

Is the Next EU Enlargement Taking Shape?*

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When considering the next enlargement of the European Union, the political and economic situation in the world which provides the framework of possibilities and challenges is rarely examined. This paper argues that it is of vital importance for the future of the European Union as a whole that future enlargement or enlargements strengthen the EU only in case of full membership, i.e. if future membership is based on the full scope of rights and obligations. While the gradual application of certain rights and obligations may be justified in the pre-accession phase, this may only apply to the pre-accession phase itself and may not lead to differentiated categories of membership. It is vital that the achievements of EU integration, in particular the integrity of the internal market, must not be endangered. The earlier enlargement paradigm according to which each enlargement must be accompanied by further deepening of integration should be reconsidered. Instead, the more frequent use of existing instruments of flexibility and possible extension of their scope should be considered.

1. Introduction

The European Commission issued its communication on pre-enlargement reforms and policy reviews on 20 March 2024 (EC 2024b). This document outlines for the first time the approach of the Commission to the next possible enlargement, in the wake of the political decision taken by the European Council in December 2023 on opening accession negotiations with Ukraine, Moldova and Georgia. The document outlines certain aspects, but does not contain specific details which need to be clarified and detailed in the ‘negotiating framework’ to be agreed upon by the Council at a later stage.

The political debates and scientific work on future enlargement focus on aspects such as how to bridge or at least to reduce the economic and social differences between the present and future members, which are clearly larger than in the earlier cases of enlargement, in order to facilitate integration as smooth as possible; when and how applicants can fully meet each of the Copenhagen criteria and to what extent existing institutions and decision-making should be modified; and

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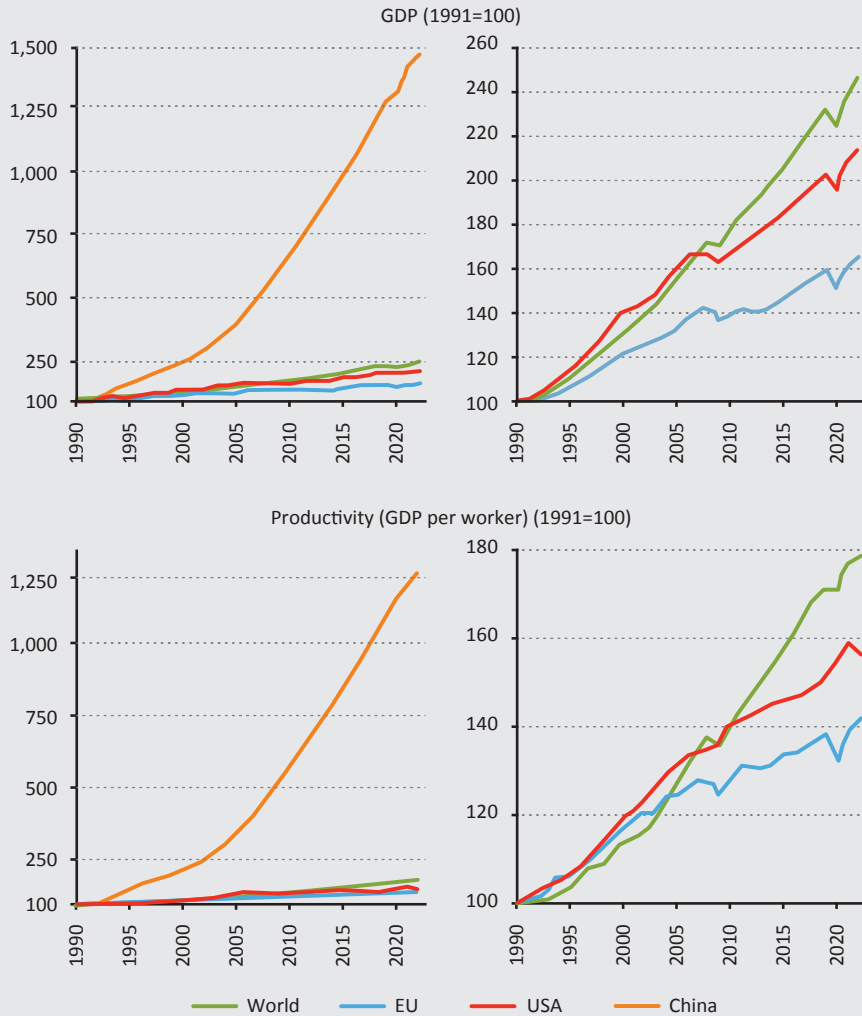
how budget rules and common policies with major budgetary implications – first and foremost cohesion policy and the Common Agricultural Policy – would be affected (*Emerson 2023; Blockmans 2023; Darvas et al. 2024*)? It has not yet been considered, however, that all of these possible major European changes may occur during a time of significant shifts in global political and economic power, which directly affect the absorption capacity and competitiveness of the EU. This consideration, however, is quite relevant in terms of answering the ultimate question, i.e. whether and how to achieve that future enlargement ensures that Europeans, both in the present and the future Member States, live in peace, security and welfare as provided for by the Treaties (*European Council 2023a; European Council 2023b: point 13*).

This article attempts to answer the question of whether the Commission as set forth in the above referred document intends to base the upcoming enlargement on the model of the previous ones. Are the earlier negotiating principles and methods to be applied? Or, as consequence of the much greater difference in development levels and socio-economic structures of Ukraine as compared to earlier accessions, does the Commission propose a more politically-driven approach with a less demanding attitude to social, economic and administrative requirements? The answer to these questions has major implications for the future of the European Union itself.

2. Europe in a changing world

Before assessing the enlargement document of the European Commission (*EC 2024b*), it is worthwhile to refer to two other reports published a couple of weeks earlier as they well describe the global context. The report of the high-level expert group on cohesion (*EC 2024a*) and the 9th Cohesion report (*EC 2023*) paint a rather sobering picture. Beyond the description of the multiple crises, the former notes that “For at least the last three decades, Europe’s economic growth has consistently lagged behind the world overall, particularly compared to the most advanced and emerging economies. This extended period of relative economic underperformance has been matched – and to a certain extent exacerbated – by increasing polarisation within countries” (*EC 2024a:8*) and goes on to say that “lack of economic dynamism, polarisation, and scant opportunities are at the base of a rising tide of discontent with the European project. This discontent is particularly strong in regions that have remained stuck with low levels of development or faced prolonged stagnation” (*EC 2024a:8*). For all of these reasons, the enlargement document deems it important to strengthen cohesion. At the same time, since 1990, the shocking speed of economic development in some other regions of the world economy is also emphasised (see *Figure 1*). Since 2000, growth has increased at a level of 8 per cent per year in some parts of China and in some other regions of Asia. Some regions in India and most of South-East Asia grew at a rate of 4 per cent, and Central and Eastern Europe at 3 per cent annually.

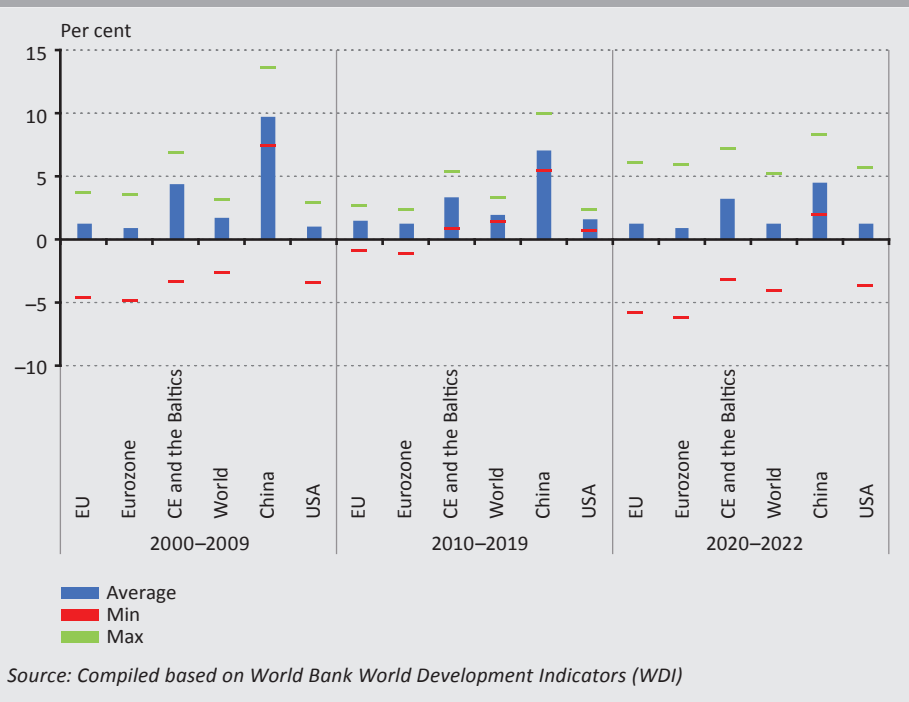
Figure 1
Evolution of GDP and of GDP per capita in major regions of the world



Source: EC (2024a:12)

The growth shortfall of the EU since 2000 is reflected in the statistics. Growth rates for the EU and the Eurozone fall well below those of China and the USA, and periods of crisis have impacted the EU economy. In addition, the EU economy is also more affected by downturns. At the same time, Central Europe and the Baltics grew above the rate of the world and above the USA (Figure 2).

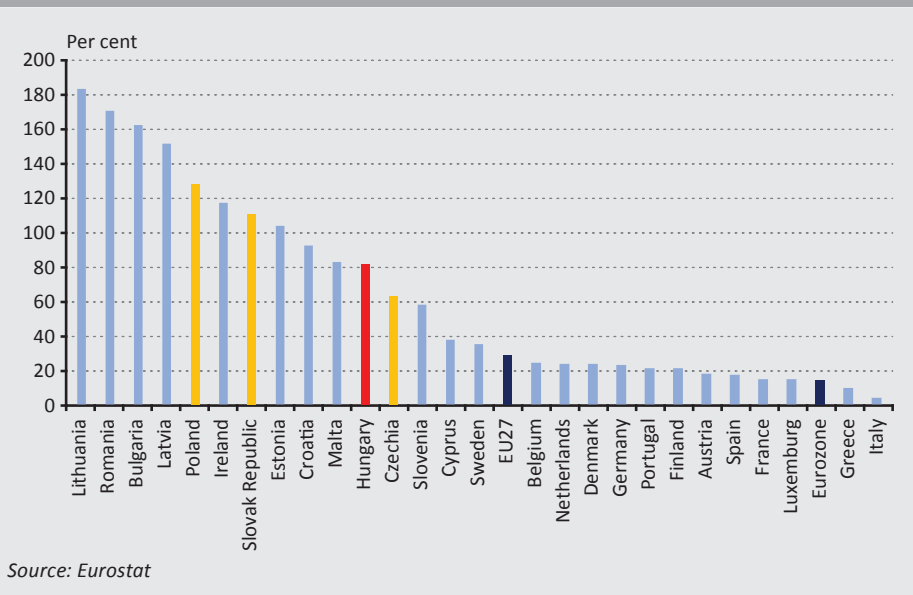
Figure 2
GDP per capita growth in the world (2000–2022)



In parallel with the convergence of development levels within the EU, the growth rates of Member States are diverging. Growth in some Southern and even parts of some Western European regions has been visibly slowing. While the growth performance of Hungary is not as impressive as that of some other Member States which joined the EU at the same time in 2004, it was three times higher than that of the EU or Eurozone average between 2000 and 2023. GDP per capita in 2023 was 81.5 per cent higher in Hungary than in 2000, while the increase was 14.1 per cent and 28.9 per cent in the EU27 and the Eurozone, respectively.² The corresponding figures for some earlier acceding Member States were 4.2 per cent in Italy, 9.9 per cent in Greece and 15.1 per cent in France, and growth levels have been below the EU average in Spain, Belgium, Portugal and even in Germany. All of these figures are obviously interpreted with significantly different levels of GDP.

² McKinsey Global Institute (2023), referred to by the document of European Commission (EC 2024a)

Figure 3
GDP per capita in 2023 compared to 2000

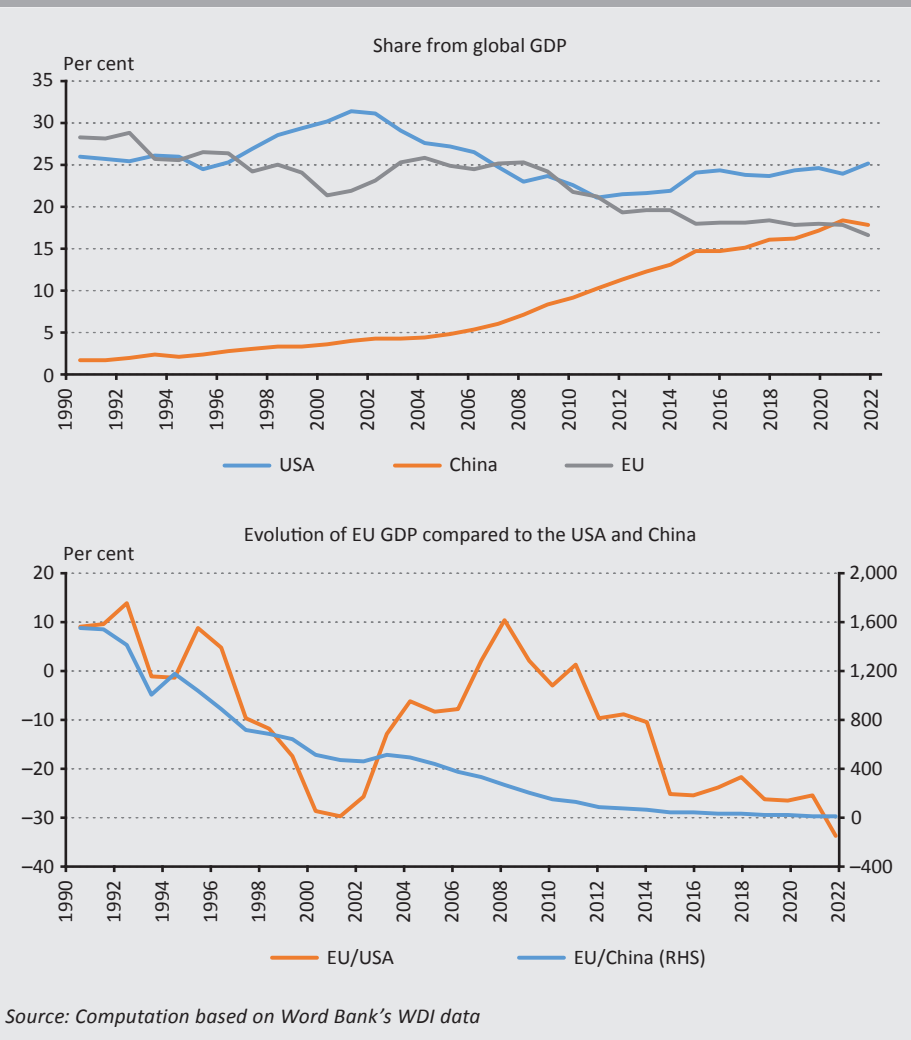


Real GDP per capita in a number of Greek, Italian and North-Eastern French regions was lower in 2023 than in 2000. “More than 60 million EU citizens live in regions with GDP per head lower than in year 2000. An additional 75 million people, nearly one third of the EU population in regions with near-zero growth. Collectively about 135 million people, nearly *one third of the EU population*, live in places which, in the *last two decades*, have *slowly fallen behind*”.³

The above figures are even more frightening than the often-quoted data on the declining share of the EU in the world economy. The share of EU global production reached 28 per cent in 1990 before falling to below 17 per cent in 2022. The EU’s GDP has increased by 69 per cent in more than three decades, while that of the world has risen by almost 150 per cent. During this period, global GDP rose 2.2 times faster than in the EU. Comparing EU economic growth to its main competitors further accentuates the dimension of this relative decline. In 1990, the GDP of the EU exceeded the GDP of the USA by almost 9 per cent, while by 2022 it lagged behind by 34 per cent. The difference is even greater compared to China. In 1990, China’s GDP accounted for only 6.7 per cent of the EU’s GDP, but by 2022, the EU’s GDP was already 7 per cent smaller than that of the Chinese economy (*Figure 4*), i.e. the ratio turned completely around in the course of three decades.

³ See footnote 1.

Figure 4
Growth dynamics of the EU, USA and China between 1990 and 2022



It is remarkable that until the mandate given to prepare the Letta and the Draghi reports, the existential question referred to above was not included on the agenda of European public debates. Finally, competitiveness was on the agenda of the 17–18 April 2024 meeting of the European Council.

This is the background against which the EU is engaged in the *next wave of enlargement*, in which the candidates' socio-economic structures and levels of development differ significantly *from the EU*. It should also be noted, however, they differ not only from the EU, but from *each other* as well. The most important

difference is that while the candidates from the *Western Balkans* do not represent an important challenge of absorption for the EU due to their size and economic potential, Ukraine certainly does due to the size of its territory, its population and its level of GDP per capita. GNI per capita in Ukraine was 11.5 per cent of the EU average in nominal terms and 26.3 per cent in purchasing parity (*Emerson 2023*).

3. Is the model of previous accessions to be applied in the case of the next enlargements?

The question is whether the European Commission plans to follow the accession model of previous enlargements. In the earlier enlargements, the principle was that it was the task of the applicant countries to take over the existing EU legislation and to ensure that the so-called Copenhagen criteria are fully met, including not only adhering to the common values but also the ability to withstand the competitive pressure in the internal market. It served also as basic principle, even if practice may not have been in compliance with the principle, that the process is driven by the individual performances of the applicants and the speed depends on their actual progress in the implementation of commitments. Political considerations in recent months have raised the question as to whether the principles upon which earlier accession were based remain applicable in the future, or if the intention is rather to move towards a Europe of concentric circles and the European Political Community or earlier ideas like core Europe may serve as elements of a “future of Europe” puzzle (*Lazarevic – Subotic 2022; Macek 2023; von der Leyen 2023; Lippert 2024*). Documents of the Commission (*EC 2024a, 2024b, 2024c*) clarify a number of the emerging issues, but many of the details are not clarified yet. The most important features are as follows:

- The enlargement process and *EU internal reforms* are considered as *parallel processes*. While in the case of earlier accessions the adoption of the totality of existing EU legislation with the exception of a limited number of transitional periods was not negotiable, the concept now seems to be that equal attention is paid to the review of existing EU policies. (The Cohesion report goes as far as to state that institutional reforms, first and foremost the cessation of unanimity in decision-making, is necessary even without enlargements.)
- The document seems to confirm that the principle that each enlargement wave must be accompanied by the *further deepening of integration*. That would be a continuation of earlier practice. Still, there are reasons to rethink that model in the case of an enlargement resulting in a hithertofore unprecedented increase in diversity among Members. A further drive for deepening may lead to an accumulation of tensions. The perception should be avoided that enlargement

is only used as justification of the ambitions of some Member States or institutions to reform internal policies.

- It is rightly confirmed, in my view, that the negotiation process must be merit-based, i.e. driven by the *individual performance* of the applicants. It is also confirmed that the *Copenhagen criteria* are to be fully met. Therefore, the time horizon and the sequence of accessions *cannot be foreseen* at this stage.
- The concept of *gradual integration* is also confirmed, but it is also made clear that as in the past this means only that parts of the membership rights and obligations can be applied *before accession*. Partial membership with parts of the rights and obligations after accession is not meant under this concept. This interpretation corresponds to the earlier practice where, for example, in the case of Hungary, asymmetric trade concessions were granted in the framework of the Association Agreement before accession.
- The emphasis on the *rule of law* situation is much stronger than in the past. It is a remarkable “gift” by the Commission that frontrunners are to be included in the annual rule of law reporting exercise. It may be considered, however, would it not be appropriate to slightly modify the exercise and to examine indicators of *good governance* since the tool kit to assess the rule of law situation in an objective manner⁴ still do not exist.
- The *relation* of the potential candidates to the *internal market* is of critical importance. Gradual access to the internal market is proposed, but at this stage no consideration is given to the Copenhagen criterion in relation to the ability of the candidates to withstand competitive pressure in their own markets. Before allowing access to the EU internal market, it also must be clarified how to ensure that all technical rules and standards, veterinary, phytosanitary and quality control regulations are fully respected. It is also not yet discussed whether it is acceptable that some applicants enjoy a competitive advantage compared to economic agents in the Member States because of unilateral concessions and where their cost level is lower as they are not bound by costly technical, environmental and other requirements (see the situation in the cereals market, for example). In general, whether the earlier undisputable principle of “Community preference” will continue to be applicable, according to which economic agents from the Member States should be in a more favourable position than those of third countries. The situation at present, however, is that EU economic players not only do not enjoy preference, but they are at a relative disadvantage in the EU markets for some important agricultural products compared to their Ukrainian competitors. That situation leads to further distortion of the competitive positions

⁴ See for example *Worldwide Governance Indicators of the World Bank*, 25 September 2023. <https://www.worldbank.org/en/publication/worldwide-governance-indicators>

due to the differentiated impact on the existing Member States with different geographical locations. Such a situation has not been seen in the past. It is true that the Commission documents admit that safeguard measures may be needed.

- The importance of *physical connectivity* is rightly emphasised. The existing significant differences between, for example, the transport infrastructure between Western Europe and the Member States which joined in 2004 and later are many times greater in case of the new applicants. Reducing these differences could be an important objective of the pre-accession phase.
- It is interesting to note that the Commission foresees involving applicant countries in “*strategic partnerships in ecosystems of mutual interest*”, naming specifically battery production as a possible area.
- *Cohesion policy* is potentially one of the policies most affected by the future enlargements. The convergence needs of possible future Members are huge, while statistical effects in the case of existing beneficiaries do not change economic realities. It does not come as a surprise that conflicts of interests among net contributors and net present and future beneficiaries cannot be avoided. When the number of plates on dining table increases, it has to be agreed if the size of the cake should be enlarged or the slices should be reduced or redistributed. According to *Darvas et al. (2024)*, based on the calculation methods applied in the case of the 2021–2027 Multiannual Framework, Hungary’s cohesion allocation would be reduced to a larger degree, by some 11 per cent, in the case of Ukraine’s accession.
- The *European Semester* exercise is referred to as an instrument of coordination. This may lead to a situation where requirements for reforms may be presented by the Commission beyond those directly related to alignment with EU policies and to the harmonisation of legislation. That would result in an enhanced role of the Commission and reduce the role of the Council as compared to earlier accession negotiations. It should also be noted that cross-border cooperation among applicants and bordering Member States is seen as important part of territorial cooperation.
- The Commission urges reforming the *decision-making* process, in particular to move from unanimity to qualified majority votes in most remaining areas of *Foreign and Security Policy*. The use of the *Passarelle clause*⁵ is suggested in order to avoid the need for Treaty modification. As long as this does not happen, “constructive abstention” is proposed.

⁵ <https://eur-lex.europa.eu/EN/legal-content/glossary/passarelle-clauses.html>

- Alignment with the *EU Foreign and Security Policy* is considered to be of specific importance under the new geopolitical circumstances. This could be particularly sensitive in the case of Serbia, where free trade agreements, including the one concluded with China need to be dealt with.
- As far as the EU budget is concerned, the Commission finds it necessary to consider future enlargement when preparing the next Multiannual Financial Framework. It believes that replanning of the budget would be necessary even without enlargements. It suggests using extra-budgetary resources and the introduction of new own resources. To ease possible budgetary tensions, existing Member States may need *phasing-out periods*, *safeguards* and *safety nets*. Concerning governance, the Commission does not rule out Treaty modifications, but believes most requirements can be addressed by the *Passarelle clause*, *emergency breaks* and *constructive abstention*. The idea is raised that the European Council could empower the Ministerial Council to take intermediate decisions by qualified majority vote. Thus, only decisions to close negotiating chapters and to conclude negotiations would remain subject to unanimity.
- The Commission suggests that each and every EU policy be reviewed by early 2025, so that the results can be incorporated into the negotiations on the next Multiannual Financial Framework Perspective.

4. New enlargements, new questions

As described above some uncertainties have been clarified, in many aspects in a positive way. A number of new questions emerge, however, which may require the definition of national interests and the clarification of details before entering negotiations on the negotiating framework and a possible launch of accession negotiations themselves. Let us focus on the following issues:

1. It will be important how the differences in the degree of liberalisation of the movement of *goods, services, capital and persons* under the Association Agreement and the Free Trade Agreement can be bridged to reach full liberalisation under full membership.

In the area of free movement of goods, most Ukrainian agricultural exports are limited by tariff quotas, and customs procedures differ significantly. Trade in goods continues to be restricted by customs procedures and conformity assessments, despite the generous concessions granted by the EU. Since the beginning of the Russian aggression, the EU has granted unilateral market access preferences on an autonomous basis. It will be a matter of decision if the contractual trade regime under the Free Trade Agreement or unilaterally granted EU regime is taken as a point of departure.

In the area of services, the degree of liberalisation falls far below the level under membership. Liberalisation of capital movement did not proceed as foreseen in the Free Trade Agreement, due to the war, and further capital restrictions have been introduced by Ukraine in respect of foreign investments and other capital movements. Liberalisation of the movement of workers is left to bilateral agreements between Ukraine and the Member States by the Free Trade Agreement. Despite the lack of EU-level liberalisation measures, a completely new situation is created by the fact that all Member States provide temporary protection permits to Ukrainian refugees, which grant such persons access to their labour markets. About 4.2 million Ukrainian citizens had used that possibility by November 2023.⁶

2. The Commission paper confirms that a regatta approach is not applicable. The cases, for example, of Ukraine and Montenegro are completely different in terms of their impact on EU policies, and therefore they need to be considered individually. GDP per capita in Ukraine in 2019 was 28.7 per cent of the EU average in purchasing power parity and 10.5 per cent⁷ in nominal terms. That value in purchasing power parity was only slightly above one half of the level of the poorest Member State (Bulgaria: 52.2 per cent). Due to their different dimensions, integrating the Western Balkan candidates does not necessitate the adjustment of EU policies and if so the needs are negligible. The implication of Ukraine's accession is qualitatively more demanding.
3. In the history of EU there are examples of conducting and even successfully concluding accession negotiations with countries with *frozen conflicts*. The conflict of Cyprus has been frozen for about fifty years. The Estonian border was challenged by Russia at the time of its accession in 2004. The territory of Germany was divided, and Soviet troops were present when the Federal Republic of Germany acted as founding member (*Darvas et al. 2024*). Still, the *EU has no experience* in accepting new members which are *at war*. Furthermore, the consequences of Article 42.7 need to be clarified, according to which “If a Member State is victim of armed aggression on its territory, the other Member States have toward it an obligation of aid and assistance by all means in their power”.
4. From the Hungarian viewpoint, the concept of *gradual integration* cannot be questioned, provided that it means particular benefits earlier than the totality of rights and obligations of membership that is applicable from accession. The Commission paper seems to confirm that interpretation. That happened in Hungary's case within the framework of the Association Agreement. However,

⁶ <https://www.consilium.europa.eu/en/infographics/ukraine-refugees-eu/>

⁷ IMF World Economic Outlook Database, 2023 April. (<https://www.imf.org/en/Publications/WEO/weo-database/2023/April>)

gradual integration cannot lead to partial application of some rights and some obligations after membership, i.e. to partial membership. That would pave the way for a Europe of concentric circles. The Brexit experience shows how difficult it is to find a fair balance of rights and obligations under the level of membership.

5. The strong interlinkage among *internal market and competition and state aid and cohesion* must be kept on the agenda. It would be important to protect the preference in terms of the degree and flexibility cohesion countries enjoy under the present system. Provision of fair conditions for competition is the biggest achievement of EU integration and it serves as its pillar. It is vital to avoid endangering or eroding it.
6. In the pre-accession phase, both at the theoretical and practical level, the issue of EU *preference versus dispreference* emerges, as already occurred in the case of agricultural *imports or dumping* from Ukraine. The principle of Union preference has been unchallenged for many decades. In the 1990s, however, there was a ruling by the European Court of Justice according to which under specific circumstances it may be justified that competitors from third countries are not in a disadvantageous competitive position. Recent references by President Macron to EU preference have been qualified as a manifestation of French protectionism.
7. It should be noted how correctly the Commission emphasises the importance of extending *Erasmus Plus* to applicants as a vehicle to strengthen attachment to the European idea.
8. The report of the high-level expert group (*EC 2024a*) also deals with the problem of brain drain as a side effect of the *free movement of people*. It may be worthwhile to refresh our earlier ideas about how countries benefiting from employing highly educated personnel, such as doctors, could compensate the universities of countries of origin.
9. *Cross border* cooperation opens new possibilities. Due to its geographic location, Hungary can benefit considerably from those possibilities, if properly prepared.

5. Conclusions

An analysis of the relevant European Commission documents confirms that the next enlargement is to be based on the model of the previous ones. Therefore, above and beyond the political will, meeting all of the Copenhagen criteria by the applicants will also be required. Accession will happen only with an applicant and at a time when it can be made certain that the preparedness of the acceding country reaches a level which ensures that the earlier achievements of EU integration are not endangered. When to set up the negotiating framework, how the implementation of

EU legislation can be monitored, and in which cases transitional arrangements can be negotiated are aspects that are subject to clarification at a later stage. Beyond that, existing Member States and institutions are, however, confronted with the loss of competitiveness and the declining share of EU in the global economy and trade. Consolidation of the role of the EU as a global actor or at least halting the trend of decline should be regarded as precondition to meet the original and still valid objective of the Treaty, namely to ensure that citizens of the present and enlarged Union can live in peace, security and prosperity. Beyond the widely discussed budgetary issues and impacts on EU policies such as cohesion or agriculture, that aspect should also be given serious thought.

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