

New CER working paper

# **WHO'S READY FOR EU ENLARGEMENT?**

By Katinka Barysch and Heather Grabbe

After more than a decade of preparation, 10 new members are set to join the EU on May 1<sup>st</sup>, 2004. However, in the final phase of negotiations, both the candidates and the EU have lost sight of the historic importance of this unprecedented expansion. While they bicker about milk quotas and farm aid, public support for enlargement is declining in several countries.

Enlargement will have implications for Europe that go well beyond the budget. The key to making it a success is good preparation. If the candidates cannot cope with the demands of membership, they will disrupt the smooth functioning of the Union and hamper further integration. If the EU is ill-prepared, decision-making could become paralysed and the Union will fail to deal effectively with future policy challenges.

This new CER working paper assesses the readiness of both the candidate countries and the EU. Katinka Barysch and Heather Grabbe argue that:

★ The candidates are, on the whole, well prepared for accession. They have reformed their industries, opened their economies to trade and investment, and adopted more than 80,000 pages of EU legislation in record time. The EU is right to worry whether their often inefficient bureaucracies can enforce EU laws. But they are as ready as most previous joiners, and the watchful eyes of the Commission will help to keep administrative reform on track.

★ The new members will be able to compete in the single European market. But to upgrade their economies from labour-intensive industries to high-tech goods and knowledge-based services, they need massive investment in technology and education. The EU needs to devote much more of its budget to policies that will help Eastern Europe to catch up, and redirect funds away from agriculture.

★ The EU's leaders have failed to get the Union fit for enlargement. With accession around the corner, its institutions and policies still reflect the past rather than the future. The EU's budget is largely devoted to outmoded policies, and its institutions are inflexible and often inefficient.

★ The European Convention now discussing the future of Europe provides an opportunity for more fundamental reform of the Union. But the Convention needs to become more imaginative. The impact of enlargement is not just a numbers problem. It will make the EU qualitatively different. The enlarged Union will need mechanisms for flexible integration, and it has to prepare itself for new policy challenges – such as dealing with poor and potentially unstable countries along its new eastern border.

## Notes for editors:

1. Katinka Barysch is Chief Economist and Heather Grabbe is Research Director at the Centre for European Reform.

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