



EU Enlargement



Business Support on Your Doorstep

Enterprise Europe Network London

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CONTENTS

INTRODUCTION	3
BACKGROUND TO THE ENLARGEMENT PROCESS	3
THE LATEST ENLARGEMENT	3
OVERVIEW OF THE LATEST ENLARGEMENT PROCESS	4
PROFILE OF BULGARIA AND ROMANIA	5
BENEFITS OF ENLARGEMENT	5
QUESTIONS AND ANSWERS	6
SOURCES OF INFORMATION	10

INTRODUCTION

EU Enlargement

The biggest enlargement in the history of the EU was realised on 1 May 2004. Eight countries from Eastern and Central Europe together with Malta and Cyprus joined the EU after a long enlargement process. Romania and Bulgaria were also due to join on 1 May 2004, however the accession for these two countries was postponed as they did not fulfil EU's criteria for membership. Instead Romania and Bulgaria will join the EU on 1 January 2007. The EU enlargement provides an excellent opportunity for businesses to expand their markets to embrace the new EU Member States. This fact sheet contains an overview of the enlargement process, a list of the new Member States, questions and answers and useful sources of information.

BACKGROUND TO THE ENLARGEMENT PROCESS

The European Union has been enlarging ever since its creation in 1957. It has grown from the initial six members to nine, ten, twelve, fifteen and currently twenty-five with Romania and Bulgaria due to join on 1 January 2007.

Key dates:

- 1957 Belgium, France, Germany, Italy, Luxembourg and the Netherlands
- 1973 Denmark, Ireland and the UK
- 1981 Greece
- 1986 Portugal and Spain
- 1995 Austria, Finland and Sweden
- 2004 Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia
- 2007 Bulgaria and Romania

THE LATEST ENLARGEMENT

The enlargement process involving the Central and Eastern European countries and Cyprus and Malta has been a long and difficult process which started in 1993 when the Copenhagen European Council took the decisive step towards enlargement, agreeing that the associated countries in Central and Eastern Europe and Cyprus and Malta could become members of the EU. The so-called Copenhagen Criteria, which are the rules that define whether a nation is eligible to join the European Union, were established.

To become an EU Member State a country must:

- Be a stable democracy, respecting the rule of law, human rights and the protection of minorities
- Have a functioning market economy
- Adopt the common rules, standards and policies that make up the body of EU law (Acquis Communautaire)

Fulfilling these political, economic and institutional criteria is a prerequisite for the initiation of accession negotiations between a candidate country and the EU.

The criteria are challenging for candidate countries and in particular those that are former Communist countries and have therefore recently emerged into a market economy. In the case of Romania and Bulgaria, these criteria were not fulfilled by 1 May 2004 and the countries were therefore not part of the 2004 enlargement. Romania and Bulgaria have made significant progress over the last two years and are due to join the EU on 1 January 2007.

OVERVIEW OF THE LATEST ENLARGEMENT PROCESS

- In 1997 the Luxembourg European Council decided to start the enlargement process
- In **March 1998** the EU formally launched the process that made enlargement possible. The same year the **first six countries** (Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia) began accession negotiations
- In **December 1999** the Commission decided to open accession negotiations with another **six candidates** (Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia), which made a total of twelve candidate countries. Turkey also applied for membership but accession negotiations with Turkey are still being discussed
- In **2002** the European Commission evaluated the progress made by the candidate countries and concluded that **ten countries met the political and economic criteria and had made** excellent progress in adopting the EU rules
- Romania and Bulgaria were deemed unprepared for EU membership and their accession was postponed
- In the Commission Progress Report of **October 2002**, the completion of the negotiation process with the following ten countries was ascertained: **Cyprus, Czech Republic, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia**
- The European Parliament voted in favour of enlargement on 9 April 2003
- The ten candidate countries and the 15 Member States signed the Accession Treaty in Athens on **16 April 2003**
- Prior to enlargement, **referenda** on EU membership were held in the accession countries:
 - Malta: 8 March 2003 (53.6% yes)
 - Slovenia: 23 March 2003 (89.2% yes)
 - Hungary: 12 April 2003 (83.8% yes)
 - Lithuania: 11 May 2003 (91% yes)
 - Slovakia: 16-17 May 2003 (92.5% yes)
 - Poland: 8 June 2003 (77.4% yes)
 - Czech Republic: 13-14 June 2003 (77.3% yes)
 - Estonia: 14 September 2003 (64% yes)
 - Latvia: 20 September 2003 (67% yes)
 - Cyprus: no referendum (the Accession Treaty ratified according to its domestic procedures on 14 July 2003)
 - Romania: no referendum (a poll from 2004 showed that 80% of the Romanian people were in favour of EU membership, thus making a referendum unnecessary)
 - Bulgaria: no referendum (same situation as in Romania, high public support for membership has made a referendum redundant)
- On **24 April 2004**, a referendum was held on the UN Plan for the reunification of Cyprus. It was accepted by the Turkish Cypriot community whilst rejected by the Greek Cypriot community. As a result, only the southern part of Cyprus joined the EU
- On **1 May 2004**, the **ten** accession countries became **full members** of the EU
- On **10 June 2004**, elections for the European Parliament were held in all the Member States, including the ten new Member States
- In **December 2004**, the European Council formally **closed accession negotiations** with Bulgaria and Romania
- On **25 April 2005**, Bulgaria and Romania signed the Accession Treaty
- The European Commission gave its recommendation for Bulgaria and Romania to become EU Member States in September 2006
- Bulgaria and Romania will join the EU on 1 January 2007
- From 1 January 2007, all European Parliament observers from Romania and Bulgaria will automatically become MEPs. Election for the European Parliament should be held in both countries before the end of 2007
- The first election for the European Parliament with 27 Member States will be held in 2009

PROFILE OF BULGARIA AND ROMANIA

Country	Population Millions 2005	Surface Area (1000 km ²)	GDP Million euro 2005	GDP per capita PPS* 2006
Bulgaria	7.9	111.0	21,448.10	7,500
Romania	22.3	238.4	79,313.50	8,100

* PPS = Purchasing Power Standards

Country	Total imports Million euro 2004/5	Total exports Million euro 2004/5	Imports from EU (as % of total) 2005	Exports to EU (as % of total) 2005
Bulgaria	16,195	11,011	48.2%	54.2%
Romania	18,841	25,979	68.0%	71.0%

Source: DG Enlargement & EIC country profiles

BENEFITS OF ENLARGEMENT

Until now each EU enlargement has led to advantages for European citizens, new opportunities for businesses and a wider implementation of EU standards and law in different areas, ranging from consumer protection to political rights and social protection. The 2004 enlargement expanded the EU Internal Market to almost 500 million consumers, making the EU the world's biggest free trade area. The Romania and Bulgaria enlargement in 2007 will contribute more than 30 million new consumers to the Internal Market. This expansion boosts economic growth and investment possibilities and it has led to a broader adoption of harmonised standards of certification and testing which makes it easier to trade in goods. According the UK Foreign and Commonwealth Office (FCO), UK businesses and consumers benefit from enlargement as it leads to:

A secure Europe

An enlarged community of stable, prosperous democracies will help to ensure that Europe stays free of armed conflict and that it responds effectively to threats from outside its borders.

Political reform

All candidate countries must meet the political aspects of the Copenhagen Criteria before accession, which require respect for democratic governance, the rule of law, human rights and minority rights. It has acted as a catalyst for democratisation in the former Communist countries of Central and Eastern Europe.

Economic growth and more trade

European companies benefit from access to the largest single market for trade and investment in the world. Expanding the Internal Market will have a profound effect on the economies of both new Member States and existing Member States. It will provide new markets for exporters, force prices down and increase choice for consumers across the EU. The Internal Market contains almost 500 million consumers – another 30 million will join in 2007 – and is larger than the US and Japan combined.

Opportunities for consumers

Enlargement means access to a wider range of goods and services – all meeting EU health and safety standards – and at lower prices. It also opens up new opportunities to travel, live and work anywhere in Europe.

A cleaner environment

Although some transitional arrangements exist, the new Member States are making major improvements in air and water quality to meet EU standards. This should reduce cross-border pollution significantly.

A louder voice in the world

With a population of over 500 million people, the EU is bigger than the US and Russia combined, thereby increasing its weight in international negotiations.

The fight against terrorism

The EU's anti-terrorist measures, such as the European arrest warrant, common definition of terrorism and increased intelligence sharing, are more effective when they apply to an enlarged EU of 27 countries rather than just the 15 'old' Member States.

A level playing field for SMEs

New Member States have adopted EU legislation on health and safety, the environment, consumer protection and state aids, meaning that UK investment is more transparent, less risky and more competitive.

Combating international crime

Enlargement will boost co-operation between old and new Member States on tackling organised crime, drug trafficking and people smuggling. The new Member States have had to bring their police forces and border controls up to EU standards and are participating in EU anti-crime institutions, such as Europol.

QUESTIONS AND ANSWERS

Are Bulgaria and Romania ready for EU membership?

Bulgaria and Romania applied to join the EU in the early 1990s along with eight other former Communist states of Central and Eastern Europe, once they were no longer under the power of the Soviet Union. The other eight moved quickly to carry out political and economic reforms and joined the EU in 2004. Bulgaria and Romania were slower and will join the EU in 2007.

The European Commission gave its recommendation for Romania and Bulgaria's membership of the EU in September 2006 as both countries have worked hard to complete the EU's criteria. While the two countries have fulfilled the EU's basic criteria for membership, a long and intensive process awaits Romania and Bulgaria as there are still many areas which are in need of reform, modernisation and standardisation. The European Commission had the option of postponing Romanian and Bulgarian membership until 2008 but chose to approve a 2007-entry as early membership would enhance the future progress of the two countries.

After joining, Bulgaria and Romania will make up 6% of the EU's population and less than 1% of its GDP. Bulgaria and Romania will be the poorest members of the EU. In both countries, GDP per head is about a third of the EU average, however it is growing quickly. The European Commission says the two countries' rapid growth and highly motivated workforce will be an asset for the EU economy.

Will Romania and Bulgaria adopt the euro immediately after joining the EU?

No, the new Member States are expected to adopt the euro as soon as they are ready for it but not immediately after accession. The adoption of the euro involves a transition period in which all new Member States participate fully in the internal market. To adopt the euro, they have to comply with the so-called convergence criteria that apply to the 'old' Member States. The convergence criteria stipulates that a country's budget deficit should be less than 3 % of GDP, it should have a government debt ratio of less than 60 % of GDP and low inflation and interest rates close to the EU average (1.5%).

Slovenia is expected to join the euro in 2008 as the first of the Member States from the 2004 enlargement.

Will there be any further enlargement of the EU?

The EU Treaty says that any European country which respects the values of democracy, human rights and the rule of law may apply for EU membership. However, it does not mean that all European countries must apply, or that the EU has to accept all applications for membership. It is not an automatic process, and the borders of the EU are not defined by rivers or mountains but rather by political, economic and social values.

Future enlargements of the EU will concern the countries of south-eastern Europe. These countries are at various stages on their road towards EU membership. Any decision on the accession of a country has to be taken unanimously by all the EU Member States.

Candidate countries

Croatia applied for EU membership in February 2003 and in 2004 it was awarded candidate status by the European Council. The Council decided to open accession negotiations with Croatia in 2005. This is viewed as an *important step, both for Croatia and the EU, and as a signal of encouragement to the other countries in the region. Croatia was originally expected to join Romania and Bulgaria in 2007 but has not yet completed its accession negotiations with the EU. It has not yet been decided when Croatia should join the EU as it depends on its progress, however it is expected to be before 2010.*

The Former Yugoslav Republic of Macedonia submitted an application for EU membership on 22 March 2004. The European Commission recommended to the European Council that Macedonia be given candidate status on the basis of an analysis of the country's capacity to meet the criteria set by the Copenhagen European Council and Macedonia was granted candidate status on 16 December 2005. As regards the possible opening of accession negotiations, the European Commission considered that negotiations can be opened once the country has reached a sufficient degree of compliance with the membership criteria. It is expected that Macedonia will be able to meet most of the EU's Copenhagen Criteria within five years.

Potential candidate countries

The Stabilisation and Association Process (SAP) is the EU's policy framework for the Western Balkans. Countries participating in the SAP have been offered the possibility to become, once they fulfil the necessary conditions, Member States of the EU. Bosnia and Herzegovina, Albania, Montenegro, Serbia and Kosovo are therefore potential candidate countries for EU accession. EU integration is one of the main political objectives of the Western Balkan countries and the possibility of EU membership will assist their progress in political, economic and social reforms. The Western Balkan countries are currently only potential candidate countries and no agreements have been made with regards to membership yet. It may also prove difficult for the European Council and the European Commission to recommend future enlargements after the EU Constitution failed to get ratified in 2005. The EU Constitution would have reformed the EU's institutional system and paved the way to further enlargements.

Source: DG Enlargement

Will Turkey become a member of the EU?

According to the Foreign and Commonwealth Office, a stable and prosperous Turkey anchored in the EU would be a powerful demonstration that Islam, democracy and economic success are compatible. For Turkey, the accession process should strengthen the reform programme and provide renewed impetus for further improvements to the rule of law, respect for human rights and democratic institutions. For the EU, the opening of accession negotiations means that a vital partner will be brought even closer. Turkey's accession process should also increase the prospects for stability in the Eastern Mediterranean.

Turkey has had a long association with the project of European integration. It made its first application to join what was then the European Economic Community (EEC) in July 1959. A customs union between the EU and Turkey was established in 1995 and in December 1999 Turkey was officially recognised as a candidate country on an equal footing with other candidates. This marked the beginning of a pre-accession strategy for Turkey designed to stimulate and support its reform process through financial assistance and other forms of cooperation. In 2005, alongside Croatia, Turkey began accession negotiations with the EU. However, it will take Turkey a long time to meet all the membership criteria, possibly a decade or more and no entry date has been given for Turkey's accession.

Are people from the new EU Member States able to come to work in the UK straight away?

Under the principle of 'free movement of workers', all EU citizens have the right to work in another EU Member State without a work permit. However, the Accession Treaty allowed the 15 'old' Member States to restrict access to their labour market for up to seven years. Since 1 May 2004, workers from

the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia have been subject to the Accession State Worker Registration Scheme if they plan to work more than one month for an employer in the UK. Each worker's registration certificate is valid for 12 months if an employee stays in the same job. If changing job, the employee will have to register again as the certificate is job-specific. If a worker has not registered within one month of starting a new job, he/she will be working illegally. Workers from Cyprus and Malta do not need to obtain a workers registration certificate. Reviews of the situation are planned to take place two and five years after enlargement. Further information on the Worker Registration Scheme is available at the Home Office's website, www.workingintheuk.gov.uk

In 2004 the UK, alongside Sweden and Ireland, opened up its labour market for immigrant workers from Central and Eastern Europe, however with Bulgaria and Romania, the labour scheme will be restricted in the UK. The total number of low-skilled workers from the two countries who will be allowed to work in the UK will be 19,750 per year and they can only be employed in the food processing and agricultural sectors. However, an unpredictable number will be free to travel to work in the UK if they are self-employed. Other immigrants to be admitted will be those who qualify for the Highly-Skilled Migrant Programme, which are currently fewer than 100 a year from both countries. Other immigrants, such as students and skilled workers, can apply for work permits.

Following the trend from the 2004 enlargement, it is estimated that over 30,000 people will come to the UK from Bulgaria and Romania. Bulgarians and Romanians face fines of up to £1,000 for illegally working in the UK.

Are all EU directives applicable in Bulgaria and Romania?

Yes. During the negotiation process prior to the enlargement, the two new Member States had to adopt all 31 chapters of the EU *acquis*, i.e. the detailed laws and rules adopted on the basis of the EU's founding treaties. Romania and Bulgaria have made transitional agreements with the EU in some chapters, most importantly within environment and pollution, where both countries need time and finance to fulfil the EU's criteria. The transitional agreements are limited in scope and time, the last one is due to end in 2014.

Will Romania and Bulgaria still receive EU enlargement funding?

No. On 1 January 2007, the two new Member States will be integrated into the EU's general Regional Policy and receive money from the Structural Funds just as the other Member States.

The new cohesion policy running from 2007 to 2013 will be used to reduce the economic gap between the different regions in the EU and to achieve faster growth and more sustainable development. The new cohesion policy is organised around the following three priorities:

- **Convergence:** Supporting growth and job creation in the least developed Member States and regions
- **Regional Competitiveness and Employment:** Aims at strengthening regions' competitiveness and attractiveness, as well as employment through development programmes on innovation, entrepreneurship and knowledge society
- **European Territorial Co-operation:** Promoting the harmonious and balanced development and strengthen cross-border co-operation through local and regional initiatives as well as trans-regional exchange of experience

Structural Funds (Cohesion Policy), 2007-2013 for the new Member States Indicative financial allocations (Millions EUR, 2004 prices)

	Convergence Objective		Regional Competitiveness and Employment Objective	European Territorial cooperation objective	Total
	Cohesion Fund	Convergence	Regional Competitiveness and employment		
Bulgaria	2,015	3,873		159	6,047
Cyprus	194			25	219
Czech Republic	7,830	15,149	373	346	23,697
Estonia	1,019	1,992		42	3,058

Hungary	7,589	12,654	344	20,587
Latvia	1,363	2,647	80	4,090
Lithuania	2,034	3,965	97	6,097
Malta	252	495	14	761
Poland	19,562	39,486	650	59,698
Romania	5,769	11,143	404	17,317
Slovakia	3,433	6,231	399	10,264
Slovenia	1,239	2,407	93	3,739

Source: DG for Regional Policy

When will the new EU Member States hold the EU Presidency?

The Presidency of the Council of the European Union is organised on the basis of a half-yearly rotation system, whereby each Member State holds the Presidency for a period of six months. Exercising the Presidency involves both a duty and a specific contribution of each Member State to ensure the smooth functioning of the Community institutions.

The first of the new Member States to hold the EU Presidency is Slovenia in January 2008. Romania and Bulgaria has not yet been allocated a date as the news of their accession is still rather new.

EU Presidency rotation 2006 – 2018

Country	Date
Austria	January – June 2006
Finland	July – December 2006
Germany	January – June 2007
Portugal	July – December 2007
Slovenia	January – June 2008
France	July – December 2008
Czech Republic	January – June 2009
Sweden	July – December 2009
Spain	January – June 2010
Belgium	July – December 2010
Hungary	January – June 2011
Poland	July – December 2011
Denmark	January – June 2012
Cyprus	July – December 2012
Ireland	January – June 2013
Lithuania	July – December 2013
Greece	January – June 2014
Italy	July – December 2014
Latvia	January – June 2015
Luxembourg	July – December 2015
Netherlands	January – June 2016
Slovakia	July – December 2016
Malta	January – June 2017
United Kingdom	July – December 2017
Estonia	January – June 2018

Has the EU undergone an institutional reform after enlargement?

In December 2000 The Nice European Council made important changes to streamline decision-making in an enlarged EU which was perceived as an essential step towards enlargement. The Nice Treaty includes an extension of majority voting in the Council of Ministers to more policy areas, a new weighting of votes of the Member States in the Council of Ministers to take account of the arrival of new members and a new allocation of seats in the European Parliament. A change has been made in the European Commission's organisation, as the more heavily populated countries had two Commissioners prior to the 2004 enlargement and the smaller ones had one, making it a total of 20 Commissioners.

The European Commission currently consists of 25 Commissioners, one from every Member State and Bulgaria and Romania will have one Commissioner each. Romania's nominee for European

Commissioner is Leonard Orban who is currently Romania's Deputy EU Integration Minister. Bulgaria's candidate is Meglena Kuneva who is the Deputy Minister of Foreign Affairs and Chief Negotiator for Bulgaria with the EU. The European Parliament hearings of the two candidates are expected to take place on 27-29 November 2006 and it is to vote on the new Commissioners on 4 January 2007.

On 20 June 2003 the Draft Constitution for Europe was presented to the European Council in Thessaloniki by the European Convention. The aim of the EU Constitution was to consolidate all the European Treaties into one text and to introduce much needed institutional changes. The Constitutional Treaty was approved by the 25 Member States in June 2004. France and the Netherlands rejected the Constitution by public referendum in 2005 and it is still uncertain whether or not the Treaty will be revived as it seriously failed its purpose.

SOURCES OF INFORMATION

The Directorate General for Enlargement

http://ec.europa.eu/enlargement/index_en.htm

The European Parliament's enlargement website

www.europarl.eu.int/enlargement/default_en.htm

European Commission delegations in Bulgaria and Romania

Bulgaria: www.evropa.bg

Romania: www.infoeuropa.ro

European Commission delegations in accession countries

Croatia: www.delhrv.cec.eu.int

Turkey: www.deltur.cec.eu.int

European Commission delegations in candidate countries

Former Republic of Macedonia: www.delmkd.cec.eu.int

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