the Eastern Partnership countries may meet the geographical criteria for EU membership, significant reforms over an extended period will be necessary before they can meet the criteria for candidate status, and so accession is an option only in the very long term. The UK Government should seek to ensure that their aspirations to eventual membership are not forgotten.**

¹³⁹ Q 141

¹⁴⁰ JOIN(2012)13, Joint Communication of the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy, *Eastern Partnership: A Roadmap to the autumn 2013 Summit*, p.3

¹⁴¹ Freedom House (<http://www.freedomhouse.org/regions/central-and-eastern-europeeurasia>), accessed 15 February 2013

¹⁴² Jana Kobzova, ‘Can the Eastern Partnership Work?’, *European View*, 21 November 2012 (<http://link.springer.com/article/10.1007%2Fs12290-012-0225-3>)

¹⁴³ Q 6 (Liik). See also: Q 56 (Christou), Q 101 (Tannock)

¹⁴⁴ Q 101. See also: FCO memorandum, Q 56 (Łazowski), Q 115 (Leigh)

Potential barriers to enlargement

Enlargement fatigue

147. In Chapter 2, we referred to the cyclical nature of the widening and deepening of the EU, with enlargement being preceded and succeeded by a further integration. The phrase ‘enlargement fatigue’ is common in discourse following the 2004 and 2007 enlargements, expressing a general post-accession reticence within the EU towards further widening in favour of a greater focus on deepening integration across Member States.
148. There was a degree of consensus among witnesses that the EU-15 had experienced some enlargement fatigue post-2004, and that this was hardly surprising given the scale of the 2004 and 2007 enlargements.¹⁴⁵ Enlargement fatigue amongst the general public has been cited as a reason for the negative referenda in France and the Netherlands on the Constitutional Treaty; however, the EPC and Mr Avery both disputed this, pointing out that there was minimal opinion-poll evidence of a link between the 2004 enlargement and the negative referenda outcomes.
149. The EU is now more than six years beyond the most recent enlargement, and another accession—Croatia’s—will take place later this year. In addition, several witnesses pointed out that future enlargement will be small, piecemeal and well spaced, so the phrase ‘enlargement fatigue’ does not have the same meaning now as after the ‘big bang’ enlargement.¹⁴⁶ Therefore, although the phrase remains current in discourse about future accessions, we queried whether the EU was actually still suffering from the malaise.
150. Numerous witnesses felt that within the EU there had been a “sharp decline” in support for enlargement, with several witnesses identifying France and Germany as less enthusiastic.¹⁴⁷ This was particularly true with regard to Turkey’s accession, although the UK was a notable exception.¹⁴⁸ Nevertheless, such reticence is not necessarily fatigue. Andrew Duff MEP, substitute member of the Foreign Affairs Committee, said that he thought that post-2004 enlargement fatigue had dissipated, and that it would be more helpful to discuss the issue in different terms.¹⁴⁹ We are persuaded by this argument, and think it would be more productive to speak of ‘enlargement reticence’. This appears to us to be a more accurate term, which encompasses some of the selective hesitance evinced by countries such as France and Germany with respect to Turkey, as well as the “fear” and “mistrust” referred to by the French Senate’s European Affairs Committee.
151. Our witnesses suggested that, in present discussions about enlargement, the phrase ‘enlargement fatigue’ might serve as a cover for other problems within the EU. The EPC suggested that it had “become a scapegoat for a range of deeper problems”, citing mistrust towards new Member States and “recurrent

¹⁴⁵ Avery, Q 62 (Bozhilova), Q 149 (Howitt), Q 62 (Lazowski)

¹⁴⁶ Avery, Q 79 (Drobnjak), Duff, Serbian Embassy, Tannock, Taylor

¹⁴⁷ Q 21 (Blockmans), QQ 149, 152 (Howitt), Juncos, Serbian Embassy, QQ 84, 93 (Tannock)

¹⁴⁸ Avery, Q 13 (Blockmans), Q 53 (Bozhilova), Q 53 (Christou), EPC, QQ 13–4, 18, 42 (Hakura), QQ 149, 165 (Howitt), Q 53 (Lazowski), Q 120 (Turan), Turkish Embassy

¹⁴⁹ Q 93

problems” in Bulgaria and Romania.¹⁵⁰ Others argued that enlargement fatigue was reflective of general public dissatisfaction about the EU’s economic state and migration in particular, as well as mistrust towards new Member States.¹⁵¹ The European Affairs Committee of the French Senate said that, while public opinion in France was “rather unconcerned by the last rounds of enlargement”, “the immigration question” regarding newer Member States was of “particular importance” to some French citizens.¹⁵²

152. Concerns about migration and immigration often refer to Turkey, which if it were in the EU today would be the second-largest country by population.¹⁵³ Other witnesses highlighted possible reticence relating specifically to the Western Balkan countries. The EPC and the European Policy Institute (EPI) referred to the Balkans’ “image” problem as a possible issue, particularly at a time when the EU and individual Member States were focused on the rule of law and organised corruption as issues under the ongoing CVM.
153. **A degree of enlargement fatigue after the ‘big bang’ enlargement of 2004 was unsurprising. However, future enlargements are unlikely to take the same form, with spaced-out accessions of one or two countries predicted.**
154. **‘Enlargement fatigue’ is, in our view, an inaccurate term six years after the last enlargement. In order to allow for an informed public debate about possible future enlargements, it is important to draw a distinction between reticence towards future enlargements and the fatigue caused by former ones.**
155. **Current reticence towards enlargement appears to have several causes. We would draw attention to two particularly significant issues that have dampened public enthusiasm for future enlargements: fears surrounding the impact of migration on existing Member States, particularly in the current economic climate; and concern about aspirant countries and their commitment to the values of the Union, such as democracy, human rights and the rule of law.**
156. Commissioner Füle acknowledged that reticence towards enlargement was a significant concern, but judged that it could be overcome by improving the credibility of the process.¹⁵⁴ Other witnesses agreed that disengagement from the process could be a root of public reticence towards enlargement.¹⁵⁵ We have already noted that the rigorous application of conditionality could restore public confidence in the enlargement process. In addition, some witnesses emphasised the need for more effective communication of the benefits of enlargement, echoing the recommendation of the Commission in its 2012–13 enlargement strategy that national governments “need to inform and explain to their national audiences the decisions they collectively take” on enlargement.¹⁵⁶

¹⁵⁰ EPC. See also: Q 152 (Howitt), Leruth, Q 88 (Tannock)

¹⁵¹ Croatian Embassy, French European Affairs Committee, Leruth, Macedonian European Affairs Committee, Serbian Embassy, Tannock

¹⁵² French Senate European Affairs Committee. See also: Q 91 (Duff and Tannock)

¹⁵³ According to Eurostat’s latest population statistics, Turkey would be smaller only than Germany.

¹⁵⁴ Q 135

¹⁵⁵ LDEPP, Serbian Embassy

¹⁵⁶ Commissioner written evidence, EPI, Juncos, Kullaa, LDEPP, Serbian Embassy, 14853/12 p. 22

157. **Enlargement reticence might, in the first instance, be tackled by stronger communication efforts by the Commission and national governments regarding the benefits of former enlargements and the potential benefits of future ones. The technical negotiating process should not become isolated from the population. Enlargement should be a process of engagement between peoples. It is important to communicate the process and its successes to the general public in both the Union and the aspirant countries.**
158. As we noted in Chapter 2, the economic and financial crisis has also “distracted” from enlargement over the last few years.¹⁵⁷ Several witnesses have warned of the risk that an artificial pause until after the crisis has been resolved would be a mistake, and would risk destabilising countries hoping to join the Union.¹⁵⁸ Mr Howitt MEP explained that while he understood the idea of imposing a pause “intellectually”, he could not understand it “when it comes to practice”.¹⁵⁹
159. **Further progress on enlargement cannot be suspended until the economic and financial crisis is resolved. Such an artificial pause would destabilise the aspirant and candidate countries by reducing certainty about their future within the EU, and would damage the EU’s credibility in conducting the enlargement process.**

Absorption capacity

160. Like ‘enlargement fatigue’, ‘absorption capacity’ is a phrase that is used frequently in discussions about enlargement, but that has not been precisely defined. Mr Avery called it an “undefinable flying object” and notes that the Council neither approved nor disapproved the Commission’s attempted definition in its *Special report on the EU’s capacity to integrate new members*, which accompanied the 2006 Enlargement Strategy. This definition stated: “The Union has to ensure it can maintain its capacity to act and decide according to a fair balance within institutions, respect budgetary limits, and implement ambitious common policies that function well and achieve their objectives”.¹⁶⁰
161. Despite the lack of any formal endorsement from the Council, the three elements set out—the EU’s institutions, budget and common policies—are widely acknowledged as crucial to any question of the EU’s capacity to absorb or integrate new members. The European Affairs Committee of the French Senate added another element: informing public opinion “in order to avoid repeating the insufficient debate that preceded previous enlargements”. However, Mr Avery noted that the idea of absorption capacity was a convenience for some Member States that “may be appealed to as an argument for delay if and when desired”.
162. Our witnesses argued that the EU has a responsibility to maintain its absorption capacity as part of a credible enlargement process, including positive but realistic

¹⁵⁷ Q 93 (Duff), Q 154 (Howitt)

¹⁵⁸ Croatian Embassy, Croatian European Integration Committee, EPC, French Senate European Affairs Committee, Q 169 (Lidington), Mayhew, Nicholson, Serbian Embassy, Wunsch

¹⁵⁹ Q 154

¹⁶⁰ Avery, 14968/06 p.17

communication with citizens to explain the benefits of enlargement and the risks of not progressing the enlargement agenda.¹⁶¹

163. **Absorption capacity is a vague concept that can be used, like ‘enlargement fatigue’, in order to veil reticence towards enlargement for other reasons. Nevertheless, the Union’s capacity to accommodate an additional Member State within the institutions, the EU budget, and policy discussions is a relevant consideration in the context of further enlargement.**
164. **If the enlargement process is to be credible, the EU must address its absorption capacity and be seen to do so. Claims that the EU has a limited absorption capacity can be used to delay progress towards enlargement when the EU should in fact be tackling the issue. The Commission—and Member State governments—should make every effort to communicate both the benefits of enlargement and the costs of non-enlargement.**

The EU institutions and policy-making

165. In Chapter 4, we considered the impact of previous enlargements on some of the EU’s key policy areas, concluding that there was no clear evidence that the EU’s ability to make decisions had been negatively impacted. Nevertheless, the question of how the EU can maintain an effective and smooth decision-making process as it enlarges remains significant for the Union’s absorption capacity.
166. The French Senate’s Committee on European Affairs noted that, in the context of the anticipated accession of the smaller states that are currently candidates or potential candidates, the EU had to find a “delicate balance” between the “core principle of equality between states” and “the necessities of policy-making”. Ambassador Drobnyak acknowledged that the length of discussions during some negotiations was already significant, but said that the Union was able to absorb “one country at a time”.¹⁶² At the same time, however, the French Committee argued that some studies had shown that enlargement “may even have helped to shorten some negotiations”. The picture is therefore mixed with regards to the impact of enlargement on EU-level negotiations.
167. The Minister for Europe told us that in his experience decision-making had not become more difficult. He noted that, on matters requiring unanimity, such as common foreign security policy and common security and defence policy, “the politics” of the policy areas meant that Member States with significant global diplomatic networks proposed a way forward and other countries would “go along with that”.¹⁶³ Amongst our witnesses, there was a broad consensus that the Lisbon Treaty provided an adequate institutional framework for further enlargement, although the Embassy of the Republic of Turkey to the UK argued that the Treaty would need to be “fine tuned”.¹⁶⁴ The Minister for Europe noted

¹⁶¹ Croatian European Integration Committee, French Senate European Affairs Committee, Kullaa, Macedonian European Affairs Committee, Serbian Embassy

¹⁶² Q 81

¹⁶³ Q 177

¹⁶⁴ Commissioner written evidence, EPC, French Senate European Affairs Committee, LDEPP, Macedonian European Affairs Committee, Serbian Embassy, Turkish Embassy

that qualified majority voting had ameliorated some of the potential problems with “having a larger number of people round the table”.¹⁶⁵

168. Mr Turan acknowledged that the “main problem” for some of the bigger countries in the EU, such as France, in considering Turkey as a prospective member was “power sharing” and “who is going to take decisions”, with other issues being raised, such as “cultural differences” “a pretext”.¹⁶⁶
169. **It is inevitable that enlargement will lead to lengthier discussions as more Member States must air their views. However, it appears that the decision-making process is still working well, particularly in the light of many decisions requiring only qualified majority voting, and could continue to do so after the relatively small enlargements that are anticipated over the medium term.**
170. **A bigger enlargement, such as the accession of Turkey, would necessarily impact the balance of decision-making within the EU. However, the Union benefits from the diversity of its members, and this need not be feared. We would emphasise that the first enlargement, which brought the UK, Denmark and Ireland into the Union, was the largest proportional increase of any enlargement, but the change was successfully navigated.**
171. Following any future accessions, substantial re-distribution of seats in the European Parliament and Committee of the Regions will be required. As the Minister for Europe noted, this would depend on the size of the acceding country or countries. With regards to the size of the Commission, although the Lisbon Treaty allowed a mechanism to move away from one-Commissioner-per-country and towards a rotational system, the Minister for Europe said that “there has been no chance whatever” of obtaining unanimous agreement to implement this, and it would be “important for our interests that we have a UK Commissioner”.¹⁶⁷
172. Dr Tannock MEP also noted the administrative burden of “language proliferation”, if post-enlargement the Western Balkan countries required simultaneous translation into four separate languages—Serbian, Bosnian, Montenegrin and Croatian.¹⁶⁸ Arguably, however, on a regatta approach, it would be difficult to prevent this; it would be perverse to require Croatia to begin using a synthetic compromise language in anticipation of the entry of its neighbours.
173. **On balance, the institutional framework introduced by the Lisbon Treaty suffices, at least for the moment, to cope with further enlargement. Within the European Parliament and the Committee of the Regions, a reallocation of seats will be required, but this is no barrier to enlargement. The question of language proliferation is a significant one, and is likely to increase the costs of running the EU’s institutions, but it appears unavoidable.**

¹⁶⁵ Q 177

¹⁶⁶ Q 123

¹⁶⁷ UK Committee of the Regions Delegation, Q 177 (Lidington)

¹⁶⁸ Q 89

The EU budget

174. Witnesses predicted that most countries currently on the path to accession would join the Union as net recipients; that is, they would receive more in EU funding than they would contribute to the EU budget. Further enlargement would therefore mean either redistributing agricultural and cohesion funds away from some middle-income and richer Member States, or a budget increase.¹⁶⁹ Some witnesses particularly emphasised that the provision of structural funds needed to be borne in mind.¹⁷⁰ A number of witnesses noted that the financial impact of the accession of large countries such as Turkey and Ukraine had to be considered,¹⁷¹ but that the other countries that might join in the medium term were unlikely to have a significant economic impact on the EU.¹⁷² The Minister for Europe noted that, whilst there would undoubtedly be budgetary costs related to future enlargements, these were “impossible to predict with any precision”.¹⁷³
175. The EPI noted that the Western Balkan countries did not “present a risk in economic and social terms”, and that the “main challenges” in the region remained political. However, the European Affairs Committee of the French Senate suggested that lower levels of prosperity in acceding countries could “create some distortions”. This is perhaps a more general expression of the view—common during the discussions leading up to the 2004 enlargement—that the impact of enlargement on the agricultural markets, and agricultural incomes, would lead to “social distortions and inequalities”.¹⁷⁴ Mr Howitt MEP emphasised that the budget has been “roughly” one per cent of GDP “through a series of different enlargements”.¹⁷⁵
176. Mr Howitt MEP was robust in arguing that the EU’s institutional and budgetary needs could be met even with a further enlarged Union, even going further and suggesting that “Europe needs Turkey” in terms of migration and economic dynamism.¹⁷⁶ This echoes the argument made in the Commission’s latest enlargement strategy that Turkey’s “dynamism” and “young population” offered an “opportunity” to the EU.¹⁷⁷ Sir Michael Leigh also emphasised the potential economic benefits of accession in terms tackling demographic issues and an ageing population within the EU.¹⁷⁸ The Minister for Europe phrased this more strongly, saying that it would be “an error of historic and potentially catastrophic dimensions for Europe to cold-shoulder Turkey just at the moment when she is emerging as a major player in both economic and diplomatic terms”.¹⁷⁹

¹⁶⁹ LDEPP, Rose

¹⁷⁰ French Senate European Affairs Committee, Q 42 (Hakura), Mayhew

¹⁷¹ Q 58 (Christou), FCO written evidence, French Senate European Affairs Committee, Q 42 (Hakura), Juncos, Q 58 (Łazowski), QQ 41–2 (Liik), Serbian Embassy, Tannock

¹⁷² Q 58 (Łazowski), Serbian Embassy

¹⁷³ FCO written evidence

¹⁷⁴ Senior Nello

¹⁷⁵ Q 155

¹⁷⁶ QQ 161–2

¹⁷⁷ 14853/12, p.3

¹⁷⁸ Q 117

¹⁷⁹ Q 171

177. **Enlargement can be expected to have some impact on the budgetary receipts of older Member States, for example through the redistribution of agricultural or cohesion funds. However, this must be understood in the context of the broader economic benefits that enlargement can offer.**
178. **The possible economic impact of new Member States on the EU budget is a proper consideration as part of the EU's absorption capacity, but a fear of losing national receipts to a less-well-off new member is not. Transitional arrangements can be implemented in order to minimise the economic impact of enlargement on EU citizens whilst also supporting new members.**
179. **The enlargements envisioned in the medium term are likely to involve only one or two countries at a time, and so are unlikely to generate any significant economic impact on the existing Union, and political and institutional impacts can be managed through appropriate transition. Turkey represents a possible exception to this, but Turkey's economic dynamism also offers economic opportunities to the Union that should not be ignored.**
180. **As part of a proactive approach to improving the EU's absorption capacity, the EU institutions and national governments should communicate more directly and effectively with the EU's citizens in order to make clear the costs associated with non-enlargement.**

Accession fatigue

181. In Chapter 2, we considered the principle of conditionality and the potential difficulties thrown up by bilateral issues. The notion of accession fatigue, distinct from enlargement fatigue, reflects a public—and political—disenchantment with the enlargement process in the aspirant country, possibly owing to negative perceptions that the EU was 'raising the bar' or 'closing the door'.
182. Our witnesses suggested that aspirant countries could turn away from the EU if they felt that the process were being undermined by 'nationalisation', or 'enlargement fatigue' and the EU's 'absorption capacity' were dominating discussions of the process.¹⁸⁰ Ms Liik drew attention to the "permanent blinking yellow light on the European side" of discussions about progress towards membership, and the Croatian Embassy emphasised that the level of popular support for EU membership in Croatia showed "the steepest dips" when the process "was being used by individual Member States to resolve bilateral issues".¹⁸¹ Other witnesses emphasised the need for the EU to—in the Minister for Europe's words—"deliver on its side of the bargain".¹⁸²
183. Accession fatigue can pose a more serious risk to the enlargement process than simply slowing it down. The Minister for Europe said that, were there to be a "serious setback", there was "an inherent risk" of "some populist movement" that would reject the EU.¹⁸³ The EPC stated that "the goal of EU membership

¹⁸⁰ QQ 59, 62 (Christou), Dimitrov, EPC, EPI, FCO written evidence, Kullaa, Macedonian European Affairs Committee, Nicholson, Turkish Embassy, Serbian Embassy, Q 129 (Turan)

¹⁸¹ Q 17 (Liik), Croatian Embassy

¹⁸² FCO written evidence, Q 17 (Liik)

¹⁸³ Q 170

has been losing lustre among people and seems to be breeding populist ... politicians in the Balkans”, while the EPI called the rhetoric of enlargement fatigue “a discouraging message”. Ambassador Dimitrov also warned that “isolation” would lead to “nationalism, xenophobia and slow economic development”.

184. Professor Kullaa suggested that any “freeze” in the process “could change the pattern of sought after alliances by smaller states with global and European powers”. This is a particular concern in the east, where Russia has attempted to exert her influence by exploiting energy dependency and the attraction of a customs union and other integrated models.¹⁸⁴ The Minister for Europe acknowledged historical links between Russia and the Western Balkans, particularly with Serbia, but said that any “clear-sighted Serbian politician would know that it makes no sense for Serbia to become a non-EU hole in the Western Balkans”.¹⁸⁵ Dr Blockmans was also more positive, saying that Serbia had “almost an inherent ambition” to “make good on what was lost over the last two decades” and to show themselves to be a centre of power.¹⁸⁶
185. Our witnesses appeared to agree that, for the Western Balkan countries, accession fatigue had not increased significantly.¹⁸⁷ Nevertheless, witnesses suggested that the Commission could do more to promote ‘bottom-up’ reform, strengthening and communicating better with civil society and social movements in order to anchor a drive for reform more firmly within each country.¹⁸⁸
186. Ms Liik told us that the crisis had not had “as big an impact as people think” because the candidate and potential candidate countries “are economically integrated with Europe anyway”. She said that “for many countries from eastern Europe it was very existential and seen as either a cultural return to Europe or a security issue”. She noted that receipts from the EU budget were secondary to a desire for access to the single market and freedom of movement.¹⁸⁹
187. **Accession fatigue is a genuine risk. Although it has not yet damaged the EU’s activities in the Western Balkans, and the decision to join the EU is one for the candidate country, the EU must acknowledge the risks that accession fatigue poses to the credibility and effectiveness of the enlargement process.**
188. **It is important that the requirements of the enlargement process are justified and clearly communicated to candidate countries and their publics. This is the responsibility of both the national governments and the EU itself. The Commission in particular should do more to promote ‘bottom-up’ reform by increasing civil society’s engagement with the reform process, and national governments could seek to promote this through the twinning projects.**

¹⁸⁴ Q 4 (Blockmans), Q 59 (Christou), Q 11 (Liik)

¹⁸⁵ Q 169

¹⁸⁶ Q 13

¹⁸⁷ Q 13 (Blockmans), Q 53 (Bozhilova), EPC, Q 62 (Łazowski), LDEPP, Leruth, French Senate European Affairs Committee, Taylor

¹⁸⁸ Juncos, Kullaa

¹⁸⁹ QQ 41–2

189. **Although we are sympathetic to the view that funds under the Instrument for Pre-Accession Assistance must be more targeted towards non-state actors, reserving a percentage of the available funds for these recipients would run counter to the need to make the IPA-II more responsive to individual countries' needs. Instead, we urge the EU to take a longer-term view and proactively to encourage the participation of non-state actors', rather than relying upon a quota.**
190. Accession fatigue is more prevalent in Iceland and Turkey. Many of our witnesses acknowledged the uncertainty about whether Iceland would choose to join the EU in a public referendum after the end of accession negotiations, although Sir Michael Leigh spoke with confidence that Iceland would ultimately accede.¹⁹⁰
191. Several witnesses told us that Turkey was becoming increasingly frustrated with the duration of its accession progress and was less inclined to join than it had been in the past.¹⁹¹ The Minister for Europe described how Turkey's leaders might "feel bruised" by the slow pace of their accession process. However, he indicated that he found that both Turkey's Prime Minister and the Minister for Europe were positive about Turkey continuing towards the ultimate goal of membership.¹⁹² Mr Turan told the Committee that "the sceptical comments are due to the fact that Turkey has been engaging more than ever with different parts of the world" and that "our orientation has always been towards Europe".¹⁹³
192. Mr Turan also told us that the "stalemate" in Turkey's accession negotiations was "also spilling over the other aspects of our relationship with the EU".¹⁹⁴ In addition, Mr Hakura argued that accession fatigue could lead to backsliding, saying there were "clear and visible signs of retreat in reforms in Turkey".¹⁹⁵ The Commission's most recent enlargement strategy noted "a lack of substantial progress towards fully meeting the political criteria" for membership, highlighting restriction of the freedom of the media and the Kurdish issue.¹⁹⁶ Turkey's process towards EU membership has been by far the longest running; the association agreement was signed almost 50 years ago, and Turkey has been an official candidate for 13 years.
193. Nevertheless, Sir Michael Leigh spoke positively of the agenda with Turkey being revived in 2013, and the Minister for Europe said that Turkey had a "strategic commitment" to membership.¹⁹⁷
194. **Should Iceland or Turkey fall out of the enlargement process, the EU will not only be denied the benefits that their accessions could bring, but risks losing its soft power.**

¹⁹⁰ Q 81 (Drobnjak), Q 108 (Leigh), Leruth, Q 175 (Lidington), Nicholson, Q 84 (Tannock)

¹⁹¹ Q 61 (Christou), Q 100 (Duff), French Senate European Affairs Committee, Q 39 (Hakura), Q 62 (Łazowski)

¹⁹² Q 171

¹⁹³ Q 121

¹⁹⁴ Q 119

¹⁹⁵ Q 39

¹⁹⁶ 14853/12, pp. 17–8

¹⁹⁷ Q 113, Q 171

195. **Without denying the many remaining obstacles to its accession, we note with concern the risk of Turkey’s enlargement process stagnating owing to accession fatigue and a lack of EU-leverage in order to promote further reform and rebuild momentum. We therefore welcome recent indications that accession negotiations could gain some positive momentum during the Irish Presidency.**

Innovations

196. Witnesses were positive about innovations such as the ‘positive agenda’ with Turkey and the High Level Accession Dialogue with FYROM, saying that in the short-term they can allow momentum to be maintained in the technical process while political blocks are in the way.¹⁹⁸ However, these innovations are only small measures. Mr Turan called the positive agenda “useful but ... not sufficient”, saying that it would not provide the “necessary impetus for the future”.¹⁹⁹
197. **The Commission’s innovations, such as the High Level Accession Dialogue with the former Yugoslav Republic of Macedonia (FYROM), are to be commended. In a lengthy and detailed technical process, they allow momentum to be maintained at reform level when political blocks, such as bilateral issues or blocked negotiating chapters, prevent official progress. However, they offer only short-term incentives, and cannot counteract accession fatigue in the medium term. In particular, a further major effort should be made to open accession negotiations with FYROM.**
198. The Committee heard some evidence that monitoring should be consistently applied to both candidate and Member States, either to ensure that each candidate is being asked to meet standards truly set by the Member States, or in order to ensure that there is no ‘backsliding’ after entry into the Union.²⁰⁰ The context for this includes the CVM and a “populist turn” in several of the 2004 countries a few years after membership.²⁰¹
199. The EU has some formal tools to police commitment to EU values after a country has joined, such as Article 7 TEU, under which the Council may determine that there is a “clear risk of a serious breach by a Member State of the values referred to in Article 2”, and make recommendations to the Member State; or that there is a “serious and persistent breach” of Article 2, and suspend certain membership rights. However, these mechanisms are generally not used.²⁰² Under Article 7, the Council Professor Mayhew suggested it could be made easier for the Court of Justice to take measures against Member States that had, for example, violated the terms of Article 2. However, Sir Michael Leigh explained that, irrespective of Treaty provisions and the Court’s powers, “there

¹⁹⁸ Q 64 (Bozhilova), Q 63 (Christou), EPC, Q 64 (Łazowski), Q 171 (Lidington), Q 35 (Liik), Macedonian European Affairs Committee

¹⁹⁹ Q 119

²⁰⁰ Q 51 (Bozhilova), LDEPP, Nicholson

²⁰¹ EPC

²⁰² Q 40 (Blockmans), Commissioner written evidence, QQ 47–8, 50 (Łazowski), Q 110 (Leigh), Mayhew, Rose, Taylor

will always be a reluctance” from Member States to “impose strong measures” on a Member State that is backsliding.²⁰³

200. The EPC commented on the proposed EU-wide anti-corruption reporting mechanism and ‘justice scoreboard’, calling them “only the initial timid steps in building a proper strategy and capacity for action at European level” on such issues.²⁰⁴ Mr Duff MEP noted that the Commission had become “far more forthright in its scrutiny and critique of what is happening inside Member States than ever before” and pointed to the Fundamental Rights Agency as another tool for monitoring Member States’ compliance with EU values.²⁰⁵
201. **The EU demands that candidate countries comply with the Copenhagen criteria, and so it is important that Member States also meet the standards set out for those that wish to join. However, a permanent EU-wide monitoring system resembling the Cooperation and Verification Mechanism is not politically feasible. Instead, the EU should be more willing to make use of the mechanisms already at its disposal, such as the European Court of Justice.**

²⁰³ Q 110

²⁰⁴ See 11580/11 and an EU Observer report (13 September 2012) on a possible ‘justice scoreboard’ (<http://euobserver.com/justice/117535>)

²⁰⁵ Q 91

CHAPTER 6: POSSIBLE ALTERNATIVES

Permanent alternatives

202. Most witnesses agreed that alternative forms of association—such as the European Economic Area or the European Neighbourhood Policy—would not suffice in the long term, as they might not be politically attractive to potential candidates or effective in incentivising reforms.²⁰⁶ Historically, alternative forms have not been welcomed; the Central and Eastern European countries rejected EEA membership in the 1990s.²⁰⁷ Professor Mayhew noted that the “search” for an “alternative goal” that would serve as a “firm anchor for reform” in the way full membership does currently had “so far been without success”. The Minister for Europe agreed with this assessment, and Mr Avery said that there was “no real market for the product”.²⁰⁸
203. There was substantial discussion about the position of Turkey. Dr Andrew Glencross, Lecturer at the University of Aberdeen, noted the proposal in 2009 by then-French President Sarkozy and German Chancellor Merkel to offer Turkey a form of associate membership, and remarked that this offer “goes against previous enlargement negotiations” and “contradicts the current official accession negotiations”. The Turkish government confirmed that accession and eventual full membership were important motivations for any candidate country.²⁰⁹ Dr Glencross noted that an alternative form of association would “avoid making Turkey a key decision-making actor” and would be “in keeping with citizens’ preferences” as they appear to stand presently. However, he said that “formally differentiating types of EU membership would ... constitute crossing a Rubicon”.
204. Although the evidence did not rule out a ‘privileged partnership’ between Turkey and the EU altogether, Mr Hakura noted that Turkey already had a privileged position in its relationship with the EU, being part of the customs union covering goods.²¹⁰ Dr Blockmans noted that the idea of a privileged partnership was “a bad label for second-class membership”, and could violate the principle of non-discrimination on the grounds of nationality.²¹¹ Dr Tannock MEP made a similar point regarding the idea of ‘associate membership’.²¹² More generally, the Macedonian European Affairs Committee said that the idea of a ‘privileged partnership’ “does not reflect mutual political aspirations and commitments”. However, Dr Glencross did not entirely dismiss withdrawal of the offer of full EU membership to Turkey, particularly if presented as an intermediary status, pending periodic review from both parties.

²⁰⁶ Avery, Q 29 (Blockmans), Q 68 (Bozhilova), EPI, FCO written evidence, Q 28 (Hakura), Q 27 (Liik), Macedonian European Affairs Committee, Wunsch

²⁰⁷ Avery, Q 60 (Łazowski), Mayhew

²⁰⁸ FCO written evidence, Avery. See also: Q 27 (Liik) and Q 94 (Duff)

²⁰⁹ Q 129

²¹⁰ Q 28

²¹¹ Q 29

²¹² Q 97

205. **Permanent alternatives are unlikely to be politically acceptable to candidate or potential candidate countries, as these countries would prefer to pursue full, equal membership.**
206. **A withdrawal of an offer of membership by removing candidate status would be a dramatic step with significant political consequences. We conclude that this should only be considered where the scale of backsliding indicates that the enlargement process can no longer credibly continue.**

A 'waiting room'

207. Most witnesses agreed that any alternatives to full membership could function as a stepping stone on a clear trajectory towards full membership.²¹³ Dr Łazowski suggested that the EEA could be used as a tool to develop economic integration, potentially leading to full membership at a later stage.²¹⁴ However, Professor Mayhew argued this would be unacceptable to most, not least because EEA membership does not allow Members to be involved fully in the decision-making process, and Sir Michael Leigh questioned whether “waiting rooms or incentives for the interim period” would still encourage the necessary reforms.²¹⁵ Dr Łazowski suggested that the ENP was not a “strong enough” incentive to promote significant reform.²¹⁶
208. There was some discussion as to whether the European Neighbourhood Policy amounted to a stepping stone on the road to full membership. Dr Christou described the ENP as such, but Professor Mayhew noted that the ENP underlined the fact that accession was not an option except in the very long term.²¹⁷ We discussed the longer-term prospects of the Eastern Partnership countries becoming EU candidates in Chapter 5 (paragraphs 141–6). Whilst EU membership is highly speculative for the six partner countries, the Eastern Partnership clearly shares objectives with the enlargement agenda that can support them towards meeting the criteria for candidate status.
209. The most recent Roadmap, published in May 2012, highlighted the main aim: “to accelerate political association and deepen economic integration”. The Eastern Partnership sets out to address “the issue of unfinished transformation” through three primary actions: forming deeper contractual relations between the EU and the partner countries through Association Agreements, including Deep and Comprehensive Free Trade Agreements; supporting the mobility of citizens from the partner countries through visa facilitation and readmission agreements, with the prospect of visa-free travel in the future; and enhancing the participation of partner countries in EU programmes and agencies in appropriate sectors, such as the seventh EU Framework Programme for Research and Technological Development, with which Moldova has been associated since January 2012.²¹⁸

²¹³ Q 68 (Bozhilova), Czech government, Q 60 (Łazowski), Leruth, Wunsch

²¹⁴ Q 60 (Łazowski). See also: Leruth

²¹⁵ Q 105. See also: Q 68 (Łazowski)

²¹⁶ Q 65

²¹⁷ Q 68 (Christou), Mayhew

²¹⁸ 10213/12, p.3

210. Even outside formal programmes such as the SAP and ENP, an Association Agreement may offer a ‘waiting room’ for a potential applicant. However, Professor Mayhew described current Association Agreements as unconvincing because key elements remain vague. He suggested that a clearer route towards integration, mapped out through Association Agreements, could be helpful but was unlikely to be politically acceptable to current EU Member States. Dr Łazowski also queried how much could be offered and achieved with Association Agreements.²¹⁹
211. **The European Neighbourhood Policy, European Economic Area, or an ‘associate membership’, could be used as a ‘waiting room’ or ‘stepping stone’ for European countries that eventually wish to accede. Such mechanisms can promote deep integration in specific areas, provided that the expectations and incentives are clearly set out, but none are a viable alternative to membership.**

²¹⁹ Q 68

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

Chapter 2: The enlargement area

Importance of enlargement

212. European union has always been driven by a desire to bring peace and prosperity to Europe. The transformative power of enlargement has been proven through successive enlargements. The goals of security, stability of the EU's neighbourhood, democracy, and economic growth rightly lie at the heart of today's enlargement agenda. (paragraph 15)
213. Enlargement has regrettably slipped down the Council agenda in recent years, with countries such as France and Germany redirecting attention towards the EU's internal affairs. Although vital institutional and governance questions are being asked as a result of the euro area crisis and the EU's economic and financial difficulties, neither the Council nor individual Member States can afford to ignore the enlargement agenda. We strongly support the commitment of this Government, and previous governments, to promoting the enlargement agenda. (paragraph 18)

Principles of enlargement

214. Twenty years on, the Copenhagen criteria still set out the right principles for the EU's enlargement policy, but they only offer the broad brushstrokes of a more complicated enlargement picture. (paragraph 22)
215. The EU's failure to apply the Copenhagen criteria rigorously led to the entry of Romania and Bulgaria before they were ready to meet the full obligations of membership. This has led to an unsatisfactory post-accession mechanism—the Cooperation and Verification Mechanism—needing to be put into place for these countries. In the future, the EU must resist the watering down of the criteria, and should apply them rigorously. (paragraph 24)

The current enlargement process

216. The current benchmarking system can provide stepping-stones towards implementing—and demonstrating—reforms. It can provide certainty to all parties and a clear route for candidate countries to follow in order to achieve reforms during a long and sometimes difficult process. (paragraph 33)
217. Although it is quite right that the enlargement process has become more rigorous and structured, the effort required from the aspirant countries should not be underestimated. Many of the aspirant countries have further to go in order to meet the Copenhagen criteria than during previous enlargement rounds, and on a technical level more is being asked of them than of any former enlargement country. While aspirant countries must play their part fully, the EU must ensure that this does not place an insurmountable burden of work upon candidate countries. (paragraph 34)
218. We support the new approach to Chapters 23 and 24 (Judiciary and fundamental rights, and Justice, freedom and security) that will prioritise the

implementation of reforms. This is an important lesson learned after the most recent enlargements and will help to ensure that irreversible reforms are achieved in these crucial areas. (paragraph 36)

Financial assistance for enlargement

219. Although aspirant countries are typically middle-income countries, we believe that a substantial Instrument for Pre-Accession Assistance (IPA) is essential to prepare countries for membership. The next IPA should focus more closely on the strategic aims of the EU's enlargement policy and maintain the flexibility necessary in order to meet individual countries' needs. In turn, this should lead to the more effective use of money, with a greater percentage of committed funds being translated into actual spending that will benefit the aspirant countries. (paragraph 41)

Conditionality

220. The EU must maintain a system of tough conditionality that requires genuine reform before moving on to the next step, always keeping in mind the need for implementing, as well as adopting, the *acquis*. In this way, conditionality—and the associated benchmarking procedure—can serve as a tool both for the EU and for the governments of aspirant countries. (paragraph 46)
221. The EU must require genuine reforms at each step; conversely, the EU must meet its obligations to allow candidates to progress if reforms have been made. Failure to do so diminishes the EU's influence and damages the credibility of the enlargement process. (paragraph 47)

Post-accession conditionality and monitoring

222. Progress still needs to be made on judicial reform and corruption in Romania and Bulgaria, as well as on fighting organised crime in Bulgaria. The last six years indicate that post-accession conditionality achieves only slow progress. In future accessions, every effort must be made to ensure that all reforms are irreversible prior to accession, as post-accession mechanisms are both undesirable and unlikely to prove effective. Consideration should be given as to how best to ensure that the reforms are justiciable and, where applicable, are embedded in the constitution of the applicant country. (paragraph 50)

Credibility and pitfalls of the enlargement process

A perception of 'raising the bar'

223. Given the scale of the reforms that many aspirant countries are undertaking, it is unsurprising that this might sometimes lead to negative public perceptions of the accession process. To combat this, the EU must ensure that only strictly necessary criteria are imposed upon candidate countries and that the criteria are applied fairly across the board. (paragraph 56)
224. At the same time, candidate countries must play their part in the process fully, accepting the need for rigorous conditionality in order to achieve real reforms. This should be reinforced by the EU being willing to take action against

backsliding, as such conditionality demands. This includes slowing or halting the enlargement process—and associated funding—when appropriate. (paragraph 57)

225. Both national governments and the Commission should work more proactively to communicate to citizens the long-term benefits of sometimes painful reforms. We agree that it would be beneficial for the Commission's Progress Reports to highlight the costs of non-enlargement for both the aspirant countries and the EU as a whole. (paragraph 58)

A perception of “closing the door”

226. Conditionality can only be effective if it is genuinely conditional. The halt in Turkey's journey towards EU membership is a stark reminder of the need for a credible process that delivers progress, albeit incrementally. (paragraph 62)
227. We urge the Commission and the UK Government to think carefully about how valued incentives, such as visa liberalisation, can be used in order to counteract negative perceptions of the credibility of, or the EU's commitment to, the enlargement process. (paragraph 63)
228. It is right that the enlargement process is ultimately governed by Member States through the Council. The excessive politicisation of the enlargement process through Council-set conditions and benchmarks can increase uncertainty about the steps that countries must take in order to progress. So long as the Council acts in good faith, this need not call into question the EU's commitment to enlargement. (paragraph 66)
229. In allowing Cyprus entry into the Union before the dispute over Northern Cyprus was resolved, the EU has imported a bilateral dispute into the Union, transforming it into a dispute between the EU and one of its candidate countries. This was a grave mistake, for which both the EU and Turkey bear some responsibility, and one that has had serious negative consequences for both Turkey and the EU. (paragraph 69)
230. Looking forward, the EU needs to take much more effective action to avoid importing any further bilateral disputes—be they territorial or otherwise—into the Union. In doing so, it is important not to give a third country a *de facto* veto over the accession of a candidate country. (paragraph 70)
231. The need for unanimity in the Council means that bilateral issues can disrupt the enlargement process at any stage. This is unavoidable and undesirable. We call upon the Government, working closely with other Member States, to take a robust approach to this issue, encouraging openness surrounding bilateral or domestic issues and seeking to find solutions that allow the enlargement process to continue smoothly. (paragraph 73)
232. Good neighbourly relations and the resolution of bilateral disputes are two-way streets. Member States should ensure that they strive for good regional cooperation and take up proactively the resolution of bilateral disputes in good faith whilst encouraging other Member States to act similarly. (paragraph 75)
233. We commend the Commission's proactive approach to identifying bilateral issues amongst the Western Balkan countries and hope that this will encourage a greater openness about these issues so that they can be resolved more

transparently through the existing forums or international arbitration, as appropriate. (paragraph 79)

234. A change to the way that enlargement is handled by the Council in order to diminish the ability of individual Member States' to veto progress on enlargement unilaterally, particularly at the opening or early stages of accession negotiations, could be welcome. (paragraph 80)
235. Bilateral issues should, wherever possible, be resolved through the internationally recognised courts or resolution procedures. They must be dealt with before accession, but should not block the process from continuing at any stage prior to this. (paragraph 82)

Chapter 3: Impact on candidate countries and new member states

Economic impact

236. For candidate countries, the enlargement process can bring an influx of investment and an improved business environment, alongside EU financial assistance to support reforms. After joining, new Member States can expect further economic benefits through participation in the single market and in EU funds that seek to support growth. It is impossible to estimate with any accuracy an exact figure that can be gained from the accession process, but it is hard to explain why so many countries persist in seeking to join the EU if they were not convinced of the benefits, both economic and political. (paragraph 89)

Requirement to join the euro and Schengen areas

The euro area

237. The requirement for Member States—excepting the UK and Denmark—to join the euro is impossible to enforce, as Sweden's reluctance has demonstrated. It must be recognised that, at least in the current economic climate, joining the euro may be a formal obligation, but is in reality an aspiration. It is unlikely that many of those still committed to entry will join the euro in the near future. (paragraph 96)
238. As the governance and structures of the euro area undergo significant change, more should be done to engage candidate and potential candidate countries so that the changes—and the demands that will ultimately be laid on them—are clearly understood. (paragraph 97)

The Schengen area

239. As the Schengen area expands, through enlargement or otherwise, it is right that the rules for entry are applied strictly in order to preserve its integrity. (paragraph 100)

Political and institutional impact

240. The EU enlargement process and accession can have a profound and often positive impact on aspirant countries' national political systems. The aspiration to 'sit at the table' as one amongst equals within the EU can generate consensus

across the political spectrum, and is a motivator that should not be underestimated. (paragraph 104)

241. Enlargement and EU membership are grounded in law—the *acquis*. Building the administrative and judicial capacity of aspirant countries so that EU law can be effectively applied post-accession is vital. We hope that the new approach to Chapters 23 and 24 will ensure that such capacity-building remains central to the enlargement process. (paragraph 106)

Chapter 4: Impact on member states and the union

Geopolitical impact

242. Enlargement increases the EU's influence on the global stage and better equips the EU to deal with its neighbourhood. This has been seen through the 2004 and 2007 enlargements and can be anticipated as a likely benefit of further enlargement to the Western Balkans and Turkey. (paragraph 109)
243. Past enlargements have achieved the intended aim of bringing lasting peace and stability to the EU's neighbourhood, and future enlargements can be expected to extend this even further. (paragraph 110)

Economic impact

244. Although difficult to quantify precisely in the light of other factors affecting the EU economy, enlargement has brought economic benefits to the existing Union, expanding the single market to nearly 500 million consumers, with a combined GDP of around £11 trillion. (paragraph 114)

Policy impact

245. Enlargement has benefited some of the EU's core policies, such as the internal market. From a UK perspective, newer Member States have often served as allies on key policy areas, including single market issues and better regulation. Predicted negative policy impacts, such as on the Common Agricultural Policy, have not materialised in the way that was feared, although progress in developing a more innovative market-based CAP may have been hindered. (paragraph 121)
246. Future enlargement is likely to have a varied impact on EU policies. It may assist with certain areas, such as single market rules, but could pose a risk to important areas such as energy and climate change. We draw particular attention to the current inertia relating to a future climate change mitigation strategy, which we do not believe to be in line with the desired policy outcomes of the UK and many other Member States. While such issues can be overcome and should not deter future enlargement, policy outcomes should form part of the enlargement debate. (paragraph 122)

Institutional impact

247. There is no clear evidence to suggest that the 2004 and 2007 enlargements have had a negative impact on the EU's ability to make decisions. In our view, however, enlargement must inevitably have added to the complexity of negotiations and contributed to an increased reliance on informal processes in

order to reach decisions. Such processes threaten transparency and we therefore emphasise that the Government and EU institutions should remain alive to the need to maintain transparency in decision-making while enlarging the Union. (paragraph 126)

Free movement of persons

248. The free movement of workers is a fundamental Treaty right and an important element of the EU's internal market, offering potential benefits to all EU citizens and providing motivated migrant workers to fill gaps in labour markets that would go unfilled by national workers. (paragraph 132)
249. We acknowledge widespread public concerns about the impact of the free movement of persons. The seven year transitional period allowing Member States to maintain restrictions on the movement of workers from new Member States is, we consider, ample time to allow for the restructuring of labour markets. If, as we detect, Member States are supportive of the principle of free movement, communication of the advantages is clearly an important issue to be addressed by Member States. (paragraph 133)
250. Where the concern is directed towards the free movement of non-workers who may be travelling to receive social security benefit rather than engage in employment, it is a matter for the authorities of Member States to tackle within the framework of EU legislation. (paragraph 134)

Chapter 5: Enlargement in the medium term

Pace of future enlargement

251. We strongly support enlargement being conducted under the 'own merits' principle. Although this may result in some countries progressing much more quickly than others, it is the only way to conduct the process fairly and to avoid the risk of countries acceding before they are fully ready to take up the obligations of membership. (paragraph 137)
252. The longer time-scale for future enlargements is, in our opinion, justified in order to ensure that reforms are embedded and to avoid the need for post-accession monitoring in the future. Sustaining the direction of travel is more important than its speed. It is crucial that there remains a clear and definite process through which aspirant and candidate countries can progress. In order for the longer time-scale to be sustained, delays that are not related to the implementation of reforms—such as those that can arise out of bilateral issues—must be avoided. (paragraph 140)

Scope of future enlargement

253. The values of the Union and its historic openness to enlargement mean that the EU could eventually extend to all European countries that wish to join. Any attempt to draw a boundary that would permanently exclude European countries would not be consistent with the Treaty, although the difficulties of defining 'European' remain. Drawing a boundary could also lead to countries being drawn into a Russian sphere of influence. The prospect of eventual

membership does provide the EU with some political leverage as part of its work with the Eastern Partnership countries. (paragraph 144)

254. Although the Eastern Partnership countries may meet the geographical criteria for EU membership, significant reforms over an extended period will be necessary before they can meet the criteria for candidate status, and so accession is an option only in the very long term. The UK Government should seek to ensure that their aspirations to eventual membership are not forgotten. (paragraph 146)

Potential barriers to enlargement

Enlargement fatigue

255. A degree of enlargement fatigue after the ‘big bang’ enlargement of 2004 was unsurprising. However, future enlargements are unlikely to take the same form, with spaced-out accessions of one or two countries predicted. (paragraph 153)
256. ‘Enlargement fatigue’ is, in our view, an inaccurate term six years after the last enlargement. In order to allow for an informed public debate about possible future enlargements, it is important to draw a distinction between reticence towards future enlargements and the fatigue caused by former ones. (paragraph 154)
257. Current reticence towards enlargement appears to have several causes. We would draw attention to two particularly significant issues that have dampened public enthusiasm for future enlargements: fears surrounding the impact of migration on existing Member States, particularly in the current economic climate; and concern about aspirant countries and their commitment to the values of the Union, such as democracy, human rights and the rule of law. (paragraph 155)
258. Enlargement reticence might, in the first instance, be tackled by stronger communication efforts by the Commission and national governments regarding the benefits of former enlargements and the potential benefits of future ones. The technical negotiating process should not become isolated from the population. Enlargement should be a process of engagement between peoples. It is important to communicate the process and its successes to the general public in both the Union and the aspirant countries. (paragraph 157)
259. Further progress on enlargement cannot be suspended until the economic and financial crisis is resolved. Such an artificial pause would destabilise the aspirant and candidate countries by reducing certainty about their future within the EU, and would damage the EU’s credibility in conducting the enlargement process. (paragraph 159)

Absorption capacity

260. Absorption capacity is a vague concept that can be used, like ‘enlargement fatigue’, in order to veil reticence towards enlargement for other reasons. Nevertheless, the Union’s capacity to accommodate an additional Member State within the institutions, the EU budget, and policy discussions is a relevant consideration in the context of further enlargement. (paragraph 163)

261. If the enlargement process is to be credible, the EU must address its absorption capacity and be seen to do so. Claims that the EU has a limited absorption capacity can be used to delay progress towards enlargement when the EU should in fact be tackling the issue. The Commission—and Member State governments—should make every effort to communicate both the benefits of enlargement and the costs of non-enlargement. (paragraph 164)

The EU institutions and policy-making

262. It is inevitable that enlargement will lead to lengthier discussions as more Member States must air their views. However, it appears that the decision-making process is still working well, particularly in the light of many decisions requiring only qualified majority voting, and could continue to do so after the relatively small enlargements that are anticipated over the medium term. (paragraph 169)
263. A bigger enlargement, such as the accession of Turkey, would necessarily impact the balance of decision-making within the EU. However, the Union benefits from the diversity of its members, and this need not be feared. We would emphasise that the first enlargement, which brought the UK, Denmark and Ireland into the Union, was the largest proportional increase of any enlargement, but the change was successfully navigated. (paragraph 170)
264. On balance, the institutional framework introduced by the Lisbon Treaty suffices, at least for the moment, to cope with further enlargement. Within the European Parliament and the Committee of the Regions, a reallocation of seats will be required, but this is no barrier to enlargement. The question of language proliferation is a significant one, and is likely to increase the costs of running the EU's institutions, but it appears unavoidable. (paragraph 173)

The EU budget

265. Enlargement can be expected to have some impact on the budgetary receipts of older Member States, for example through the redistribution of agricultural or cohesion funds. However, this must be understood in the context of the broader economic benefits that enlargement can offer. (paragraph 177)
266. The possible economic impact of new Member States on the EU budget is a proper consideration as part of the EU's absorption capacity, but a fear of losing national receipts to a less-well-off new member is not. Transitional arrangements can be implemented in order to minimise the economic impact of enlargement on EU citizens whilst also supporting new members. (paragraph 178)
267. The enlargements envisioned in the medium term are likely to involve only one or two countries at a time, and so are unlikely to generate any significant economic impact on the existing Union, and political and institutional impacts can be managed through appropriate transition. Turkey represents a possible exception to this, but Turkey's economic dynamism also offers economic opportunities to the Union that should not be ignored. (paragraph 179)
268. As part of a proactive approach to improving the EU's absorption capacity, the EU institutions and national governments should communicate more directly and effectively with the EU's citizens in order to make clear the costs associated with non-enlargement. (paragraph 180)

Accession fatigue

269. Accession fatigue is a genuine risk. Although it has not yet damaged the EU's activities in the Western Balkans, and the decision to join the EU is one for the candidate country, the EU must acknowledge the risks that accession fatigue poses to the credibility and effectiveness of the enlargement process. (paragraph 187)
270. It is important that the requirements of the enlargement process are justified and clearly communicated to candidate countries and their publics. This is the responsibility of both the national governments and the EU itself. The Commission in particular should do more to promote 'bottom-up' reform by increasing civil society's engagement with the reform process, and national governments could seek to promote this through the twinning projects. (paragraph 188)
271. Although we are sympathetic to the view that funds under the Instrument for Pre-Accession Assistance must be more targeted towards non-state actors, reserving a percentage of the available funds for these recipients would run counter to the need to make the IPA-II more responsive to individual countries' needs. Instead, we urge the EU to take a longer-term view and proactively to encourage non-state actors' participation proactively, rather than relying upon a quota. (paragraph 189)
272. Should Iceland or Turkey fall out of the enlargement process, the EU will not only be denied the benefits that their accessions could bring, but risks losing its soft power. (paragraph 194)
273. Without denying the many remaining obstacles to its accession, we note with concern the risk of Turkey's enlargement process stagnating owing to accession fatigue and a lack of EU-leverage in order to promote further reform and rebuild momentum. We therefore welcome recent indications that accession negotiations could gain some positive momentum during the Irish Presidency. (paragraph 195)

Innovations

274. The Commission's innovations, such as the High Level Accession Dialogue with the former Yugoslav Republic of Macedonia (FYROM), are to be commended. In a lengthy and detailed technical process, they allow momentum to be maintained at reform level when political blocks, such as bilateral issues or blocked negotiating chapters, prevent official progress. However, they offer only short-term incentives, and cannot counteract accession fatigue in the medium term. In particular, a further major effort should be made to open accession negotiations with FYROM. (paragraph 197)
275. The EU demands that candidate countries comply with the Copenhagen criteria, and so it is important that Member States also meet the standards set out for those that wish to join. However, a permanent EU-wide monitoring system resembling the Cooperation and Verification Mechanism is not politically feasible. Instead, the EU should be more willing to make use of the mechanisms already at its disposal, such as the European Court of Justice. (paragraph 201)

Chapter 6: Possible alternatives

Permanent alternatives

276. Permanent alternatives are unlikely to be politically acceptable to candidate or potential candidate countries, as these countries would prefer to pursue full, equal membership. (paragraph 205)
277. A withdrawal of an offer of membership by removing candidate status would be a dramatic step with significant political consequences. We conclude that this should only be considered where the scale of backsliding indicates that the enlargement process can no longer credibly continue. (paragraph 206)

A 'waiting room'

278. The European Neighbourhood Policy, European Economic Area, or an 'associate membership', could be used as a 'waiting room' or 'stepping stone' for European countries that eventually wish to accede. Such mechanisms can promote deep integration in specific areas, provided that the expectations and incentives are clearly set out, but none are a viable alternative to membership. (paragraph 211)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

The members of the Committee who conducted this inquiry were:

Lord Boswell of Aynho (Chairman)
 Lord Bowness
 Lord Cameron of Dillington
 Lord Carter of Coles
 Lord Dear
 Baroness Eccles of Moulton
 Lord Foulkes of Cumnock
 Lord Hannay of Chiswick
 Lord Harrison
 Lord Maclennan of Rogart
 Lord Marlesford
 Baroness O’Cathain
 Lord Richard
 The Earl of Sandwich
 Baroness Scott of Needham Market
 Lord Teverson
 Lord Trimble
 Lord Tomlinson
 Baroness Young of Hornsey

Declarations of Interest

Lord Boswell of Aynho
Income is received as a Partner (with wife) from land and family farming business trading as EN & TE Boswell at Lower Aynho grounds, Banbury, with separate rentals from cottages and grazing

Lord Bowness
None relevant

Lord Cameron of Dillington
Farmer in receipt of payments under the Common Agricultural Policy

Lord Carter of Coles
Farmer in receipt of payments under the Common Agricultural Policy

Lord Dear
None relevant

Baroness Eccles of Moulton
None relevant

Lord Foulkes of Cumnock
None relevant

Lord Hannay of Chiswick
Member of Advisory Board of Centre for European Reform (unpaid)

Lord Harrison
None relevant

Lord Maclennan of Rogart
Farmer in receipt of payments under the Common Agricultural Policy

Lord Marlesford

Farmer in receipt of payments under the Common Agricultural Policy

Baroness O’Cathain

None relevant

Lord Richard

None relevant

The Earl of Sandwich

None relevant

Baroness Scott of Needham Market

None relevant

Lord Teverson

None relevant

Lord Tomlinson

None relevant

Lord Trimble

Trustee, Henry Jackson Society

Baroness Young of Hornsey

None relevant

A full list of registered interests of Members of the House of Lords can be found at <http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/>

APPENDIX 2: LIST OF WITNESSES

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with * gave both oral evidence and written evidence. Those marked with ** gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

This evidence is published online at <http://www.parliament.uk/hleu> and is also available for inspection at the Parliamentary Archives (020 7219 5314).

Oral evidence in chronological order

- | | | |
|----|------------|--|
| ** | QQ 1–45 | Dr Steven Blockmans, Senior Research Fellow and Head of EU Foreign Policy Unit, Centre for European Policy Studies and Professor of EU External Relations Law and Governance, University of Amsterdam |
| ** | | Mr Fadi Hakura, Associate Fellow, Chatham House |
| ** | | Ms Kadri Liik, Senior Policy Fellow, European Council on Foreign Relations |
| * | QQ 46–69 | Dr Adam Łazowski, Reader in Law, University of Westminster |
| ** | | Dr Diana Bozhilova, Research Fellow, King's College London |
| ** | | Dr George Christou, Associate Professor, University of Warwick |
| ** | QQ 70–83 | His Excellency Vladimir Drobnyak, Ambassador and Head of Mission of the Republic of Croatia to the EU |
| * | QQ 84–102 | Mr Andrew Duff MEP, Member of the European Parliament |
| * | | Dr Charles Tannock MEP, Member of the European Parliament |
| ** | QQ 103–118 | Sir Michael Leigh, Senior Adviser, German Marshall Fund of the USA, and former Director-General, DG Enlargement |
| ** | QQ 119–133 | Mr Mustafa Osman Turan, Deputy Permanent Delegate, Republic of Turkey Delegation to the EU |
| * | QQ 134–148 | Commissioner Štefan Füle, Commissioner for Enlargement and European Neighbourhood Policy |
| ** | QQ 149–166 | Mr Richard Howitt MEP, Member of the European Parliament |
| * | QQ 167–188 | The Rt Hon David Lidington MP, Minister for Europe, Foreign and Commonwealth Office
Mr Tim Hemmings, Head of the Future of Europe Department, Foreign and Commonwealth Office
Mr Owen Jenkins, Head of the Western Balkans and Enlargement Department, Foreign and Commonwealth Office |

Alphabetical list of all witnesses

- Mr Graham Avery, Senior Member, St. Anthony's College, University of Oxford, and Senior Adviser, European Policy Centre, Brussels
- ** Dr Steven Blockmans, Senior Research Fellow and Head of EU Foreign Policy Unit, Centre for European Policy Studies, and Professor of EU External Relations Law and Governance, University of Amsterdam (QQ 1–45)
- ** Dr Diana Bozhilova, Research Fellow, King's College London
- ** Dr George Christou, Associate Professor, University of Warwick
- Dr Samantha Currie, University of Liverpool
- Czech Republic, Ministry of Foreign Affairs
- ** His Excellency Vladimir Drobnjak, Ambassador and Head of Mission of the Republic of Croatia to the EU (QQ 70–83)
- * Mr Andrew Duff, Member of the European Parliament (QQ 84–102)
- His Excellency Konstantin Dimitrov, Ambassador of the Republic of Bulgaria to the UK
- Embassy of the Republic of Croatia to the UK
- Embassy of the Republic of Serbia to the UK
- Embassy of the Republic of Turkey to the UK
- European Integration Committee, Croatian Parliament
- European Policy Centre (EPC)
- European Policy Institute (Skopje) (EPI)
- European Affairs Committee, Assembly of the Republic of Macedonia (FYROM)
- European Affairs Committee, French Senate
- * Foreign and Commonwealth Office (The Rt Hon David Lidington MP, Minister for Europe) (QQ 167–188)
- * Commissioner Štefan Füle, Commissioner for Enlargement and European Neighbourhood Policy (QQ 134–148)
- Dr Andrew Glencross, Lecturer, University of Aberdeen
- ** Mr Fadi Hakura, Associate Fellow, Chatham House (QQ 1–45)
- Mr Roger Helmer, Member of the European Parliament
- Mr Richard Howitt, Member of the European Parliament (QQ 149–166)
- Dr Ana Juncos, Lecturer, University of Bristol
- Professor Dr Dimitry Kochenov, Chair in EU Constitutional Law, University of Groningen
- Assistant Professor Rinna Elina Kullaa, University of Jyväskylä
- * Dr Adam Łazowski, Reader in Law, University of Westminster (QQ 46–69)

- ** Sir Michael Leigh, Senior Adviser, German Marshall Fund of the USA, and former Director-General, DG Enlargement (QQ 103–118)
Mr Benjamin Leruth, University of Edinburgh
Liberal Democrat European Parliament Party (LDEPP)
- ** Ms Kadri Liik, Senior Policy Fellow, European Council on Foreign Relations (QQ 1–45)
Professor Alan Mayhew, Jean Monnet Professor, University of Sussex
National Farmers' Union
Associate Professor Susan Senior Nello, University of Siena
Baroness Nicholson of Winterbourne
- ** Mr Mustafa Osman Turan, Deputy Permanent Delegate, Republic of Turkey Delegation to the EU (QQ 119–133)
Professor Richard Rose, Director of the Centre for the Study of Public Policy, University of Strathclyde
- * Dr Charles Tannock, Member of the European Parliament (QQ 84–102)
Professor Andrew Taylor, University of Sheffield
UK Delegation to the Committee of Regions
Ms Natasha Wunsch, Associate Fellow, German Council on Foreign Relations

APPENDIX 3: CALL FOR EVIDENCE

The European Union Select Committee of the House of Lords, chaired by Lord Boswell of Aynho, is conducting an inquiry into EU enlargement, which will look at the motivations and prospects for further enlargement, and its potential consequences. The Committee seeks evidence from anyone with an interest.

Written evidence is sought by **14 November 2012**. Public hearings will be held between November and January. The Committee aims to report to the House, with recommendations, by the end of March 2013. The report will receive a response from the Government, and may be debated in the House.

Background

On 18 July, the European Commission published five-year reports on the progress of Romania and Bulgaria, the newest EU Member States, under the Cooperation and Verification Mechanism (COM(2012)410 and COM(2012)411). This novel mechanism, established in 2007, aimed to support both countries in developing their track records in key areas: reforms of their justice systems, tackling corruption, and in Bulgaria's case, tackling organised crime.

On 10 October, the European Commission published a Communication setting out its Enlargement Strategy for the next twelve months, alongside in-depth reports on the progress of individual countries who wish to join (COM(2012)600). The Commission's Communication emphasises the contribution of enlargement policy to security and prosperity in the region and the benefits brought by recent enlargements, including deeper trade integration, a larger internal market, and expanded employment and investment opportunities. The Commission also argues that, at a time of significant economic challenges, enlargement policy can be a powerful tool in fostering reforms and growth in the countries that wish to join.

These documents, looking back to the most recent round of enlargement and forward to Croatia's accession and beyond, provide an important context for the Committee's inquiry, which will contribute to the debate on how far the EU should continue to enlarge, what the ideal timetable would be, and the best process for doing so.

Issues

The Committee seeks evidence on any aspect of this topic, and particularly on the following questions:

Principles behind enlargement

- (1) Do Articles 2 and 49 of the Treaty of the European Union provide the right principles for any further enlargement of the EU?
- (2) The Copenhagen criteria expand upon these principles to provide a more detailed framework for eligibility to join the Union. Do these criteria fully encapsulate the principles behind EU enlargement?

The impact of EU membership on new Member States

- (3) For new Member States, what is the economic and social impact of EU membership on a) the country, b) regional areas, and c) its citizens? You may wish to comment on the following:
 - (i) Trade integration and the flow of foreign direct investment;
 - (ii) The benefits or pitfalls for small and medium-sized enterprises (SMEs);
 - (iii) The benefits for consumers;
 - (iv) Accession's impact on wages and living standards in 'new' Member States;
 - (v) Macro-economic discipline; and
 - (vi) Labour migration to and from new Member States.
- (4) For new Member States, what are the political and constitutional effects of EU membership for a) Member States, b) regional areas, and c) citizens? You may wish to comment on the following:
 - (i) The dynamics of decision-making;
 - (ii) The impact on the judicial system and any consequences of this; and
 - (iii) Citizens' political engagement at regional, national and European level.
- (5) Are new Member States (i.e. from the 2004 and 2007 enlargement rounds) satisfied with EU membership, or are they disappointed? Why? Is this true for both the political elites and the general population? Is Croatia satisfied with their accession process and the arrangements in place for them to join the Union?

The impact of enlargement on the Union

- (6) What is the economic and social impact of EU enlargement on the existing Member States? You may wish to comment on the following:
 - (i) Trade integration and the flow of foreign direct investment;

- (ii) The benefits or pitfalls for small and medium-sized enterprises (SMEs);
 - (iii) The benefits for consumers;
 - (iv) Accession's impact on wages and living standards;
 - (v) Macro-economic discipline; and
 - (vi) Labour migration to and from new Member States;
- (7) What are the political and constitutional effects of enlargement? You may wish to comment on the following:
- (i) The dynamics of decision-making in the EU;
 - (ii) Impact on EU law and the European Court of Justice;
 - (iii) Impact on the EU institutions more generally; and
 - (iv) Impact on the EU's role in the world and foreign policy.
- (8) On what policy areas does enlargement have the greatest impact? How has enlargement previously impacted negotiations on contentious policy areas, such as the Common Agricultural Policy and migration and asylum? What impact is further enlargement likely to have on such areas?
- (9) What might be the broader geopolitical impact of further enlargement, or of not admitting additional states who wish to join? How might the European neighbourhood be affected by the EU's decisions on enlargement?

The appetite and capacity for further enlargement

- (10) What impact should the ongoing economic and financial crisis, particularly in the euro area, have on further enlargement?
- (11) Is 'enlargement fatigue' setting in for a) the Union as a whole, b) individual Member States, or c) candidate countries? How can such 'fatigue' be gauged, and should the EU be working to combat it?
- (12) Do a) the EEA, b) the European Neighbourhood Policy, or c) the possibility of a 'privileged partnership' offer viable alternatives to full membership? Could these circumvent 'enlargement fatigue', either as permanent alternatives or as stepping stones to full membership?
- (13) Which current Member States have a) the most and b) the least positive views of recent rounds of enlargement? Is this true for both the political elites and the general population? What are the most significant factors affecting public views of enlargement?
- (14) Have the lessons from previous enlargement rounds been learnt to improve the processes of enlargement?
- (15) How should the term 'absorption capacity' be understood in the context of enlargement with regard to:
- (i) The legal basis in the EU treaties?
 - (ii) EU decision-making?
 - (iii) EU budgetary resources?

- (iv) The capacity of the EU's law-making and other institutions?
- (v) A European social or cultural identity?
- (vi) Perceived geographical borders of 'Europe'?

You need not address all of these questions.

The inquiry will not address the desirability of any individual country's accession.

10 October 2012

APPENDIX 4: GLOSSARY

Absorption capacity	The EU's ability to integrate new Member States without affecting the institutions' capacity to act, or the Union's capacity to respect budgetary limits and implement common policies
Acceding country	A country that has completed accession negotiations and signed a treaty of accession with the EU
<i>Acquis communautaire</i>	The body of common rights and obligations that is binding on all EU Member States, currently divided up into 35 chapters
Aspirant countries countries	The set of candidate and potential candidate countries
Candidate country	A country that has been granted EU candidate status by unanimous decision of the Council
CAP	Common Agricultural Policy
Chapters	Thematic sections of the <i>acquis</i> that are individually negotiated during the accession process
Conditionality	The principle whereby progressing to the next step of the enlargement process is made dependent upon meeting certain prior conditions
Copenhagen criteria	The criteria for membership of the EU set out by the Council in June 1993 in Copenhagen
CVM	Cooperation and Verification Mechanism
Eastern Partnership	The partnership between the EU on the one hand and Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine on the other as part of the European Neighbourhood Programme
ECSC	European Coal and Steel Community
EFTA	European Free Trade Association
ENP	European Neighbourhood Policy
ERM II	Exchange Rate Mechanism II
Euro area euro	The group of 17 EU Member States who use the euro
FDI	Foreign direct investment
FYROM	Former Yugoslav Republic of Macedonia
ICTY	International Criminal Tribunal for the former Yugoslavia

IPA	Instrument for Pre-Accession Assistance
Potential candidate country	The Western Balkan countries that have not yet achieved candidate status: Albania, Bosnia and Herzegovina, and Kosovo
SAP	Stabilisation and Association Process
Schengen area	The borderless area comprised of 26 European countries, including all EU Member States excepting the UK and Ireland, alongside four non-EU countries: Iceland, Liechtenstein, Norway and Switzerland
Schengen States area	The 26 European countries forming the Schengen area
TEU	Treaty on European Union
UNMIK	UN Interim Administration in Kosovo

APPENDIX 5: CHAPTERS OF THE *ACQUIS COMMUNAUTAIRE*

There are currently 35 chapters of the *acquis*:

- (1) Free movement of goods
- (2) Freedom of movement for workers
- (3) Right of establishment and freedom to provide services
- (4) Free movement of capital
- (5) Public procurement
- (6) Company law
- (7) Intellectual property law
- (8) Competition policy
- (9) Financial services
- (10) Information society and media
- (11) Agriculture and rural development
- (12) Food safety, veterinary and phytosanitary policy
- (13) Fisheries
- (14) Transport policy
- (15) Energy
- (16) Taxation
- (17) Economic and monetary policy
- (18) Statistics
- (19) Social policy and employment
- (20) Enterprise and industrial policy
- (21) Trans-European networks
- (22) Regional policy and coordination of structural instruments
- (23) Judiciary and fundamental rights
- (24) Justice, freedom and security
- (25) Science and research
- (26) Education and culture
- (27) Environment
- (28) Consumer and health protection
- (29) Customs union
- (30) External relations
- (31) Foreign, security and defence policy
- (32) Financial control

- (33) Financial and budgetary provisions
- (34) Institutions
- (35) Other issues