The EU Enlargement and its Consequences

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Undoubtedly, the process of the EU enlargement presents an enormous challenge, now: if everything goes to plan, the EU population and size will clearly increase, although the income will grow by only 8% or 9% (in par value terms, the increase will be lower – around 5%). The ten central European economies account for only 7% of the EU 15 GDP, so such economic inflow cannot influence too much the single market.[1]

Among other reasons, we cannot omit: the access to EU markets (there are no trade barriers between EU countries), insider participation (it is obvious that only members are allowed to participate in the EU's decision-making processes), the access to EU financial resources (the new members would be beneficiaries of the Union's budget); at the same time, EU entry is likely to boost investment. There is also the panic of the closing door reason (the fear of being left out).

Thus, the desire of Central and East European countries to be accepted into the EU derives from a complex mixture of political, economic and security motivations (if we take into account the security motivation, we should say that the membership of the EU offers post-communist countries a way to reorientate their foreign policy westwards and be forever out of Russia's shadow).

During the Cold War these countries felt they had lost their European identity and their countries needed to "return to Europe", to regain it, as soon as possible. As a consequence, the newly elected leaders in the ex-communist countries rapidly signed up to many international organisations in order to accelerate their integration into the world economy and to join the EU. It is important to show why so many countries are seeking entry into EU. The motives of the applicant countries for seeking entry to the Union are both political and economic. The main political motive for entering the EU is fuelled by the desire to belong to a group of countries whose fundamental aim is to achieve peace and stability in Europe; this motive has the same importance today as 40 years ago, when the EEC was founded[2].

An analysis of business circles argues that there are "potentially huge economic and business benefits of taking the applicant countries into the EU as soon as possible".[3] Moreover, another study of the Commission estimates that enlargement could increase the growth of the GDP of the acceding countries by between 1.3 and 2.1 percentage points annually, and for the existing members it could increase the level of GDP by 0.7 percentage on a cumulative basis.[4]

The EU economy will benefit from enlarging its internal market to almost half a billion consumers and from the accession of new developing markets into the European economy. Thus, the top five candidate-countries for accession grew at an average of 3.4% between 1995-1999, while the EU's 15 countries grew at an average of 2.4% in the same period.[5]

Moreover, a study initiated and conducted by the Centre for Economic Policy Research (CEPR) evaluated that the EU 15 member countries would gain a total of about 10 billion euros from expansion eastwards, even if these gains would be unevenly distributed (with Germany accounting for almost 1/3 of the total.[6] This study shows, at the same time, that at least 300,000 jobs would be created in the EU 15 if enlargement boosted the Union's GDP by 0.2%.[7]

At the Copenhagen European Council (12-13 December 2002), the heads of state and government reached agreement on a formula for enlarging the EU to encompass ten member states as from 2004.

Thus, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia can join the EU on 1 May 2004, as an expression of an enlargement without precedent, often considered among analysts as being a "big-bang". If we look at the documents produced by the institutions of the EU on the impact of enlargement with ten countries (big-bang), we should not omit the Interim Report submitted by the Commission to the Madrid summit (better known as the "Impact Study"). According to the Commission's Impact Study, there are three main economic benefits to be expected from the process of enlargement, namely: the expansion of the Single Market, strengthening of the Union's position in global markets and boosting of demand as a result of expected massive investment in the acceding countries as well as of their catching up with the standard of living of EU.[8]

The Commission warned that substantial sectoral and regional adjustment pressure is to be expected from the enlargement process and sensitive areas will be the labour market, some traditional sectors of industry and some areas of transport.[9] It is important that even so, the Commission rejected the so-called "inordinate pessimism" regarding the impact on the less developed areas of the present Union (Union of 15).[10]

Another sensitive issue is that concerning the free movement of workers (migration flows), especially for countries like Germany and Austria. Thus, in response to their own domestic debates regarding unemployment and immigration, these two countries – Germany and Austria – have already asked for a long transitional period before the free movement of labour is permitted. Austria's concern regarding the issue has to do with its geographical position (Austria is almost surrounded by states like Slovenia, Hungary, the Czech Republic and Slovakia, three of which are among the best prepared for accession).

Due to that situation, EU member states have adopted a proposal of the Commission which maintains a seven-year transitional period. The EU's position allows member states to restrict the freedom of the workers coming from the future member countries to work in the actual EU's 15 member countries for 5 years after accession and, in exceptional cases, up to seven years.[11]

An extensive study made for the Commission by the European Integration Consortium (EIC)[12] suggested that if all ten Central European applicants will join EU together – the "big-bang approach" (now a reality) –, even if there will be free movement of workers immediately after accession, only about 335,000 people would move immediately to the EU 15 countries, which is a very small number, comparing to the EU's present population of more than 370 million.[13] According to the same study of EIC, the EU's stock of residents from Central Europe would rise over the next 30 years to reach a climax of only 1.1% of the EU population, which is again a small percentage.[14] If we look at the previous EU enlargements we can conclude that there were only modest levels of migration, despite large discrepancies in income and employment between the Southern European members which joined the EU in the 1980s and the rest of Community. Moreover, we should not forget the fact that free movement of labour is one of the four freedoms of the single market, so a transitional period for the Central European workers will somehow restrict economic integration. At the same time, such restrictions on workers are against the Commission and OECD recommendation that labour mobility in the single market should be increased.[15]

Another sensitive issue is that related to wage competition. Thus, some labour-intensive industries such as textiles are likely to be vulnerable to wage competition soon after accession. According to the same European Integration Consortium (2000), on average, Central European wages are only of 9-10% of the EU average (a gap which has to do with labour productivity), so this could influence somehow the wage competition after accession.

If we take into consideration the trade between the EU and the candidate countries we have to admit that it has already been liberalised and together with the removal of tariffs during the 1990s (despite the fact that agriculture remains heavily controlled), trade flows grew considerably. Germany is by far the largest EU partner of the candidates with a share reaching 43% of the entire trade between EU 15 and the candidates. The next positions are occupied by Italy (13%), Austria (9%), France (7%) and UK (6%)[16]. Even so, on the whole, trade dependence of the EU on its eastern partners is small, amounting only to 3.5% of the entire EU trade with the World.[17]

Most likely, the future enlargement will lead to even higher level of trade, despite the fact that there is a fear among some EU 15 countries that integration with CEEC would lead to a "unilateral invasion of cheap eastern products" in the EU markets (although the increasing EU surplus contradicts these fears).[18]

The foreign direct investment (FDI) represents one of the key benefits of the enlargement since it is expected that accession would give an important impetus to this indicator. In fact, FDI started to increase sharply once the EU committed itself to enlargement. Of course, FDI inflows concentrated in those candidate-countries which are the most prepared to join the EU (the case of Hungary, Poland, Czech Republic), while counties like Romania and Bulgaria have received only 10% of total inflows, despite their size and population.[19]

The conclusion is that the accession is likely to make a significant difference in investment; accession will lead to the construction of a well-functioning market-economy in the actual candidate countries and at the same time will have positive effects on EU 15 countries, since for many European investors the new growing markets are really important.

Regarding the budgetary implications of the enlargement it is obvious that any kind of enlargement of the EU (the "big-bang approach" won at Copenhagen summit) would have effects on the Union's budget, but the impact on the EU's public finances is rather a political than an economic issue, since the cost will depend on how much EU decides to spend. As we know, the acceding countries are much poorer and much more agricultural than the present member states and they are likely to remain in this position for the foreseeable future, more or less. Thus, as we have seen, the average per capita GDP in the candidate countries is much smaller (ten times) than the average per capita GDP of EU 15.[20] At the same time, agricultural employment was on average 22% of total employment for the candidates, compared to an average of 5.3% for the EU 15.[21] That means that the new member states will contribute with a small amount of resources to the EU budget but they will largely qualify to benefit from structural and cohesion funds, as well as from the CAP.[22]

It is well-known that two items dominate the spending side of the EU budget, namely Structural funds (which are large transfers to the poorer member states and regions) and Common Agricultural Policy (a complex set of policies aiming to raise the incomes and output of the EU agricultural sector).

In order to better understand the process of enlargement it is important to show the itinerary followed by the EU officials in managing the preparation of the Union for this task. Thus, the Commission embarked on a process of reform and preparation for enlargement starting with December 1995, when, at the Madrid European Council Summit, it was asked to analyse the EU's future financial framework in the light of enlargement and to evaluate the impact of enlargement on EU policies. As a result, the Commission presented its proposal for reform of EU policies in July 1997 in the well-known Agenda 2000.[23] Agenda 2000 proposed a financial framework for enlargement in which keeping the ceiling of own resources constant as a proportion of EU's GDP at 1.27% and expenditure for structural operations at 0.46% of EU GDP were the main principles.[24] Another proposal was to maintain the existing level of support to the EU 15 and in particular to the less developed ones. The same financial framework proposed by the Commission considered that the additional cost for enlargement during the 2000-2006 period will be ECU 80 billion (in constant 1999 prices), representing around 10% of the total proposed budget.[25]

Evaluated in terms of GDP, the "cost of enlargement" for the period 2000-2006 represents 0.13% of the EU 15 GDP, and for the year 2006 the figure is 0.21% of the enlarged Union's GDP.[26]

Overall agreement on Agenda 2000 was reached at the Berlin European Council Summit (24-25 March 1999), whose purpose was to reach political agreement on internal EU policy and financial reform which would facilitate the way for the enlargement process[27]. Unfortunately, in the framework agreement reached in Berlin, the existing EU 15 members bound themselves in terms of Community to spend regarding the new members (this has been presented as "ring-fencing" of EU expenditure whereby the EU 15 will not make claims to money earmarked for enlargement purposes but at the same time, new members will not encroach on funds earmarked for the EU 15).[28]

Despite the fact that new financial perspective runs from 2000 to 2006 and knowing that the next enlargement will take place in 2002 (which became a reality), the members have decided not to change the ceiling on Community expenditure even after the accession of new members, which means that before 2006 no member will have the possibility of influencing the EU budget.[29] In other words the prospective members will probably bargain against each other for a bigger share of the allocated funds. Moreover, at the same Berlin Summit, the Council decided that the "cohesion fund" will continue to support infrastructural measures in the member states whose per capita income is less than 90% of the EU average but the problem is that a review of eligibility will be undertaken again only in 2003 (after the first enlargement).[30]

Another aspect influencing enlargement was the fact that UK has retained its rebate while net contributions of Germany, Austria, the Netherlands and Sweden have been reduced "ad-hoc".

We can say that the Berlin budget deal was only a first step towards solving the financial issues associated with the process of enlargement and that EU could decide later to increase the overall size of its budget. The so-called "Berlin compromise" has avoided and postponed a redistribution of cohesion policy resources beyond the end of the financial planning period.[31] We should not forget that the current budget for 2000-2006 was drawn up under the assumption that only six countries would join the EU in 2002 (five central European states and Cyprus). However, Agenda 2000 underlined that this was just a working hypothesis since the EU position was that the accession criteria concerning each candidate country would be neither the dates, nor the size, but the own merits of that country. Anyway, we can say that a modest amount of money was allocated for the enlargement by the EU[32] but in the longer term expenditure will depend on a series of decisions to be taken in the fields of cohesion policy, agricultural policy and so on.

Like Agenda 2000 proposals for the financing of enlargement, the Berlin European Council says that, in fact, the enlargement will "cost" as much as "we" (EU 15) decide it can be allowed to cost. Although the Berlin European Council fixed the own resources ceiling at 1.27%, a possibility for an increase of the ceiling has been built in case the enlargement expenditure proves to be higher than anticipated (a "big-bang" approach, for example).[33]

Another sensitive issue on the agenda of the Berlin European Council was the future of Common Agricultural Policy (CAP). As we know, the CAP is a matter reserved exclusively for the Community. Thus, under the Article 33 of the EC Treaty (former article 39), its aims are to ensure, among other things, reasonable prices for European Union's consumers and fair incomes, by establishing common agricultural market organisations and by applying the principles of single prices, financial solidarity and Community preference. The issue of CAP is a difficult one because of the potential cost of extending the CAP to Central European farmers (the case of Poland is really a big issue).[34]

According to Agenda 2000, further CAP reform is indispensable, because it will contribute to reduce the price gap for farm products between the EU and acceding states. Since, in the case of farmers in the acceding countries no decrease in their income or of institutional prices was predicted, the Commission proposed a transitional period extending at least until 2006 in which they will not receive direct income subsides, although that part of the funds will be earmarked for rural development and reform in the agriculture of the new member states.[35]

If we take into consideration the Berlin European Council regarding the issue of CAP, we can say that the reform of the CAP has been unambitious and in this respect obstacles to enlargement (irrespective of size) have not been eliminated completely. The reform of CAP agreed in Berlin cannot be considered as a final settlement. The issue of agricultural expenditure was postponed (further decisions are expected to be taken before the first enlargement).

The most important issue for the process of enlargement concerning agriculture – that of payments allocated after the accession was also discussed at the Berlin European Council. Thus, the Council established that the payments under the Guarantee Fund will amount to 1.6 billion in 2002, rising to 3.4 billion euros in 2006.[36] The European Council agreed also to limit the annual average expenditure on agricultural policy for the period 2000-2006 to 40.5 billion euros.[37]

If we take into consideration the EU institutions and the "big-bang" enlargement decided at Copenhagen Summit it is easy to understand that this new and significant enlargement will complicate the institutional mechanism of the EU. There is a widespread conviction that the current system, established by the Treaty of Rome, cannot function effectively in a Union of 25 to 30 members. The point is that the process of enlargement must not be allowed to weaken decision-making in the Union's institutions and to undermine the Union's ability to act. Thus, for the future, usual criteria of representation drawn from the experience of parliamentary democracies could not be completely appropiate.[38]

The Helsinki European Council of December 1999 confirmed that the 2000 Intergovernmental Conference (IGC) should be primarily devoted to preparing the European Union's institutions for enlargement (as stipulated also by Cologne European Council).The IGC ended with the European Council in Nice in December but this did not mean the end of institutional debate in Europe.

If we look back at the way in which the idea of reforming the institutions of EU evolved, we have to take into consideration first the Wise Men's Report on IGC 2000.[39]

The group agreed that the enlargement is imperative and that the process of institutional reform should begin as soon as possible. Concerning the efficiency of the institutions, the Wise Men's Report identified three issues which needed to be reconsidered, namely the size and composition of the Commission, Weighting of votes in Council (including reweighting, double majority and threshold of qualified majority) and extension of majority voting. Regarding the Commission, the group concluded that the President should benefit from a strengthening of its authority and a clarification of the individual responsibility of Commissioners.[40] The same report considered the qualified majority voting to be "the rule in an enlarged Union", since the risk of blockage increases when unanimity is required.[41] Regarding the Council, the group identified a few solutions like a significant reduction of the number of Council formations or an effective co-ordinating mechanism between Councils[42], while for the Parliament, the Group considered useful to establish a rule on how to allocate seats to member states once the upper limit is reached.[43] Moreover, the Report considered to be important also a reorganisation of Treaty texts.

If we take into consideration the Presidency Report on the Next Intergovernmental Conference ("Efficient Institutions after Enlargement" – 7 December 1999), we can distinguish four issues: the size and composition of the Commission, the weighting of votes in the Council; the possible extension of Qualified Majority Voting and other necessary treaty amendments. Concerning the composition and size of the Commission, there were two basic options: the first one, a college consisting of one national from each member state, and the second one, a Commission consisting of a limited and fixed number of members, which would result in a Commission with fewer members than member states.[44] Regarding the weight of votes in the Council, two options have been discussed: reweighting of the votes and introducing a so-called dual majority system. The Report considered that with an increase in the number of member states, QMV is the key to efficient decision-making, but even in an enlarged Union a number of issues will remain subject to unanimous decision-making.[45]

Another important document is the Commission Opinion of 26 January 2000 ("Adapting the Institutions to Make a Success of Enlargement"). On the issue of the European Parliament, the Commission proposed that the number of MEPs should remain at the figure of 700 seats as the maximum by the Treaty.[46] Regarding the Commission, the Report considered two options: the first one – maintaining the number of Commissioners at its current level (20) and the implementation of a system of rotation that would treat all member states strictly equally (thus, in a Union with 28 members, no nationality would be absent for two successive terms of office); the second one – a Commission made up of one national from each member state.[47] Concerning the decision-making process, the main principles were to limit the use of unanimity (QMV should be the rule and unanimity the exception).[48] As for the issue of qualified majority in the Council, the Commission, although recognizing the merits of the system of reweighting of votes, which would ensure that the qualified majority represents about 2/3 of the Union's population, recommended to foresee in the Treaty that a decision taken by qualified majority requires the simple majority of member states representing a majority of the Union's total population.[49]

So, that was the evolution of the debate regarding the institutions of the EU until the Nice European Council (December 2000), which is considered as being a significant step towards reforming the institution of EU in order to make them able to cope with enlargement.

An important issue in Nice was the change of the composition of the Commission (so much discussed earlier, as we have seen). Thus, the Nice Treaty stipulated that from 1 January 2005, each member state will nominate only one Commissioner (now, the 5 "big" nations nominate 2 Commissioners). Moreover, it was reached an agreement that when EU will reach 27 states, the number of Commissioners will be less than the number of member states. The Nice Treaty provided the mechanism for the future enlargement and we can say that it made some concrete progress in agreeing on a number of issues like the QMV[50], and the European Parliament number of seats for each new member state. After Nice, the European Parliament after enlargement (EU 27) is completely redesigned. Thus, except for Germany, who will maintain its present number of seats (99), the other present members will loose seats and the total number of seats (for EU 27), will amount to 732 (so, more than 700).

Together with the Laeken Summit in December and with the creation of the Convention the process of preparation for enlargement continued and, as the Laeken Declaration stated (section "The Future of the Union"), the European Council "welcomes the Council Secretary General's intention of submitting, before the European Council meeting in Barcelona, proposals for adapting the Council's structures and functioning to enlargement" as well as "the Commission communication on regulatory simplification which should lead to a practical plan of action the first half of 2002".[51]

As President of the Commission (Romano Prodi) said, one of the tasks of the Convention initiated at Laeken was to "devise a structure for the Union that enables it to tackle these great issues".[52] According to the President of the Commission, "by 2004, final decisions on the reform of the European institutions will have been taken"[53].

The last EU Summit – Copenhagen, 12-13 December –, the one that decided the enlargement of the Union by ten countries, issued a document which underlines the fact that "the Union endorses the result of the negotiations which have determined expenditure requirements resulting from the accession of the new Member States respecting the ceilings for enlargement related expenditure set out for the years 2004-2006 by the European Council in Berlin."[54] However, the same Copenhagen European Council of 12-13 December decided that the new member states will receive a "rural development package" which is specifically adapted to their requirements. The amount of money available for the ten future member countries was fixed at 5.1 billion Euros for the 2004-2006 period. Moreover, direct aids were considered for the new member states oscillating from 25% of the full EU rate in 2004 to 35% in 2006.[55]

As we have seen from the beginning of this study, the enlargement process is a very complex one, which implies benefits and, of course, costs. The main concerns regarding a "big-bang" approach are the cost to the EU's budget, the CAP, the migration flows, the impact on the EU's institutions and so on. If we refer to the issue of the EU's budget, we have seen that the future members will have to share a relative small amount of funds, since the actual members have not decided to change the ceiling on Community expenditure. In other words, the enlargement (even a "big-bang" one) will cost as much as the present member states decide it can be allowed to cost.

Regarding the migration flows, we showed that only a small number of Central and S-E Europeans are likely to migrate to the EU 15 (even if there will be a "big-bang", only 335,000 people would move to the EU 15 countries, which is a very small number compared to the population of EU 15) and they will not cause long-term disruption to labour markets. Moreover, a transitional period (from 5 to 7 years) was adopted to restrict the freedom of movement of workers coming from the future member countries.

If we take into consideration the impact on institutions, we have seen that the EU started to prepare for a Union of 27 members (The Treaty of Nice), so a "big-bang" approach will not mean a great danger for the EU. The EU's current institutions are not fully prepared for integrating the new members which are coming as a result of a "big-bang" decision. However, the enlargement will have to start within the current framework (the next IGC will start in 2004 as well as the debate for the next budget).

Taking in the ten countries ("big-bang" enlargement) in only one move will be a significant contribution of the Union to the continent's prosperity and stability in the next decades, if the enlargement process is managed well. The admission of so many countries will change the functioning of the EU, for the better in forcing it into long-overdue reforms regarding its budget and institutions, but possibly also for the worse, if it does not adapt quickly enough to cope with the completely new situation and with a greater diversity.

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[1] Heather Grabbe, "Profiting from EU Enlargement", Centre for European Reform, London, June 2001, p. 21.

[2] Phedon Nicolaides, Sylvia Raja Boean, Frank Bollen, Pavlos Pezaros, "A guide to the enlargement of the European Union", *European Institute of Public Administration*, Maastricht, 1999, pp. 2-3.

[3] European Round Table of Industrialist, *Opening up the Business Opportunities of EU Enlargement*, May 2001.

[4] Directorate General for Economic and Financial Affairs, "The Economic Impact of Enlargement", May 2001.
[5] Heather Grabbe, *op. cit.*, p. 22. If we take into account cities like Warsaw, Prague and Budapest, we will find even higher growth rates.
[6] Richard Baldwin, Joseph François, Richard Portes, "The Costs and Benefits of Eastern Enlargement; the Impact on the EU and Central Europe", *Economic Policy*, No. 24, 1997, pp. 125-158. Their study uses a simulation model, which takes into consideration "allocation effects" – trade creation, trade diversion and additional "Single Market" effects – and "accumulation effects". The resulting real income effect for the EU 15 is evaluated at ca. 11 billion per year, which corresponds to 0.2% of EU 15 GDP. The same paper includes calculation on the distribution of the effects among the member states. Thus, according to their evaluation, the major beneficiaries will be Germany with 34% of total EU benefit, France (19%) and UK (14%); at least one country would suffer and that is Portugal. The main idea of this study is that EU 15 is likely to gain much as a whole, although some member states will benefit less (Greece, Ireland), or even lose (Portugal) from the process.
[7] *Ibidem.*
[8] COM (97) 2000 Final, 15-7-1997, the Impact Study ("The Effects on the Union Policies of Enlargement to the Applicant Countries of Central and Eastern Europe").
[9] *Ibidem.*
[10] *Ibidem.*
[11] Heather Grabbe, *op. cit.*, p. 14.
[12] European Integration Consortium – "The Impact of Eastern Enlargement on Employment and Labour Markets in the EU Member States" (Study made for the Directorate General for Employment and Social Affairs), Berlin and Milano, 2000, website: http://www.europa.eu.int/comm/enlargement.
[13] *Ibidem.*
[14] Heather Grabbe, *op. cit.*, p. 42.
[15] Axel Sotiris Wallden, EU Enlargement: "How much it will cost and who will pay", p. 327, in The Southeast European Yearbook, 1998-1999, Edited by Theodoros A. Couloumbis, Thanos M. Veremis and Dimitrios Triantaphyllou, Eliamep, Athens, 1999.
[16] *Ibidem.*
[17] *Ibidem*, p. 329.
[18] Heather Grabbe, *op. cit.*, p. 26.
[19] Axel Sotiris Wallden, *op. cit.*, p. 330.
[20] *Ibidem.*
[21] In the case of structural funds, it is expected that almost the entire territory of the member states will be eligible for Objective support-regions with a GDP per capita of less than 75% of the EU average.
[22] Agenda 2000, Volume II, Effects on the Union's Policies of enlargement to the applicant countries of Central and Eastern Europe, website: http://europa.eu.int/comm/dgla/enlarge/agenda 2000_en/impact/contents.htm.
[23] Agenda 2000 tackles all the questions facing the Union at the beginning of the 21st century; the first part addresses the question of the European Union's internal operation, the reform of the common agricultural policy and of the policy of economic and social cohesion (it also proposes a financial framework for the period 2000-2006), the second part proposes a reinforced pre-accession strategy, while the third part consists of a study on the impact of the effects of enlargement on the European Union's policies.
[24] Axel Sotiris Wallden, *op. cit.*, p. 332.
[25] *Ibidem.*
[26] Although the Berlin European Council fixed the own resources ceiling at 1.27, a possibility for an increase of the ceiling has been built – in case the enlargement expenditure proves higher than anticipated (a big-bang enlargement, for example).
[27] "The Presidency Conclusions, Berlin European Council, 24-25 March 1999", in *The Southeast European Yearbook* 1998-1999, ELIAMEP, Athens, 1999, pp. 565-578.
[28] *Ibidem.*
[29] Phedon Nicolaides, Sylvia Raja Boean, Frank Bollen, Pavlos Pezaros, *op. cit.*, p. 71.
[30] *Ibidem*, p. 72.
[31] Helena Tang (ed.), *Winners and Losers of EU Integration: Policy Issues for Central and Eastern Europe*, The World Bank, Washington DC, 2000, p. 268.
[32] The 67 billion allocated to the applicant countries over seven years is about a tenth of the money given to the former GDR after unification.
[33] Phedon Nicolaides, Sylvia Raja Boean, Frank Bollen, Pavlos Pezaros, *op. cit.*, p. 79.

[34] Since Poland is the main concern because of its huge agricultural sector, the EU has already rejected some Polish demands for transitional periods on different agricultural issues.
[35] Axel Sotiris Wallden, *op. cit.*, p. 340.
[36] Phedon Nicolaides, Sylvia Raja Boean, Frank Bollen, Pavlos Pezaros, *op. cit.*, p. 79.
[37] Helena Tang, *op. cit.*, p. 274.
[38] Edward Best, Mark Gray, Alexander Stubb, "Rethinking the European Union IGC 2000 and Beyond", European Institute of Public Administration, Maastricht, 2000, p. xi.
[39] In September 1999, the President of the Commission, Romano Prodi, invited Jean-Luc Dehaene (former Prime Minister of Belgium), Richard von Weizsäcker (former President of Germany) and Lord Simon of Highbury (former Minister and former chairman of British Petroleum) to give their views on the institutional implications of enlargement. The group presented its report in October 1999.
[40] Edward Best, Mark Gray, Alexander Stubb, *op. cit.*, Annex III, "Wise Men's Report on IGC 2000", p. 314.
[41] *Ibidem.*
[42] *Ibidem.*
[43] *Ibidem.*
[44] *Ibidem*, p. 324.
[45] *Ibidem.*
[46] Edward Best, Mark Gray, Alexander Stubb, *op. cit.*, Annex VI, p. 340.
[47] *Ibidem.*
[48] *Ibidem*, p. 344.
[49] *Ibidem*, p. 347.
[50] Of course, the shift to QMV in the Council raises the issue of how and according to which principles member states should defend their interests in the Council.
[51] European Council Meeting, Laeken, 14-15 December 2001, Presidency Conclusions in "Enlargement – Weekly Newsletter", December 2001.
[52] Romano Prodi, "Europe's Union and Reunification" in *The European Union Review*, Vol. 6, No. 3, Pavia, p. 11.
[53] *Ibidem.*
[54] Presidency Conclusions – Copenhagen, 12-13 December 2002, Annex 1, "Budgetary and Financial Issues".
[55] Copenhagen European Council, 12-13 December 2002, Press release "Enlargement and Agriculture: fair and tailor-made package which benefits farmers in accession countries". It was decided also that the farmers from the new member states will have full and immediate access to Common Agricultural Policy market measures.