
European Agenda

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The European Union's Enlargement Negotiations with Austria, Finland, Norway and Sweden

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I. The Union's Enlargement Negotiations in Perspective

Enlargement negotiations, enabling the EU to expand from 12 to 15 members from 1 January 1995 with the accession of Austria, Finland and Sweden, embody many significant messages for the future enlargement of the EU which will be possible after the Intergovernmental Conference of 1996. The importance of enlargement negotiations is, however, quite normal in the history of European integration, and enlargement negotiations have played a substantial role in the creation of the European Union as we know it today. Since the signature of the Treaty of Rome, only seven years have not witnessed debate on enlargement (see Table 1).

* Paper first presented at a lecture on 'The EU in the 90s' – Extension or Deepening' organized by the Finnish National Fund for Research and Development, Porvoo, 19 April 1994, and then discussed at a seminar in the Sussex University European Institute, 29 September 1994.

The negotiations to bring in Austria, Finland, Sweden and Norway were the first to concern enlargement of the European Union since it came into existence on 1 November 1993 following the Maastricht Treaty. This implied that these enlargement negotiations included acceptance by the candidate countries not only of the traditional *acquis communautaire* but also the extensions provided for in the Single European Act (which created the single market) and the Treaty of European Union. This means that new applicants have had to accept the *acquis* in its entirety:

- (a) free circulation of goods, persons and capital, freedom to provide services and freedom of establishment;
- (b) common Community rules and standards concerning harmonization, fair competition and monopolies, indirect taxation, veterinary and plant health, etc.;
- (c) common Community policies, from the Common Agricultural Policy and the Customs Union to the Development Policy, via Regional Policy, etc.;
- (d) Economic and Monetary Union as a further stage of the European Monetary System;
- (e) the so-called new 'pillars' of Maastricht:
 - Common Foreign and Security Policy;
 - Co-operation in the fields of Justice and Home Affairs;
 - Citizenship of the Union.

If, until now, enlargement has taken place by virtue of Article 98 of the ECSC Treaty, Article 237 of the EEC Treaty and Article 205 of the Euratom Treaty, the 1995 enlargement is based on Article O of the Treaty of the European Union which makes it clear that the Community is open to the outside world and is not the 'Fortress Europe' that critics from other countries have called it following the completion of the single market on 1 January 1993.

Article O of the Union Treaty establishes that:

Any European State may apply to become a Member of the Union. It 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 an absolute majority of its component members.

The European Council in Lisbon (June 1992) decided that the official negotiations with the EFTA countries wishing to become members of the Union would begin immediately following ratification of the Treaty on European Union and once agreement on the Delors II Package had been reached, saying that 'this enlargement is possible on the basis of the institutional provisions contained in the Treaty on the Union and the attached declarations (on the number of members

Table 1: Enlargement of the EC and the EU

Countries	Request for Accession	Commission's Opinion	Opening of Accession Negotiations	Accession Treaty	Full Membership
United Kingdom	10.5.67 ^a	} 29.9.67	} 30.6.70	} 22.1.72	} 1.1.73 ^b
Denmark	11.5.67 ^a				
Ireland	11.5.67 ^a				
Norway	21.7.67 ^a				
Greece	12.6.75	29.1.76	27.7.76	28.5.79	1.1.81
Portugal	28.3.77	19.5.78	17.10.78	} 12.6.85	} 1.1.86
Spain	28.7.77	29.11.78	5.2.79		
Turkey	14.4.87	14.12.89	-	-	-
Austria	17.7.89	1.8.91	1.2.93	24.6.94	1.1.95
Cyprus	4.7.90	30.6.93	-	-	-
Malta	16.7.90	30.6.93	-	-	-
Sweden	1.7.91	31.7.92	1.2.93	24.6.94	1.1.95
Finland	18.3.92	4.11.92	1.2.93	24.6.94	1.1.95
Switzerland	26.5.92	c	-	-	-
Norway	25.11.92	24.3.93	5.4.93	24.6.94	d
Hungary	1.4.94	-	-	-	-
Poland	8.4.94	-	-	-	-

^a Previously there had been a first request which de Gaulle vetoed on 14 January 1963: UK 10.8.61, DK 10.8.61, IRL 31.7.61 and NOR 30.4.62.

^b Except for Norway which, by a referendum on 24 September 1972, decided not to become a member.

^c No further developments expected after the Swiss 'No' referendum on the EEA on 12 December 1992.

^d The Norwegians rejected membership in the referendum of 28 November 1994.

of the Commission and the European Parliament)'. Having taken account of the agreement on the future financing and the prospects for early ratification of the Treaty on European Union by all the Member States, the European Council in Edinburgh (December 1992) agreed that the enlargement negotiations with Austria, Sweden, Finland and Norway would start at the beginning of 1993.

The negotiations were set up in parallel but with separate negotiations for each of the four countries within the general framework of negotiation agreed by the General Affairs Council on 7 December 1992. They became negotiations in accordance with Article O of the Treaty on European Union once the latter entered into force on 1 November 1993. Full acceptance of the Treaty of European Union and the *acquis communautaire* does not prejudice possible transitory measures to be decided during the negotiations. No permanent derogations from the *acquis* were granted to the applicant countries.

The individual admissibility of each candidate country had been analysed previously in the four Commission opinions. Groundwork carried out during the preparation of the four opinions helped in defining the factors governing admission since each opinion contained – for each applicant country – a detailed analysis of the consequences of accession and an indication of the sectors where problems were to be expected. The preparation of these opinions took 24 months for Austria, 12 months for Sweden, 7 months for Finland and 4 months for Norway. On the basis of these studies and decisions, the opening ministerial session of the accession negotiations for Austria, Sweden and Finland took place in the afternoon of 1 February 1993 and was televised, reflecting the policy of more openness in matters of information now pursued by the EC. The ministerial opening session for Norway took place on 5 April 1993.

II. The Organization of the Accession Negotiations

I will leave until later a deeper reflection on the reform of the process of integration and the changes which – according to the ideas expressed by the European Parliament in some of its Resolutions and by the Commission in 'The Challenge of Enlargement' – are necessary for the future in order to avoid certain deficiencies of symmetry and impediments to the smooth functioning of the Community administrative machinery. My starting point is the Council of Ministers' meeting in Brussels on 7 December 1992 at which a framework for the enlargement negotiations was agreed.

From the beginning the form of the negotiations has been that of an intergovernmental conference between the Twelve and the candidate countries conducted by the Council of Ministers with the help of the European Commission and a specially created Enlargement Task Force. The GISELA (Groupe Interservice Elargissement) network, comprising experts from all the Commis-

sion Directorates General, has also been actively involved in the enlargement negotiation process.

To enable the negotiations to progress in an orderly way, provision was made to hold meetings at both ministerial and deputy level for each candidate country and – as far as possible – in parallel. The rotating Presidency of the Council determined the dates and agendas for the negotiation meetings in collaboration with the applicant countries while the Secretariat General of the Council established a special team to prepare and draft the conferences' conclusions. In addition a list was compiled of chapters to be dealt with, to bring out, in each case, the reservations which the candidate countries might have concerning the acceptance of the *acquis* in each area (Table 2).

The subjects included in Chapters 1–11 of the list were negotiated in depth for the Treaty of the European Economic Area (EEA), signed in Oporto on 2 May 1992, adjusted by the Protocol signed in Brussels on 17 March 1993, and brought into force from 1 January 1994, and this facilitated the accession negotiations. Chapters 12–16 were only partially included in the EEA and Chapters 17–22 related to policies not covered by the EEA. Chapters 23–26 – except the EMS and ERM of Chapter 23 – referred to new elements introduced by the Treaty of Maastricht, the rest being of a general nature.

The negotiations had as their objective the establishment of transitional periods to allow the incorporation of the *acquis communautaire* into the legislation of the Member States and the authorization of certain derogations which in no case can become permanent. However, in some cases 'imaginative' solutions have proved necessary: the 'third option' for avoiding frustrations on environmental issues (see p. 129 below), the creation of the new regional policy Objective 6 for Arctic areas with a low-density population (see p. 129), etc.

In some cases, the negotiations between the Twelve themselves to define their common negotiating positions *vis-à-vis* the four applicants, and the way that each candidate country presented the negotiations to its public to obtain a favourable result at the forthcoming referendum on membership, have caused more difficulties than the negotiations between the Twelve and the candidate countries. In this context, differing negotiating priorities, and differences in approach to many of the subjects have been very common.

In their respective opinions on the incorporation of each country into the EU, the Commission had already indicated those matters which had to be dealt with in order to limit the problems which each of the accessions posed. The Commission had also maintained a useful exchange of information of various sorts with the four EFTA countries in the context of the EEA Treaty. During this initial contact a thorough analysis of the secondary legislation of each candidate country was carried out and exploratory talks were held. Then the Four submitted their respective position papers requesting temporary exemptions (permanent

Table 2: Chapter Headings for Accession Negotiations

Chapters almost fully covered by the EEA	1. Free movement of goods
	2. Freedom to provide services and right of establishment
	3. Freedom of movement for workers
	4. Free movement of capital
	5. Transport policy
	6. Competitions policy
	7. Consumer and health protection
	8. Research and information technologies
	9. Education
	10. Statistics
	11. Company law
Chapters only partly covered by the EEA	12. Social policy
	13. Environment
	14. Energy
	15. Agriculture
Chapters in areas covered by the EC but not covered by the EEA	16. Fisheries
	17. Customs union
	18. External relations
	19. Structural instruments
	20. Regional policy
	21. Industrial policy
Areas introduced by the Maastricht Treaty	22. Taxation
	23. Economic and Monetary Union
	24. Foreign and Security Policy
	25. Justice and Home Affairs
General chapters	26. Other provisions
	27. Financial and budgetary provisions
	28. Institutions
	29. Other

ones not being possible) or periods of adaptation to the *acquis* which they hoped to obtain from the Community institutions to ensure problem-free integration.

On the basis of all this background information, the European Commission prepared draft common positions for the Union to reply to the requests of the applicant countries on each of the contentious subjects.

The draft common positions were sent to the Council to be debated in an Ad Hoc Enlargement Group, created in the Council to achieve a common negotiating position for the Twelve *vis-à-vis* each of the points before the conference where acceptance of the *acquis* would cause difficulties for one or other of the candidate countries. Once a common position was reached at the level of the Twelve (whether it was at the level of the Ad Hoc Enlargement Group, of COREPER or General Affairs Ministers at the Council itself), the common positions of the Community were given to the candidate countries to be first discussed and agreed at deputy and/or ministerial level in the negotiating conference. Figure 1 depicts the negotiation process and Table 3 the progress of the accession negotiations from their beginning in February 1993 to their completion in March 1994.

Successive European Councils requested the Twelve, the European institutions and the four applicant countries to be 'diligent' in the negotiations in order to incorporate the new members by 1 January 1995. This date was first mentioned in the Conclusions of the Copenhagen summit (21–22 June 1993) while the Brussels summit (28 December 1993) urged the contracting parties to finalize negotiations by 1 March 1994. From the beginning many policy-makers considered this deadline to be very ambitious, but all those involved in the negotiations regarded it as a challenge.

After the final political agreement, reached on 30 March 1994, a drafting committee composed of experts from the 12 Member States, the four applicants, the Council's Secretariat and the European Commission, drew up the Accession Treaty and the Act of Accession, its annexes, Protocols and appended Declarations. The final texts of the documents concerning accession were finally accepted in the four final deputies' sessions held on 11–12 April 1994.

With the formal positive Commission opinion of 19 April 1994, the European Parliament made its four positive assents (Legislative Resolutions) in its plenary session held in Strasbourg on 4 May 1994 after a six-hour debate. It was the first time that the assent procedure of the Maastricht Treaty had been used by the EP in an enlargement context. The EP granted its assent by huge and unprecedented majorities of more than 100 votes above the required majority (Norway 376 for, 24 against and 57 abstentions; Austria 378-24-60; Finland 377-21-61 and Sweden 381-21-60), confounding pessimistic forecasts. Then, after the positive decision of the Council of the European Union on 16 May 1994 and the approval of the accession documents by the governments of the four applicants, the

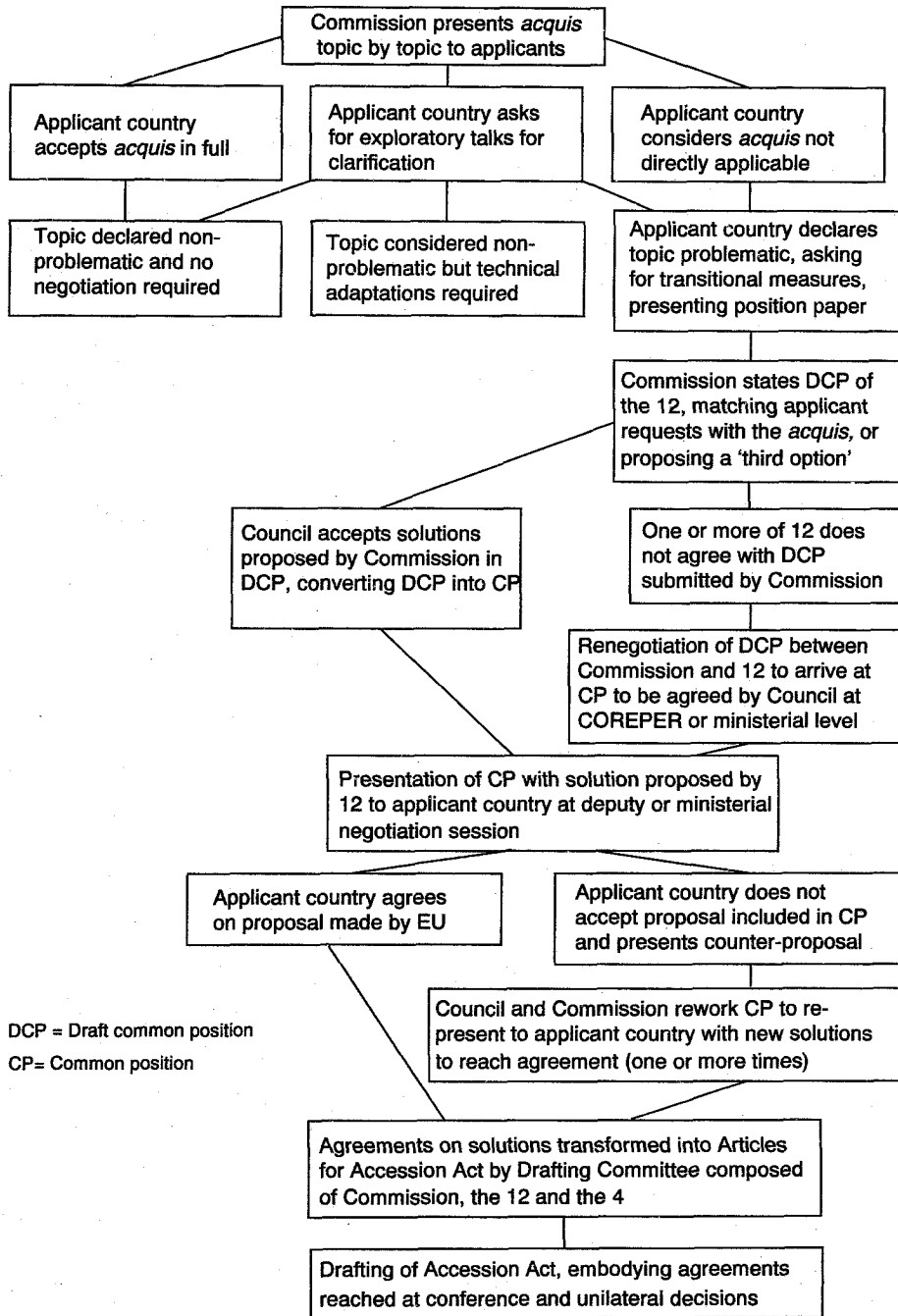


Figure 1: The Negotiation Process

Table 3: Accession Negotiation Conferences

1993	Ministerial Level	Deputy Level	Decisions Taken, etc.
1 Feb	A	SF	Opening of negotiations
		S	
2 Feb		1st A	
		1st SF	Agreement on work programme
		1st S	
11 March		1st A	Chs 8, 9, 10, 11 and 16 declared non-problematic
11 March		2nd SF	Chs 5, 7, 8, 9, 10, 11 and 12 declared non-problematic
12 March		2nd S	Chs 3, 4, 8, 9, 10, 11 and 12 declared non-problematic
5 April	N		Opening of negotiations
7 April		1st N	Agreement on work programme
		3rd A	A agreed to CP on dentists' training (Ch. 2), female workers and night work (Ch. 12), employee protection in cases of employer insolvency (Ch. 12), noise from aeroplanes (Ch. 13)
28 May		3rd SF	SF agreed to CPs on safety belts (Ch. 1), on third life assurance directive (Ch. 2) and on direct investment (Ch. 4)
28 May		2nd N	N agreed to CPs on safety belts (Ch. 1) and returnable bottles (Ch. 1)
		3rd S	S could not agree to CPs under Chs 1, 2 and 13
8 June	2nd S		Chs 3, 5, 7, 8, 9, 10, 11 and 13 closed
	2nd SF		Chs 3, 5, 7, 8, 9, 10, 11 and 12 closed
9 June	2nd A		Chs 7, 9, 11, 12 and 16 closed
	2nd N		Chs 7, 8, 9, 11 and 12 closed
22 July		4th A	Chs 3 and 21 declared non-problematic. A agreed to CP on vehicle noise (Ch. 1) and railways (Ch. 5)
		4th SF	SF agreed to CPs on definition of vodka (Ch. 1), Finnish liqueurs (Ch. 1), radioactive safety standards and health protection (Ch. 13) and energy stockpiling (Ch. 14). Ch. 21 declared non-problematic
28 July		3rd N	N agreed to CPs on credit institutions' own funds and third non-life assurance directive (Ch. 2), advertisements for alcoholic products (Ch. 2) and titanium dioxide waste (Ch. 13). Chs 3 and 10 declared non-problematic
28 July		4th S	S agreed to CP on third life assurance directive (Ch. 2). Ch. 21 declared non-problematic
23 Sept		5th S	S agreed (conditionally) to CP on energy (Ch. 14). Ch. 17 declared non-problematic
29 Sept		5th A	A agreed to CPs on TV broadcasting (Ch. 2), statistics (Ch. 10) Chernobyl, Euratom safety standards, bathing water quality, conservation of wild birds (Ch. 13) and energy (Ch. 14)

Table 3: (Contd)

1993	Ministerial Level	Deputy Level	Decisions Taken, etc.
5 Oct	3rd A		
	3rd SF		Exchange of views
	3rd N		
	3rd S		Ch. 14 closed
4 Nov	6th A		A agreed to CP on imports from PECO (Ch. 18)
	5th SF		SF agreed to CPs on Finnish liqueurs No. 2 (Ch. 1), bathing water quality (Ch. 13) and customs union (Ch. 17)
	4th N		N agreed to CP on driving licences (Ch. 5) and financial and budgetary provisions (Ch. 27). Ch 2 and 21 declared non-problematic
	6th S		Ch. 2 declared non-problematic
9 Nov	4th A		
	4th SF		Extension of work programme to include the Maastricht chapters
	4th N		
	4th S		
25 Nov	6th SF		SF agreed to CPs on financial services (Ch. 2), statistics (Ch. 10), radioactive waste and sulphur content of certain fuels (Ch. 13) and common commercial policy (Ch. 18)
26 Nov	7th A		A agreed to CP on tobacco monopoly (Ch. 6)
15 Dec	8th A		
	7th SF		Exchange of views
16 Dec	5th N		
	7th S		
21 Dec	5th A		A agreed to CPs on MRLs of veterinary medicinal products in foodstuffs of animal origin, light commercial vehicles (Ch. 1), tobacco monopolies (Ch. 6) radioactive contamination of food stuffs, hazardous waste, PCB/PCT, lead and benzene content of petrol, sulphur content of certain fuels (Ch. 13)
	5th S		Chs 6, 13, 24, 25 and 26 closed
	5th N		N agreed to CPs on fiscal incentives in motor vehicle sector (Ch. 1), hazardous waste and PCB/PCT (Ch. 13) and Baltic States (Ch. 18). Chs 24 and 25 closed
	5th S		Chs 6, 13, 24, 25 and 26 closed
1994			
21 Jan	9th A		Chs 2 and 6 closed
	8th SF		Exchange of views
	6th N		Ch. 26 closed
	8th S		Exchange of views
3 Feb	10th A		Chs 8, 17 and 18 closed

Table 3: (Contd)

1994	Ministerial Deputy		Decisions Taken, etc.
	Level	Level	
8 Feb	6th A		Exchange of views
	6th SF		Ch. 17 closed
	6th N		Exchange of views
	6th S		Ch. 17 closed
17 Feb	11th A		Exchange of views
	9th SF		Joint Declaration on Nordic Co-operation agreed (Ch. 29)
	7th N		Chs 4, 6 and 18 closed. Joint Declaration on Nordic Co-operation agreed (Ch. 29)
	9th S		Joint Declaration on Nordic Co-operation agreed (Ch. 29)
22 Feb	7th A		Exchange of views
	7th SF		SF agreed to CP on secondary residences (Ch. 4), fisheries (Ch. 16), maritime links (Ch. 29), Åland Islands (Ch. 29) and the Sami people (Ch. 29)
	7th N		N agreed to CP on the Sami people (Ch. 29)
	7th S		S agreed to CP on the Sami people (Ch. 29)
1 March	8th A		Agreement on 'transit' and bilateral transport agreements agricultural, regional and budgetary provisions, as well as agricultural quotas and veterinary questions
	8th SF		Agreement on Nordic agriculture, regional and budgetary questions, veterinary issues and agricultural quotas
	8th S		Agreement on budgetary compensations, agriculture, regional and veterinary questions
8 March	8th N		Agreement on budgetary compensations, agriculture, regional and veterinary questions
	9th A		Chs 2 and 6 closed
15 March	9th N		Agreement on fisheries (Ch. 14) and EMU (Ch. 23)
30 March	12th A		
	10th SF		Final agreement on Chs 23 and 28 and some Declarations
	8th N 10th S		
11-12 April	9th N		Acceptance by the candidates of the Final Texts of the
	11th S		Accession Treaty, Act of Accession, Annexes, Protocols and
	11th SF		Final Act to start the signature and ratification procedures
	13th A		
24 June	Signature in Corfu of the Accession Documents by the Heads of Government and other plenipotentiaries of the Twelve and the Four		

A = Austria SF = Finland N = Norway S = Sweden
 CP = Common position of the EU

signing ceremony took place on 24 June 1994 in Corfu during the European Council organized by the Greek Presidency. The ratification process for the Sixteen then got under way in accordance with their respective constitutional requirements.

In the four applicant countries, a referendum was also promised to the people by their respective governments. Those referendums were held on 12 June in Austria, 16 October in Finland, 13 November in Sweden and 28 November in Norway. The Austrian referendum resulted in a massive 'Yes' vote of 66.36 per cent against 33.61 per cent of 'No's. The Finnish referendum produced a 'Yes' vote of 56.9 per cent and the November Swedish referendum another positive vote of 52 per cent. The Norwegians rejected membership of the European Union in their referendum by a close majority of 52.5 per cent (quite similar to the 53.5 per cent 'No' in 1972). Due to this rejection, the 15 and the Commission prepared during December 1994 the decisions to be formally taken by the Council on 1 January 1995 by written procedure adjusting the instruments of accession to the non-accession of Norway.

III. The Main Problem Areas

The fact that the negotiations were conducted with four relatively rich EFTA countries which, since 1977, have accepted the principle of free movement of industrial goods and have accepted much of the liberalization of trade, services and the right of establishment and Community rules in the context of the EEA, meant that the objectives to be achieved during the enlargement negotiations did not appear to be excessively difficult in the majority of cases. Moreover, and in contrast to previous accessions, these enlargement negotiations had to respect the principle of the single market that all border controls should be abolished as from the date of accession.

Many technical and political problems have been settled in the context of the accession negotiations. While not being exhaustive, the following can be mentioned:

(a) Customs Union and External Relations

As members of EFTA, all the applicant countries already enjoy free trade with the EU in industrial products and some processed agricultural products, but in view of accession they accepted to adapt their own customs tariffs to the Common Customs Tariff level and to accept the common commercial policy, abandoning their existing bilateral agreements and their membership of EFTA. The Nordic countries will maintain their free trade arrangements with the Baltic Republics in the expectation of a future EU-Baltics free trade agreement. The

new members will be able to benefit from horizontal measures for inward and outward processing and tariff suspensions.

(b) Environmental, Health and Safety Standards

All four candidates submitted requests for derogations in order to maintain their higher national standards, a different conservation status for certain animal and plant species and related matters. In order to reconcile the desire of applicant countries to keep stricter regulations for as long as EU standards have not reached an equivalent level with the need to maintain the free circulation of goods, different solutions have been considered.

The 'third option alternative' allows the applicant countries to maintain their present stricter rules during a period of four years. During this period the EC directives in question will be reviewed in accordance with normal Union procedure. These reviews will be without prejudice to the outcome which will bind all Member States. Other solutions foresee short transitional periods, EU financing for monitoring, and technical adaptations in lists of protected animals, joint declarations, etc.

(c) Agricultural Policy and Regional Policy

Unlike previous enlargements, the current enlargement takes place within the framework of a single market which excludes the possibility of border controls as from the date of accession. This approach necessitated direct price alignment without the introduction of accession compensatory amounts for a transitional period, as was done for previous accessions.

With the exception of Sweden, which applies market prices for farm products which are equivalent to or lower than those obtained in the Community, the candidates had higher levels of prices and protection for their agricultural products and the Four hoped or expected to maintain their farmers in the comfort to which they have become accustomed. This situation and the difficult growing conditions of Nordic agriculture made it necessary to link support for farmers with regional and structural questions. For a transitional period, digressive national aids to farmers should be authorized and every candidate should receive an agro-budgetary package as an EU contribution to the cost of such aids. At the same time the accession conference agreed to create a new Objective 6 for regions with a population of less than 8 inhabitants per square kilometer. Full application of existing regional measures, mountain and less-favoured areas and agro-environmental measures have also been designed to avoid a decline of farmers' incomes after the alignment of agricultural prices to the lower EU levels. National, long-term aids for specific areas will also be authorized to facilitate the integration of Nordic agriculture and small Austrian farms into the

CAP. Difficult discussions took place when fixing milk, sugar and reference quantities and areas for some common marketing organizations. In addition, a system of protection for sensitive products from the agricultural and the food processing industries has been agreed.

(d) State Monopolies

Another area in which the situation of the Four is in conflict with the *acquis* and which in some cases stirs up strong emotions is that of the restrictions on the production, import, export, wholesale and retailing of alcoholic beverages (the four applicants) and tobacco (Austria). During the negotiations some of the applicants declared that their monopolies are based on important health and social policy considerations and that anti-drink groups would oppose any increased access to alcohol. In the end the negotiations were not too arduous, due to the fact that the adaptation of these monopolies was examined in the light of EC rules which the candidates had already accepted for the purposes of the EEA agreement.

(e) Fiscality

Applicant countries will apply the Value Added Tax system of the Union with some of the derogations which certain Member States currently enjoy or which are necessary to facilitate a gradual entry into the Union's taxation system. During a transitional period Scandinavian applicants can maintain their own limits on the quantities of cigarettes and tobacco that travellers are allowed to carry with them tax free. The application of these exceptions must have no detrimental effect on the Union's own resources system for the budget and compensation must be paid in accordance with the present budgetary regulations. The same compensation principle applies to the exclusion of the Finnish Åland Islands from the territorial applications of the EC provisions in the field of indirect taxation.

(f) Fisheries

The negotiation of this chapter proved extremely difficult for Norway and was the final point to be agreed. Negotiations on this chapter covered access to waters, access to resources, management of resources and market access for fish. Access to waters for Finland, Sweden and Norway had been covered by an arrangement comprising principles and methods equivalent to those established in the Act of Accession for Spain and Portugal, with some adjustments of a technical nature. In access to resources, the setting of total allowable catches (TACs) and quotas reflected the fishing pattern and EEA quotas already established, in which Finland, Sweden and Norway are allowed to continue

traditional herring fishing for purposes other than human consumption for a transitional period, subject to scientific evidence on the evolution of the fish stocks.

During the accession negotiations, Spain and Portugal were promised that they would be fully integrated into the Common Fisheries Policy by January 1996 – six years ahead of the date agreed in their 1985 Accession Treaty – to avoid discrimination with the terms established for Norway. Only a last-minute compromise in the Fisheries Council in December 1994 allowed an agreement to be reached, without which the Spanish government was required by its Parliament not to complete ratification of enlargement.

(g) Budgetary Provisions

The applicant countries will pay their full contributions to the EC and ECSC budgets and to the European Development Fund and will be fully involved in the European Investment Bank.

Even if the budgetary forecasts prove very difficult – as witnessed in previous accessions – the first estimates of the European Commission showed that the four new members will contribute 6,000 million additional ECU per annum to the EU budget and receive some 4,500 million ECU from it. According to these estimates only Finland will receive more than its contribution to the Union's budget. However, in addition to payments under the different Community policies, it was agreed that the applicants will receive financial compensation over the first four years (1995–98) to take account of problems related to the inevitable time-lag involved in the implementation of the CAP in the accession countries and as an equivalent of the commitments made under the EEA Agreement (financial cohesion mechanism and the financing of the flanking policies as laid down in the EEA Agreement). The total agro-budgetary package offered by the Union to the four applicant countries amounted to 3596 million ECU over the period 1995–98: 1255 for Sweden, 971 for Austria, 855 for Finland and 515 for Norway.

(h) Other Specific Questions

Aside from these general questions, there are several other issues in the negotiations either of interest to just one of the applicants or with special political and economic importance for some of them. Among these issues can be mentioned:

- road transit agreement requested by Austria in order to maintain the right to restrict transalpine transit of heavy vehicles through Austria and bilaterally to and from Austria (already covered by the 1992 Transit Agreement in force until 2004). Only the solution of this question in the

final round of negotiations on 1 March 1994 permitted the Union and Austria to conclude the negotiations;

- protocols on special rights for the Sami people in Sweden, Finland (and Norway);
- Åland Islands (Finland) to benefit from special arrangements (approved by 73.7 per cent of the Ålanders in a separate referendum held on 20 November);
- Finnish insurance companies will be obliged to separate their pension schemes from other insurance activities and the market will be open to companies from other countries;
- the accession countries are being granted a five-year adaption period before applying in full the right of foreigners to acquire secondary residences on their soil;
- because of its geographical position and the exclusion of sea transport from the European networks project, Finland obtained a declaration stating that due attention must be paid to Finnish sea transport in the relevant Union initiatives.

(i) *The Maastricht 'Non-issues'*

At the beginning of the negotiations there was some concern about the full acceptance by the new applicants of the EU *acquis* on EMS and the future Economic and Monetary Union (Ch. 23), on the Common Foreign and Security Policy (Ch. 24), Justice and Home Affairs Policy (Ch. 25) and other provisions of the Maastricht Treaty (Ch. 26). However, all the acceding countries have accepted the present primary and secondary legislation on these matters in full without debate. Nevertheless, this does not prejudice the position they will take *vis-à-vis* potential future developments in the EU on these issues.

IV. The Institutional Debate and Future Prospects

Even if all the outstanding questions with the four applicant countries were solved during the March 1994 talks, the deadline of 1 January 1995 established in the Copenhagen European Council had always been uncertain because the process of ratification and referendum has been difficult. Moreover, the Commission established a group of Directors General to deal with all the preparatory aspects of the Four's future membership. Its first meeting took place on 24 March 1994.

One of the elements of this uncertainty was particularly relevant to thinking on the future of the EU: the institutional aspect. This has never been a problem between the EU and the applicants, but has been a problem among the Twelve

when the UK and Spain initially wanted to change the proportion of weighted votes in the Council of Ministers needed to block EU decisions. The desire of these two countries to keep the blocking minority at 23 votes instead of raising it to 27 (27 being the mathematically correct figure resulting from the global number of votes increasing from 56 to 70) has met the opposition of both other EU members and the European Parliament. In spite of the pressure put on them, the United Kingdom and Spain – fearing a dilution of their power in the case of the former and a weakening of the Mediterranean front in the case of the latter – publicly resisted the increase of the threshold from 23 to 27 until a final compromise during several Council meetings was only agreed *in extremis* at the meeting held in Ioannina, Greece, on 29 March 1994 (see also Table 4).

This setback clearly confirms that the institutional debate demanded by the European Parliament and several EU members just before the Copenhagen summit of June 1993 was totally necessary before attempting the first EU enlargement and the future prospect of an EU of 20 or 25 members. In this respect it must be pointed out that the European Parliament decided on 11 February 1993 in favour of an enlargement of the Community to include those candidate countries which were ready to comply with the precise criteria for accession to the Union. Speaking of rapid accession and expressing the desire to be closely associated with the negotiations via its Foreign Affairs Committee, the EP put on record its vote of 20 January 1993 (Hänsch Report) when it insisted on the need to proceed with institutional reforms before taking any final decisions on enlargement. The chairperson of the Committee for External Affairs and Security – Enrique Baron – emphasized the need to take the appropriate institutional decisions before any further enlargement so as to avoid having to change the 'European architecture' on each occasion, stating (debate on Enlargement at the plenary session of 15 July 1993) that 'since it is clear that the Community already has difficulties working with twelve members, its functioning may become impossible with sixteen'.

The European Parliament also expressed concern on these issues in its Resolutions of 17 November 1993 on institutional reforms and the Common Foreign and Security Policy and of 9 February 1994 on the state of enlargement negotiations with Austria, Sweden, Finland and Norway while Maurice Duverger (a French professor and MEP for Italy) emphasized that a Community of 16 and later 18, without fundamental adjustments, would lead to a Community without frontiers or governments and wondered if such a colossus, first of 320 million inhabitants and then of 380 and finally, with the eastern countries, of 500 million, was not a disturbing prospect.

At the last stage of the conference, the European Parliament recalled the need for institutional reforms and deepening, before giving its positive assents on enlargement. The Council of Ministers also invited all European institutions in

March 1994 to draw up a report on the functioning of the Treaty on European Union and decided to create in the European Council in Corfu (June 1994) a 'Reflection Group' to prepare institutional options for the future.

Although these first EU enlargement negotiations were considered to be more quantitative than qualitative (Table 4), concern for the future required that enlargement negotiations should try to combine enlargement with deepening without losing the advantages bestowed by the Treaty of Maastricht, and without forgetting the need to create the right conditions for institutional debate to take place at the Intergovernmental Conference of 1996. Even though there was great political interest in pushing the negotiations forward rapidly, it was necessary to overcome a succession of fears and reservations which the northern countries had regarding the European Community, and which the present Member States had regarding the institutional impact which the arrival of the new countries will have for European Union. Now that the Treaty of Maastricht has shown the need for a series of changes to the future working of the European Union, the accession negotiations have provided a favourable setting for advancing ideas which require deeper consideration, doubtless at the Intergovernmental Conference planned for November 1996, or to be included in a conference convened for the purpose. The dispute over qualified majority voting and the move to the third stage of Economic and Monetary Union led to a significant discussion involving Commission, Council and the European Parliament. The cliff-hanging debate continued to the very last moment with little time remaining for positive assent by the European Parliament, a consequence of the elections scheduled for the beginning of June 1994.

Some of the actors in the enlargement negotiations have shown a contradictory reaction to the enlargement itself. One such is Theodoros Pangalos, the Greek Foreign Affairs Minister, who chaired the last sessions of the 14-month accession negotiations with Austria, Finland, Norway and Sweden who said: 'Now that this is done, now that I have done my duty ... I honestly want to say that this decision was wrong ... the EU should not have undertaken new responsibilities before the Community structure deepens, before we proceed to necessary structural and economic changes, before we satisfy the preconditions set by the Maastricht Treaty'.

The accession of the Nordic and Alpine members will tilt the EU's centre of gravity towards the north and with it the EU will reach the Arctic Circle and the Russian border. Northern Protestant uprightness will serve as a useful counter-balance to the more passionate political tradition of the Mediterranean countries.

Concern for the future will not stop here, however, since even deeper thinking will be needed on the possible future frontiers of the European Union in view of the countries which have already asked to join (see Table 1), and others which have expressed their intention to submit a request as soon as possible (particu-

Table 4: Member Countries of the Enlarged European Union

Countries	Population (m)	GDP (ECUbn)	GDP (ECU per capita)	Members of the European Parliament*	No. of Votes in the Council**
Germany	81.1	1631.5	20,097	99	10
Belgium	10.0	180.0	17,849	25	5
Denmark	5.1	115.5	22,253	16	3
Spain	39.1	408.4	10,434	64	8
France	57.3	1068.6	18,640	87	10
UK	58.1	807.8	13,887	87	10
Greece	10.3	76.7	7,406	25	5
Netherlands	15.2	264.0	17,268	31	5
Ireland	3.5	40.4	11,334	15	3
Italy	58.0	847.3	14,584	87	10
Luxembourg	0.4	10.7	26,859	6	2
Portugal	9.8	72.3	7,323	25	5
Austria	7.9	155.5	19,453	21	4
Finland	5.0	71.5	14,110	16	3
Sweden	8.7	159.2	18,256	22	4

GNP Data from Eurostat, 1993.

* Resolutions of the EP of 10 June 1992 and 15 July 1993, and decisions resulting from the enlargement negotiations, 30 March 1994.

** Votes for the new members: Conference decision: qualified majority shall require at least 62 votes cast by not less than 10 members, subject to the revised Ioannina compromise (Official Journal of the EC, No. C1, 1 January 1995).

larly all the countries of central and eastern Europe and certain European mini-states). German Chancellor Helmut Kohl promised that Germany will make efforts to open the EU further to the countries of central Europe, judging the Baltic Sea to be just as much a European sea as is the Mediterranean. At the same time he has pointed out that Germany will reject any attempt to turn the EU into a mere 'glorified free trade area' and has insisted that enlargement must go hand-in-hand with the closer integration and reinforcement of European institutions.

In the future, the Union could reach membership of 25 or 30 states. To arrive at such a number, it would have to be assumed that the countries of the old COMECON will have become progressively capable of integration into the Union. This does not seem probable in the short term if one remembers the difficulties experienced by Germany and the rest of Europe when the old German Democratic Republic was absorbed into the Community. This event in October 1990 constituted *de facto* the fourth enlargement of the European Community.

European Council discussions in Copenhagen (21 and 22 June 1993) on the strengthening of links and support for the transition of the countries of central and eastern Europe reveals the difficulty that will result from a doctrine on the possible future accession of the old socialist countries despite consensus on the need to give positive signals to those countries who have expressed interest in joining the Community. Hungary officially applied for membership to the EU on 1 April 1994 and Poland on 8 April 1994. In presenting their applications, the two countries stated that membership will be a guarantee of security and integrity, and will help them prepare to take on all the obligations of full membership in the EU after a transitional period. Even if the EU's Council of Ministers recorded these applications, the Commission's opinions on the Hungarian and Polish requests will not be issued for some time, while negotiations for membership could not begin before the Intergovernmental Conference of 1996.

The new President of the European Commission, Jacques Santer, declared in Alpbach in August 1994 that 'before the end of this century Hungary and others will have joined the EU' and following Jacques Delors' visit to Poland, the Commission prepared a Communication on its strategy for preparation for the central and eastern European countries' accession to the EU.

In view of the prospects for enlargement which were taking shape, the President's Conclusions at the end of the Lisbon European Council (26 and 27 June 1992) stated, 'if we have to respond satisfactorily to the challenges presented by a European Union formed of a large number of Member States, it is necessary to move forward so that the internal development of the Union and the preparation for the accession of other countries are carried out in parallel'.

Despite the Danish Minister of Foreign Affairs' assertion, when presenting the Presidency's work programme to the European Parliament on 20 January 1994, that to include the EFTA applicants would mean a strengthening of the

Union and that a stronger European integration would emerge from the planned enlargement, it was generally agreed that a Community which has laboriously arrived at its present position cannot allow significant new quantitative advances without deliberating very seriously on the qualitative aspects of its future.

Further enlargement will necessitate serious reflection on the running and remodelling of the institutions created for an EC of six. It will involve rebalancing power, the application of the principle of subsidiarity, the role of the regions in the EU, internal social dumping, the conditions necessary to achieve convergence within the European Monetary Union, the EU position in world affairs, a deep analysis of the budgetary impact of the present CAP and of structural policies, and many other matters.

The considerable debate in September 1994 surrounding the Balladur doctrine on a Europe of three concentric circles following the 1996 Intergovernmental Conference, the German Christian Democrat parliamentary group for the creation of a hard core of European states, and John Major's preference for a multi-speed Europe in which some states will integrate more quickly in certain areas than others, show that the debate on the remodelling of the future EU has already started, but that arriving at an agreement acceptable to everyone will be difficult.

All enlargements until now have fortunately brought to the Community new leadership and new areas of activity:

- with the first enlargement arrived new democratic processes in the European Parliament and a new world dimension with new transatlantic and Commonwealth relations.
- with the southern enlargement, new social and cohesive orientations and new Latin American links with the Community.

The 1995 Nordic and Alpine members are expected to put pressure on the EU and to bring leadership to the Community in social standards, environmental matters, openings to Third World countries, welfare state requirements, democratic controls by both the European Parliament and national Parliaments, and other questions that will help the Union to deepen while it expands. At the same time Finland and Austria will bring new links with Russia and eastern Europe, contributing to a post-cold war geopolitical dimension for the European Union. But the debate is wide open and the 1995 enlargement is only a part of the bigger debate taking place in Europe about how the Union must develop in the future to be a 'better' and a 'genuine' European Union.

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