

# THE CHALLENGES OF THE NEXT EUROPEAN UNION ENLARGEMENT

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## Abstract

*After nearly six decades of evolution marked by five successive waves of enlargement, today's EU with 27 Member States, totaling a population of close 500 million people, is a prosperous and powerful entity that exercises a growing influence on the international arena. The EU's commitment to the enlargement process reflects the Member States' conviction that it is in the mutual interest of the Union and the aspirant countries, thereby contributing to stability, development and prosperity throughout Europe. Under these conditions, the EU's enlargement process has gained new momentum, the entry into force of the Lisbon Treaty ensures that the EU can pursue its enlargement agenda, while maintaining the momentum of European integration. Starting from the fact that the EU's current enlargement process takes place against the background of a deep and widespread recession, this study aims to analyze the main challenges facing countries in the process of enlargement and also to highlight their progress with political and economic reforms as well as their capacity to assume the obligations of membership in accordance with the Copenhagen criteria.*

**Keywords:** accession, enlargement, European integration, negotiations, candidate countries.

## 1. Introduction

The European Union today is the result of integration and enlargement process evolving continuously, process that has contributed to stability, development and prosperity throughout Europe and thus represents one of the most important phenomena that the European continent has known.

If the initial integration process aimed at preserving peace and eliminate the danger of another war, there were later identified many benefits of increased cooperation between European states. By establishing a common market and the gradual approximation of economic policies of Member States aimed to promote a harmonious development of economic activities, sustainable and balanced growth, increased stability, accelerated growth in living standards and closer relations between Member States. Thus, increasing cooperation between Member States of the European Communities resulted in significant benefits, not only in terms of security, and prosperity.

The success of the EU construction has determined other European countries to want to get integrated, the prospect of integration helping them to engage in comprehensive reforms to fulfill conditions imposed by pluralist democracy and market economy.

As a result, since 1990, following the major changes occurring in Central and Eastern Europe, the countries of this region have seen in the European Union a foothold, and in the process of European integration, an opportunity for reviving their economy. On the other hand, being consistent with the ambitious objectives promoted in the Treaty of Rome and the Single European Act, the European Union was concerned about the deepening of integration, this being evident throughout the '90s. In this respect, European policymakers have expressed a genuine consensus on the possibility of European Union enlargement, of course in a time frame and after the candidate countries have completed well-defined criteria.

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## 2. History of European Union enlargement

As it is known, the founding members of the three European Communities were six (Belgium, France, West Germany, Italy, Luxembourg and the Netherlands), but the possibility of extension of the new community construction by including new members was provided in the instituting Treaties<sup>1</sup>. As a result, over time, the six founding members were joined by another twenty-one countries in five waves of enlargement: Denmark, Ireland and the United Kingdom (January 1<sup>st</sup>, 1973), Greece (January 1<sup>st</sup>, 1981), Portugal and Spain (January 1<sup>st</sup>, 1986), Austria, Finland and Sweden (January 1<sup>st</sup>, 1995), Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia, Slovenia and Hungary (May 1<sup>st</sup>, 2004), Bulgaria and Romania (January 1<sup>st</sup> 2007)<sup>2</sup>.

The five waves of extension of the Community construction required a series of amendments to the Treaties, each time a reform being necessary to allow absorption of new members and ability of the institutions of the Union so that they can continue to function properly. Also, since in most cases the states that had joined, had a development level lower than the EU average, every enlargement of the Union, required financial efforts from both the Union and the countries that have joined.

These difficulties have not prevented successive enlargements of the Community construction since the new EU Member States were consistently pursuing its objectives.

Thus, at the accession of Portugal and Spain, the European Commission led by Jacques Delors has developed a White Book which set out a timetable for steps to complete the single market by 31 December 1992.<sup>3</sup> Moreover, in the second half of 1985 were held the Intergovernmental Conference which finalized the Single European Act (signed in February 1986) by which the European Communities have committed to adopt measures for the internal market as a central element of building a strategy to revive the community. Also, the adoption of Single European Act has been a crucial step in shaping EU environmental policy, economic and social cohesion, research and technological development or social problems.<sup>4</sup>

In the early '90s, along with the completion of the internal market and in line with ambitious ideas promoted by the Single European Act, European policymakers have considered that revisions to the treaties were necessary to meet the priorities and challenges facing the European Community. These concerns were reflected in the Treaty of Maastricht (Treaty on European Union - TEU), which summed up the efforts made in the two intergovernmental conferences aiming to finalize the text of a Reform Treaty, namely "political union" and "the economic and monetary union".

Given the fairly significant costs of previous enlargements and the costly experience of Germany reunification<sup>5</sup>, the EU has maintained the policy of opening to other countries (developed in art. 49 TEU), but imposed some conditions that a State had to meet to join the Union. Consequently, the Copenhagen European Council (June 1993), defined the criteria that candidate countries must fulfill to become EU members; they are referring to: the stability of institutions guaranteeing democracy, rule of law, human rights, respect for and protection of minorities (political criterion), the existence of a functioning market economy and the ability to cope with competitive pressure and market forces within the European Union (economic criterion), the ability to assume

<sup>1</sup> This situation was provided both in ECSC Treaty (Article 98), EEC Treaty (Article 237) and EAEC Treaty (Article 205).

<sup>2</sup> The accession of Bulgaria and Romania to the European Union is not considered as a separate wave of enlargement, but a complement to the fifth wave which began in 2004.

<sup>3</sup> Completing the Internal Market - 14/6/1985, COM (85) 310.

<sup>4</sup> Dan Vătăman, *History of the European Union* (Bucharest: Pro Universitaria Publishing House, 2011) 38-39.

<sup>5</sup> On 28<sup>th</sup> April 1990, it was held a special European Council in Dublin (Ireland) where they agreed upon a common position on German unification and the Community relations with countries in Central and Eastern Europe. Following the reunification of the two German states, the German Democratic Republic was included in the European Communities on 30<sup>th</sup> October 1990, without being regarded as a new member, but only as a result of unification.

obligations of EU membership, including the aims of political, economic and monetary union (criterion concerning adoption of the *acquis communautaire*)<sup>6</sup>.

Even if these conditions were imposed, the EU commitment to enlargement is demonstrated by the fact that alongside with the efforts to refocus and restructure the community construction, there were ongoing negotiations for the fourth EU enlargement, concluded with Austria, Finland and Sweden (January 1<sup>st</sup>, 1995).

To implement the decisions taken at Copenhagen and to maintain the momentum of the integration process, it was needed to outline a realistic strategy that will help interested states to join the European Union to prepare for accession and to strengthen their capacity to assume the responsibilities of a Member State. As a result, the Essen European Council (December 1994) reaffirmed the need for a multilateral framework for dialogue and consultations, and in this regard, adopted a pre-accession strategy designed to prepare countries which had signed an association agreement with EU to obtain membership.

Given that in the following period a number of countries have applied for accession to the European Union, the prospect of an unprecedented scale of expansion generated discussions about the entire configuration of European integrationist approach, both in terms of institutional structure and the other Community policies, which required amendment of the Community Treaties. To adopt the changes to be made on 29<sup>th</sup> March 1996 in Turin, it was opened an Intergovernmental Conference, its negotiations focusing, among other things, on reforming EU institutions in order to make them more democratic and more efficient in terms preparations for EU enlargement that would include countries in Central and Eastern Europe, as well as Malta and Cyprus.

Also, the Dublin European Council (December 1996) adopted a new improved pre-accession strategy, addressed to all the candidate countries of Central and Eastern Europe that exploited both instruments existing at that time (the Europe Agreements, the White Book on the internal market, structured dialogue and PHARE program) and a new instrument representing the cornerstone of the strategy - the accession partnerships.

With the adoption of the Treaty of Amsterdam, it was conducted a reform of the EU in light of EU enlargement. Moreover, based on the Commission views on the expansion and the readiness of each candidate, contained in Agenda 2000<sup>7</sup>, the Luxembourg European Council (December 1997) outlined the task for the coming years, namely preparing candidate countries for EU membership and the Union Enlargement.

Given the dynamics of community building, the Helsinki European Council (December 1999) confirmed the importance of the enlargement process to ensure stability and prosperity in Europe and decided to convene an intergovernmental conference as early as February 2000, to raise questions on further enlargement of the Union, namely: the size and composition of the distribution of votes in the Council, a possible extension of qualified majority decisions and other aspects of the Community institutions resulting from the Treaty of Amsterdam. The European Council also reiterated that the fulfillment of the Copenhagen political criteria is a precondition for opening accession negotiations.

By the adoption of the Treaty of Nice (considered essential for enlargement) it was performed an institutional reform aimed at ensuring the proper functioning of an enlarged Union of 27 Member States; the three-pronged institutional reform aimed at: the composition and functioning of European institutions, the decision-making by the Council of Ministers and the strengthening of cooperation between institutions. Thus, the Treaty of Nice has prepared future EU enlargement, the implementation stake of such process consisting in reforming the functioning of the Union.

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<sup>6</sup> Conclusions of the Presidency - Copenhagen, June 21-22 1993, SN 180/1/93 REV 1

<sup>7</sup> "Agenda 2000" was published in July 1997 and relates to future EU policies, EU enlargement, and the EU's financial perspectives for 2000-2006. The document is attached to the Commission's views, based on the Copenhagen accession criteria, the applications for membership made by Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The next important step towards European integration was made at the Copenhagen European Council meeting (December 2002), on which occasion were concluded accession negotiations with Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Republic Slovakia and Slovenia, these countries being invited to join the EU on May 1<sup>st</sup>, 2004. On the same occasion, the European Council stressed that the successful conclusion of accession negotiations with ten candidate countries leads to a new dynamism to the accession of Romania and Bulgaria as part of the same inclusive and irreversible enlargement process and also showed that, depending on future developments in the application of membership criteria, the objective is to welcome in 2007 Romania and Bulgaria as EU members.

After the fifth enlargement of the Union (held in two stages: May 1<sup>st</sup> 2004 and January 1<sup>st</sup>, 2007) the number of Member States increased to 27, which caused the need for a new amending treaties which will provide the European Union modern institutions and optimized working methods to tackle effectively the challenges today. This was the objective of the Treaty signed at Lisbon on December 13<sup>th</sup> 2007. Thus, taking into account the political, economic, social changes and desiring the same time, to meet the aspirations and hopes of the Europeans, the Lisbon Treaty established the EU's powers and means that can be used and modified the structure of institutions and their operation.

### 3. The current enlargement of the European Union

In an enlarged European Union of 27 Member States, convinced that the successive enlargements have been a success both for the European Union and the Member States which acceded to it, thus contributing to stability, development and prosperity throughout Europe, the leaders of Member States considered that this process must continue, ensuring the success of future enlargement of the Union, for a better response to the many challenges they face.

Currently the EU enlargement process is ongoing, with five candidate countries: Croatia, Former Yugoslav Republic of Macedonia, Iceland, Montenegro, Turkey and four potential candidate countries: Albania, Bosnia and Herzegovina, Serbia and Kosovo.

#### *3.1. The main challenges in the process of European Union enlargement*

##### *3.1.1. Overcoming the economic crisis*

The economic crisis has affected all countries involved in the enlargement process. However, the impact was different according to each country's economic structure. Albania, Kosovo and the Former Yugoslav Republic of Macedonia were the least affected, because their economy depends to a lesser extent by exports and domestic markets faced their crisis. By contrast, Croatia, Serbia and Turkey, which are more integrated on the global market, were heavily affected. Montenegro was severely hit, due to its dependence on external financing and few sectors. In Bosnia and Herzegovina the impact of the crisis has been exacerbated by pro-cyclical fiscal policies with a high share of subsidies and social transfers in the budget.

Although the Western Balkan countries have implemented fiscal austerity measures, including rebalancing the budget, they were not sufficient to prevent a widening of budget deficits; Iceland, Serbia, Kosovo and Bosnia and Herzegovina were forced to rely on support from International Monetary Fund (IMF). In these circumstances, the Union has provided support to mitigate the impact of the crisis, the IPA<sup>8</sup> assistance being reprogrammed to support investment in infrastructure and competitiveness.

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<sup>8</sup> Financial assistance under the Instrument of Pre-accession Assistance (IPA) is designed to help candidate countries and potential candidates in their efforts to meet accession criteria, to align with EU policies and standards and to foster socio-economic development.

According to the enlargement strategy presented by the European Commission<sup>9</sup> to achieve sustainable growth rates and real convergence, there will be required further structural reforms and prudent fiscal policies. Internal sources of growth should be exploited more effectively, in order to improve productive capacity, job creation and competitiveness, being necessary to increase the volume of domestic and foreign investment in new projects ("greenfield"), particularly in export-oriented activities. To increase the volume of domestic and foreign investment, governments must improve the business environment, this means increasing the efficiency of public administration and the independence of judiciary, removing informal barriers to trade and strengthening the rule of law. Ensuring sound and sustainable public finances is crucial for the countries involved in the enlargement process, which is an essential part of preparation for accession to the European Union. Recent experience has demonstrated the interdependence of European economies and the destabilizing potential of major macroeconomic imbalances, even in the small economies.

### **3.1.2. Social inclusion**

The economic crisis had a negative impact on social welfare in the countries involved in the enlargement process, vulnerable groups, including minorities, disadvantaged communities and persons with disabilities, were particularly affected.

Therefore, the European Commission is committed to assisting countries involved in the enlargement process in efforts to improve the living conditions of vulnerable groups, including the economic and social inclusion of gypsies. In this regard, the Commission provides substantial support of IPA assistance for vulnerable groups through education and employment services to strengthen employment and social services in order to integrate disadvantaged people into the labor market. The Commission also finances the modernization of gypsies living in camps. This support will be strengthened to improve living conditions in the countries most affected, helping them to adopt a comprehensive approach to issues of social inclusion. In the case of Croatia, it has already been signed a Joint Inclusion Memorandum, thus offering a framework for action in this area.

The countries involved in the enlargement process have adopted some measures to address the problems outlined above, but further efforts are needed in this regard, those States must consider the establishment of explicit and ambitious goals in terms of employment, education and poverty reduction in disadvantaged communities, particularly in the case of gypsies.

### **3.1.3. Strengthening the rule of law and public administration**

Strengthening the rule of law, particularly the judiciary system, and combating corruption and organized crime is a crucial challenge for most countries involved in the enlargement process. Thus, tangible results that will provide lasting improvements in the rule of law are an important element to move to the next stages of the process of the EU accession process.

The renewed consensus on enlargement, on which the European Council agreed in December 2006, requires that the rule of law issues to be addressed in an early stage of the accession process. Therefore, full priority has been given to the treatment of these issues and to the use of all the instruments available; the use of benchmarks in the accession negotiations are an important catalyst for reform and sending a clear message regarding the need to address seriously, issues of rule of law before accession. Given the importance of strengthening the rule of law, the EU has closely monitored the progress of the candidate or potential candidate, particularly through joint bodies established by the Stabilization and Association or Interim Agreements and evaluation missions.

### **3.1.4. Freedom of expression and media**

Freedom of expression and of the media, which is an integral part of any democratic system, remains a concern in most countries involved in the enlargement process. Therefore, this issue requires an urgent solution; emphasis should be put on areas such as legal framework and its conformity with European standards, especially with regard to defamation, the appropriate

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<sup>9</sup> Communication from the Commission to the European Parliament and the Council - COM (2010) 660 final, *Enlargement Strategy and main challenges 2010-2011*, Bruxelles, 9.11.2010.

prosecution of all cases of attack on journalists, creating self-regulatory bodies and their contribution to enhance professionalism, public service broadcasting role in pluralistic democracies, cross-border networks to improve the flow of reports throughout the region, thus contributing to better mutual understanding.

#### *3.1.5. Reconciliation, regional cooperation and bilateral issues in the Western Balkans*

In the last decade, Western Balkan countries have made substantial progress in terms of stability and regional cooperation, however, a number of problems stemming from conflicts in the region remain unresolved and affect both the internal workings of states and the relations between them. Therefore, the European Union is working with parties in the region to overcome these problems, with the conviction that lasting reconciliation requires efforts at all levels (of government, the judiciary and civil society), reconciliation is linked also to solving problems related to poverty and social exclusion.

Reconciliation is closely related to regional cooperation, which helps to maintain good neighborly relations and an environment ready to address outstanding bilateral issues. Also in the Western Balkans, regional cooperation is crucial for economic development and to identify solutions to common problems, such as organized crime, border management, climate change and environmental pollution. Moreover, regional cooperation is essential to record progress towards EU accession in areas such as public safety, energy, transport. Regional cooperation has been hampered by differences over Kosovo, which affected, in particular the functioning of CEFTA, the extension of the Pan-Euro-Med system of diagonal cumulation and the signing of the Transport Community agreement. Also, a number of other bilateral issues remain unresolved, such as the problem between Greece and the Former Yugoslav Republic of Macedonia on the name of the country.

### **3.2. Progress in countries involved in accession to the European Union**

#### **3.2.1. Candidate countries**

##### *a) Croatia*

Croatia has made steady progress towards meeting the accession criteria for the accession negotiations have reached the final stage. As regards economic criteria, Croatia is a functioning market economy which should be able to cope with competitive pressure and market forces within the Union, provided that it vigorously implements its comprehensive reform program to reduce structural weaknesses. Regarding the *acquis* criteria, Croatia has made good progress, of the 33 chapters opened for accession negotiations it provisionally closed 25.

Croatia has had positive results as regards the conditions for concluding the negotiation chapters with financial implications<sup>10</sup>, however, efforts are still needed to fully establish the necessary administrative structures to manage and control funds. Also, Croatia has to meet the benchmarks that need to be met in order to close a chapter, in particular as regards the judiciary and fundamental rights, including combating corruption, as no longer necessary for the EU to consider imposing any cooperation and verification mechanism after the accession.

##### *b) Former Yugoslav Republic of Macedonia*

Former Yugoslav Republic of Macedonia continues to meet sufficiently the political criteria and, as a result of reforms in 2009, there were further progress, albeit in an uneven pace in the reform of Parliament, the police, the judiciary system, public administration and protection of minorities. Former Yugoslav Republic of Macedonia must continue to make progress on the dialogue among political actors to reform the judiciary and public administration, fighting corruption, freedom of expression and to improve the business environment. It is also essential to maintain good neighborly relations and finding, under the UN umbrella, a negotiated solution accepted on both sides of the

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<sup>10</sup> Agriculture and rural development, Regional policy and coordination of structural instruments, Financial and budgetary provisions.

country's name issue<sup>11</sup>. Since the Former Yugoslav Republic of Macedonia has continued to fulfill its commitments to its obligations under the Stabilization and Association Agreement (SAA) in October 2009, the Commission proposed to move to the second stage of association, namely the opening of SAA accession negotiations, but so far the Council had not yet taken a position on the Commission's recommendation.

*c) Iceland*

Considering that Iceland has a long tradition in terms of democracy and good governance, and the fact that this country is a member of the European Economic Area (EEA) of 1994 and the Schengen Area in 2001, was launched in 2010 the accession process with Iceland. Thus, following the Commission's recommendation made in its opinion of 24 February 2010, the European Council decided on June 27<sup>th</sup>, 2010, the opening of negotiations with this state, the first intergovernmental conference on Iceland's accession to the European Union taking place in Brussels on July 27<sup>th</sup>, 2010.

The first progress report from Iceland confirms the information contained in the opinion of Iceland in February 2010 according to which Iceland fulfills the political criteria, being a functioning democracy with strong institutions and deep-rooted traditions of representative democracy. The judiciary system in this country is strengthened, and the magistrates have a very high level. As regards human rights and minority protection, Iceland continues to respect fundamental rights and ensure a high level of cooperation with international mechanisms aimed at protecting human rights. The opinion, however, identified a number of problems, but the report confirms the fact that Iceland has taken measures to solve them.

Also, progress has been satisfactory in terms of further improving the legal framework on conflicts of interest and political party financing. Have been modified the norms for the appointment of judges, to a greater consolidation of judicial independence. Important steps have been taken to stabilize the economy. There has been progress in terms of enhancing the recovery of public finances and financial system. The International Monetary Fund programme is on track. However, there remains uncertainty and economic challenges. Iceland will have to meet its obligations, such as those identified by the EFTA Surveillance Authority (ESA) under the European Economic Area Agreement. Significant efforts are needed as well, to ensure that citizens of Iceland are adequately informed on the implications of EU accession.

*d) Montenegro*

Montenegro has made progress towards meeting the political criteria set by the Copenhagen European Council in 1993 about the stability of institutions guaranteeing democracy, rule of law, human rights and respect for and protection of minorities and on the conditions of the Stabilization and Association, however, further efforts are needed.

As regards economic criteria, Montenegro has achieved a certain degree of macroeconomic stability. However, to become a functioning market economy, Montenegro needs to eliminate internal and external imbalances and weaknesses, particularly in the financial sector and in the functioning of markets, and strengthen the rule of law. To cope with competitive pressure and medium-term market forces within the Union, Montenegro needs to strengthen its physical infrastructure and human capital and to continue implementing structural reforms. Overall, the balance of Montenegro regarding the implementation of its obligations under the Stabilization and Association Agreement (SAA) is positive, which is why, on 9<sup>th</sup> November 2010; the Commission adopted its Opinion on the request of Montenegro Accession to the European Union. In this opinion, it shows that Montenegro would have an overall limited impact on EU policy and would not affect the Union's ability to maintain and deepen the development, which is why the Commission recommended the Council to grant candidate country status of Montenegro. On

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<sup>11</sup> The name issue, on which there are differences of opinion with Greece, remain unresolved. The two countries under UN had talks to solve this problem and held a series of bilateral contacts, including the level of prime ministers, but the momentum created by taking these actions has not yet led to concrete results.

December 14<sup>th</sup>, 2010 Council submitted a number of conclusions on enlargement, which were adopted at the European Council meeting of 16-17 December 2010, an occasion on which was agreed to grant Montenegro the candidate country status.

*e) Turkey*

Although Turkey has long been involved in the process of accession to the European Union, the pace of progress in meeting the requirements of membership is very low. Accession negotiations have moved on, even if slowly, reaching a demanding stage in which Turkey should intensify its efforts to meet the established conditions.

As regards political criteria, according to reports on Turkey's progress, constitutional reforms adopted on 12<sup>th</sup> September 2010, there have been created the necessary conditions for progress in a number of areas, such as the judiciary system and fundamental rights. These changes correspond to the Accession Partnership priorities; however, drafting and adoption of constitutional reforms were not preceded by a consultation process which will be attended by political parties and civil society in general. It is therefore essential to implementing this package of amendments in accordance with European standards and in a transparent manner with participation of all stakeholders.

As regards economic criteria, the European Commission found that Turkey is a functioning market economy, which should be able to cope with competitive pressure and medium-term market forces within the Union, provided they continue to implement its comprehensive reform program to eliminate structural weaknesses. Overall, Turkey has improved its ability to assume the obligations of membership, making progress, sometimes uneven, in most areas. Thus, alignment is advanced in some areas, such as free movement of goods, intellectual property, antitrust, energy, enterprise and industrial policy, consumer protection, statistics, trans-European networks, and science and research. Efforts to align must be continued in such areas as environment, company law, public procurement, establishment and free movement of services. It is also very important for Turkey to improve in most areas, the administrative capacity for implementing the *acquis* criteria.

Regarding regional issues and international obligations, Turkey has continued to publicly express their support to the negotiations taking place under the UN between the Greek and Turkish Cypriot community leaders to address global Cyprus problem, however, there have not been achieved progress in the normalization of bilateral relations with Cyprus. Despite calls launched by the Council and the Commission, Turkey has not complied with their obligation to implement fully and without discrimination to the Additional Protocol to the Association Agreement and has not removed all obstacles to free movement of goods, including restrictions on direct links transport to Cyprus. For this reason, the Commission recommended continuation of the measures adopted in December 2006 the EU Council, which decided not to open eight relevant negotiating chapters<sup>12</sup>, and not to close temporarily any other chapter, so long as Turkey will not meet their commitment<sup>13</sup>.

*3.2.2. Potential candidates for membership*

*a) Albania*

Albania has made progress towards meeting the criteria set by the Copenhagen European Council in 1993 about the stability of institutions guaranteeing democracy, rule of law, human rights and respect for and protection of minorities, and on the conditions of the Stabilization and Association, however, considerable efforts are still needed.

As regards economic criteria, Albania has achieved a certain degree of macroeconomic stability. However, to become a functioning market economy, Albania should continue to strengthen governance, improve labor market performance, to ensure recognition of property rights and strengthen rule of law. To cope with competitive pressure and medium-term market forces within the

<sup>12</sup> The eight chapters are: free movement of goods, right of establishment and freedom to provide services, financial services, agriculture and rural development, fisheries, transport policy, customs union and external relations.

<sup>13</sup> COM (2010) 660 final



Union, Albania needs to strengthen its physical infrastructure and human capital and make further structural reforms.

Overall, Albania's balance sheet in terms of implementing its obligations under the Stabilization and Association Agreement (SAA) is positive, which is why, on 9<sup>th</sup> November 2010, the Commission adopted its Opinion on the application Albania Accession to the European Union. This opinion shows that Albania would have limited overall impact on EU policy and would not affect the Union's ability to maintain and deepen the development. Accordingly, the Commission considered that it should open negotiations with the European Union in Albania when the country will have reached the required degree of compliance with membership criteria, particularly the Copenhagen political criteria which require stability of institutions guaranteeing especially democracy and the rule of law.

*b) Bosnia and Herzegovina*

Bosnia and Herzegovina has made limited progress in addressing the political criteria, and recorded some progress on the rule of law, mainly in areas such as border management and migration policy as a result of reforms to meet the requirements for visa liberalization. Also, important steps were made to promote reconciliation and regional cooperation, particularly with regard to refugee return. However, overall, the application of reforms was insufficient and internal political climate of pre-election period was dominated by nationalist rhetoric. The lack of a shared vision of political leaders regarding the direction to which the country is heading, blocks key reforms and prevents further progress towards European Union.

Consequently, Bosnia and Herzegovina should speed up its efforts to achieve a satisfactory balance on the implementation of the provisions of the Interim Agreement. Also, Bosnia and Herzegovina should immediately take the first steps to align its constitution to the European Convention on Human Rights (ECHR) and to improve efficiency and functioning of its institutions. However, this country should be able to adopt, implement and enforce EU laws and standards. Overall, the implementation of the Interim Agreement has been uneven.

Bosnia and Herzegovina were in violation of the agreement as a result of non-compliance with the European Convention on Human Rights regarding the right to equal treatment without discrimination and failure to establish a monitoring authority on state aid. As a result, the Commission stressed that further strengthening of administrative capacity is needed in order to achieve satisfactory results in applying the Stabilization and Association Agreement (SAA).

*c) Serbia*

Serbia has made progress towards meeting the Copenhagen criteria and also has made further progress in fulfilling its obligations under the Stabilisation and Association Agreement (SAA). Regarding regional issues and international obligations, Serbia has made great strides in terms of reconciliation in the region, particularly with Croatia and Bosnia and Herzegovina.

Serbia has continued to participate actively in regional initiatives such as Process of Cooperation in South-East Europe Cooperation Process (SEECP), the Regional Cooperation Council (RCC) and the Central European Free Trade Agreement (CEFTA). However, regional cooperation was affected by lack of agreement between Serbia and Kosovo in connection with regional meetings. As a result it must be agreed as soon as possible on an acceptable and viable solution for the participation of both Serbia and Kosovo in regional fora, this thing being essential for a functional Regional cooperation.

As regards the economic criteria, further progress to establish a functioning market economy was limited, which is why Serbia should make more efforts in restructuring its economy in order to meet the medium term, competitive pressure and market forces EU market.

*d) Kosovo*

With regard to paragraph 17 of resolution 1244 adopted by the UN Security Council, where the Council welcomes the work of the European Union and other international organizations to adopt an integrated approach to economic development and stability in the region affected by the crisis in

Kosovo, the European Council in Brussels on 14<sup>th</sup> December 2007 stressed that the EU is ready to play a leading role in strengthening stability in the region in accordance with its European perspective, and in the implementation of a solution to define the future status of Kosovo. After Kosovo declared its independence (February 2008), the EU Council took note of the declaration of independence and stressed that each EU member state will decide whether to recognize the new state<sup>14</sup>. However, the EU Council Joint Action 2008/124/CFSP<sup>15</sup> adopted by the European Union mission was set up a Rule of Law Mission in Kosovo - EULEX KOSOVO, designed to assist the Kosovo institutions, the judicial authorities and the law enforcement bodies in their progress towards sustainability and accountability and to continue developing and strengthening an independent multiethnic justice system and a multiethnic police and customs system, ensuring that these institutions are free from political interference and adhering to internationally recognized standards and best European practices.

European Council in Brussels on 19<sup>th</sup> -20<sup>th</sup> June 2008 reaffirmed the European Union leading role in ensuring stability in Kosovo, recalling its readiness to assist economic and political development of Kosovo through a clear European perspective, in accordance with the European perspective of the region. On the same occasion, the Heads of State or Government of EU Member States have welcomed Kosovo's commitments on the principles of democracy and equality of all citizens, protection of minority Serb and other minorities, religious and cultural heritage conservation, and international presence.

As it is evident from the enlargement strategy presented by the European Commission<sup>1</sup>, Kosovo has made progress lately in terms of political criteria. It has strengthened its commitment to European policy, the reform agenda and it established a ministry for European integration. However, important challenges remain in terms of public administration reform and the rule of law, including the judiciary system. Additional efforts need to be done to combat corruption, organized crime and money laundering. Dialogue and reconciliation between communities and the protection and integration of minorities, particularly Kosovo Serbs continue to be areas on which there are persistent concerns.

As regards economic criteria, Kosovo has made limited progress towards establishing a functioning market economy, so there must be carried out reforms and investments to enable the country to cope with long-term competitive pressures and market forces within the Union. Progress in aligning the legislation and policies in Kosovo, to European standards continue to be uneven. The legal framework was further developed in the fields of customs, taxation, and free movement of goods, statistics, migration, education and combating terrorism. Approximation is in its infancy as regards competition, intellectual property, environment, agriculture and food security, integrated border management, asylum, money laundering and protection of personal data. Alignment to European norms remains limited in the field of employment and social policies, financial control, drug trafficking, human trafficking and organized crime.

#### 4. Conclusions

After nearly six decades of evolution marked by five successive waves of enlargement, the European Union today is a successful model based on values of respect for human dignity, freedom, democracy, equality, rule of law and respect for human rights, values were common to the Member States in a society characterized by pluralism, nondiscrimination, tolerance, justice, solidarity and equality between women and men.

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<sup>14</sup> Kosovo unilaterally declared independence was not recognized by five European Union member states: Cyprus, Greece, Romania, Slovakia and Spain.

<sup>15</sup> Official Journal of the European Union L 42/92 of 16.2.2008.

Significant benefits in terms of security and prosperity that flow from EU member states have determined over time a number of European countries to want to get integrated, the prospect of integration helping them to engage in comprehensive reforms to fulfill conditions imposed by pluralistic democracy and market economy.

Convinced that the extension also serves the interests of the Union and those of the countries wishing to join, thus contributing to stability, development and prosperity throughout Europe, European policymakers have considered that the enlargement process must continue, but not in any conditions. In this regard, states involved in the accession process should take political and economic reforms, the goal being to bring these countries to the European standards in all areas covered by the treaties on which the EU, which would support the Union in achieving their objectives in a number of key areas for economic recovery and sustainable growth, such as energy, transport, environmental protection and efforts to tackle climate change.

Thus, the European Union showed openness to the idea of joining of any democratic European country, which has a market economy and administrative capacity to manage the rights and obligations arising from membership. For the future EU enlargement to be successful, the candidate and potential candidate applies a rigorous set of conditions, their possible accession date depending on progress in political and economic reforms, each country being judged on its own merits. Moreover, success depends on winning the enlargement policy support from citizens of both the EU Member States and of the candidate and potential candidate countries being essential for the public to have confidence that future accessions are well prepared and that they are subject to rigorous conditions.

Overall, the future enlargement of the European Union depends mainly on the demonstrated ability of countries wishing to accede to assume obligations of membership, requiring sustainable reforms, and legislative and credible and convincing institutional adjustments.

As a result, the transition to the next stages of the accession process will be achieved when the countries concerned will meet established standards, including those related to democracy, the rule of law and fundamental rights and freedoms.

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