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Strategy with Fast Moving Targets: The European Union in East-central Europe

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“We must build the united Europe not only in the interest of the free nations, but also in order to admit the peoples of Eastern Europe into this community if, freed from the constraints under which they live, they want to join and seek our moral support. We owe them the example of a unified, fraternal Europe. Every step we take along this road will mean a new opportunity for them. They need our help with the transformation they have to achieve. It is our duty to be prepared.”

(Robert Schuman)

Introduction

Whether the European Union has had an enlargement strategy since the end of the East-West conflict is not only an important and intellectually stimulating question, but has significant political relevance as well. Even though the enlargement process to East-central Europe is coming to an important juncture with eight countries of the region soon joining the EU, this should not be identified with the completion of the process. There are many other states which wish to join the Union. Two of them, Bulgaria and Romania, pursue accession negotiations, Croatia is getting close to EU membership application and a large number of countries both in South-eastern Europe and in the former Soviet Union also contemplate their future in the Union.

The issue has already generated some attention. Some scholars deny the existence of enlargement strategy mainly on the ground that there has been no thread that ran through the entire process. Those who consider strategy as a set of rigid

rules and ideas may rightly draw such a conclusion.¹ If, however, one starts out from the reality that a political strategy cannot but be reflective and adaptable to changing reality, then one may realise that there has been a political concept that underlined the enlargement process. It is in this sense that this paper is of the view that the EU has had a strategy toward East-central Europe. It may interfere with drawing such conclusion that the strategy was not only adapted in details, but also went through a major change as far as its emphasis. Namely, as one author argues in another paper in this series,² there were two distinct approaches, one which aimed at the *stabilisation*, and another one that aimed at *integration* of the immediate neighbourhood of the EU. This conclusion seems correct although further investigation may be required to learn the relationship of the two. Did the aim of stabilisation and integration coexist or did the former gradually gave way to the latter? When and under what conditions did the change occur? Have residual stability concerns remained? If answered in the affirmative, what characterises them, are they overwhelmingly political or economic? It is clear, however, that Missiroli contrary to Zielonka is of the view that there has been an EU strategy. Those authors, more often than not from East-central Europe, who criticise the enlargement strategy of the EU, belong to the latter group. They do not differ from the previous position in that they recognise the existence of strategy, they do, however, differ in that their approach is *prescriptive*. They are simply of the view that the strategy is wrong, it is contrary to the genuine long-term interests of the Union.³ It is correct to state that the strategic

¹ Jan Zielonka, “Policies without Strategy: the EU’s Record in Eastern Europe”, in Jan Zielonka (ed.), *Paradoxes of European Foreign Policy* (The Hague: Kluwer Law International, 1998), p. 131.

² See Antonio Missiroli, “The European Union and Its Changing Periphery: Stabilisation, Integration, Partnership”, GCSP Occasional Paper No. 32.

³ It is suffice to mention two well-known Hungarian economists in this respect. Inotai is harshly critical of ‘big bang’ as enlargement strategy, whereas Balázs emphasises the dominance of short-term technical considerations in the enlargement process as factors undermining the prevalence of strategic considerations. See András Inotai, “Gondolatok az Európai Unió bővítési változatairól” /Views on the Enlargement Scenarios of the European Union/, *Európa 2002*, Vol. 2, No. 4. December 2001, pp. 5-18. Péter Balázs, *Európai egyesülés és modernizáció* /European Unification and Modernization/ (Budapest: Osiris, 2001), esp. pp. 116-117.

thread is overshadowed by minuscule details, particularly during the accession talks. It is also correct to observe that the EU and its member states have short-term selfish interests, which of course have the same effect. Neither of them, however, should be sufficient to conclude that the EU has had no enlargement strategy.

The Evolution of the Commitment of the European Union to East-central Europe

With the gradual enlargement of the European Community between 1973 and 1995, most European countries west of the Iron Curtain have become members or have established intensive relationship with the organisation, like the EFTA countries. There was one large exception, the eastern bloc. It is not even worth mentioning those low intensity exchanges that took place between the European Communities and the Council for Mutual Economic Assistance (CMEA) in the early seventies or the few trade agreements which were signed by the EC with countries of the East somewhat later. However, the fact that the EC had practically no link with the socialist countries did not mean that the continent was completely divided. There were EC member states which pursued foreign policies with these countries. Their level of familiarity with them varied greatly. With hindsight one may conclude that the larger EC member states were more able to differentiate between the minor differences in their political course. Geographic vicinity also mattered. Germany and Italy, which were located closer to the region, had a better idea about East-central Europe than Spain, for instance. France had a biased view based on her familiarity with some countries and not so much with others. The only EC member state which had a solid knowledge of the details in East-central Europe was the Federal Republic of Germany, the country which was obliged to have an active eastern policy, the *Ostpolitik*, since the end of the 1960s.

Consequently, the whole story relevant for this study started in 1989. The EC noticed that there was a region adjacent to it that started to change at breathtaking speed. In light of the strictly

limited knowledge of East-central Europe, it was the first natural reaction of the EC to increase the knowledge about the region. Not to mention that due to the rapid changes there was reason to be cautious. It was not clear how stable and prosperous the newly established democratic regimes would be. The first years were thus the period of gaining familiarity with the East accompanied by certain measures of practical co-operation. The Phare project (Poland, Hungary Assistance to Reconstruction of the Economy) gradually expanding to the reform countries of the region was an illustration of this. The next major step in this process was the conclusion of so-called Europe agreements between the EC and the most advanced candidate countries. Rather than entering into details, it is suffice to mention that the most important content of these agreements is to eliminate tariffs and non-tariff barriers between the Union and the candidate country bilaterally in industrial products, but not in agricultural produce. The agricultural sector, where some East-central European countries could have been competitive, was excluded from trade liberalisation. In some other cases where these countries could be competitive, liberalisation remained limited. Bearing in mind the significance of the volume of EU trade for the individual East-central European countries, the trade barriers were abolished asymmetrically. The stepping down of trade barriers, which was set forth by the association agreements, was carried out by the end of 2001. The EU had to liberalise faster than the ECE countries throughout the process.⁴

Already during the talks that led to the first association agreements with the EU, the candidate countries raised the point whether the agreements should be viewed as part of a dynamic pre-accession strategy. At the time the EC was reluctant to adopt a text to this affect. Thus the bilateral agreements stated that it was the objective of the candidate country to become a member of the EC and stopped short of declaring the same intention on the other side. It declared, e.g. in case of the association agreement with Hungary, that “the final objective of Hungary is to become a member of the Community and that this association, in the view of the Parties, will help to achieve this

⁴ There was one country that did not want to take advantage of this, Estonia, which agreed with the EU on parallel trade liberalisation.

objective”.⁵ In sum, the first phase of the development of the relations between the EC and the more developed countries of the region can be characterised by the co-existence of three factors: gaining familiarity with the region through dialogue; establishing mutually advantageous economic co-operation; and not establishing lasting, and for the EC, risky strategic engagement in the region. It was the main effort to guarantee that the countries of East-central Europe do not undermine regional stability.

Such an approach served the best interest of the EC; the organisation gained time and effectively fought the intellectual deficit it faced due to the unexpected and sudden change of the East-central European landscape. Stopping short of offering the prospect of membership even in a vague form was a painful realisation to those East-central European reformers who were implementing economic austerity measures in their countries in the hope they could contribute to getting close to European institutions. They noticed that the EC was not necessarily “acting in their favour”.⁶ Bearing in mind the state of the economies of the region, the EC took no risk through trade liberalisation. This has been evidenced in the meantime by the significant trade surplus realised in the region throughout the 1990s by the Union. There was no reason to assume that the East-central European countries would be in the position to dump the EU markets with their highly competitive industrial products. Those areas where some East-central European countries have increased their competitiveness are those where western companies, overwhelmingly firms of EU countries, have invested heavily in the 1990s. That is how some leading candidate countries became production sites through western capital investment.⁷

⁵ Europe Agreement establishing an association between the European Communities and their Member States, on the one part, and the Republic of Hungary, of the other part. *Official Journal*, L 347, 31/12/1993, p. 3.

[http://www.europa.eu.int/smartapi/cgi/sga_doc?smartapi!celxapi!prod!CELEXnumdoc&lg=EN&numdoc=21993A1231\(13\)&model=guichett](http://www.europa.eu.int/smartapi/cgi/sga_doc?smartapi!celxapi!prod!CELEXnumdoc&lg=EN&numdoc=21993A1231(13)&model=guichett) After the Copenhagen Council of June 1993 the asymmetrical formulation was dropped from association agreements negotiated.

⁶ Alan Mayhew, *Recreating Europe: The European Union's Policy towards Central and Eastern Europe* (Cambridge: Cambridge University Press, 1998), p. 23.

⁷ Poland can be regarded as an exception in this respect. The nearly forty million population of the country made it

The situation changed in 1992-93 when two European Councils decided to revise the underlying concept of the EC to rejecting eastward enlargement. The Edinburgh Council confirmed that it “accepts the goal of eventual membership in the European Union for the countries of Central and Eastern Europe when they are able to satisfy the conditions required”.⁸ As the meeting in no manner specified the conditions of membership and was entirely dominated by other problems, it was not memorable for the enlargement process. It happened half a year later in Copenhagen that the conditions of eastern enlargement were set. Similarly to the previous European Council, there was very little discussion. The conditions are as follows: (1) stable institutions (guarantee of democracy, rule of law, human rights, minority rights); (2) functioning market economy; (3) capacity to cope with competitive pressures inside the EC; and (4) ability to adopt the *acquis*, accepted aims of political, economic, and monetary union. And, provided that *the EU* has (5) the capacity to absorb new members without endangering the momentum of European integration.⁹ If one takes a closer look, the list of criteria certainly represents an asymmetry. It is less important that four requirements have been listed for the candidates and only one for the Union; it is of utmost importance that the EU determined conditions the candidate countries have to meet and one that the EU has to live up to. Bearing in mind the objective asymmetry between the two sides, it was again the candidate countries that hoped the EU would meet its own requirement in due course.¹⁰ Due to the difference in the economic strength of the two sides, the candidate countries did not only have to live up to their side of the criteria but they had to hope that the EU would in due course conclude that enlargement would not endanger the momentum of integration.

A year and a half later the EU adopted its white paper on the Preparation of the Associated

interesting for investment, which aimed selling its products on the domestic market.

⁸ Quoted by Mayhew, p. 26.

⁹ Ulrich Sedelmeier and Helen Wallace, “Policies towards Central and Eastern Europe”, in Helen Wallace and William Wallace (eds), *Policy-Making in the European Union* (Oxford: Oxford University Press, 1996), p. 374.

¹⁰ The EU did this at the Nice European Council in December 2000 and in the Treaty adopted over there, though only to the extent that was absolutely necessary.

Countries of Central and Eastern Europe for Integration into the Internal Market of the Union. It followed the line taken by the Copenhagen Council, though was far more detailed and specific. The approach did not change however. The emphasis remained on the tasks the candidate countries have to fulfil. Rather than considering how Community policies might change in preparation for accession, there was only a simple request for the Commission to submit a detailed analysis on the impact of enlargement. The Essen Council meeting brought two further innovations. (1) It underlined that the candidate countries which wish to join the EU should not only have democratic credentials and respect human rights domestically, but they must not bring unresolved problems concerning the treatment of minorities or borders into the EU with them. This can be regarded as the first direct encouragement by the Union to settle conflicts in the region as precondition of membership.¹¹ (2) The Council also listed those ten countries which could theoretically join the Union. For the successor states of the former Yugoslavia (except for Slovenia that belonged to the former group) this meant that their accession could only be considered after the ending of the violent conflict. For the CIS countries, the relationship was confined to another format, the neighbourhood and co-operation agreements. It meant that the EU delineated the geographical confines of eastern enlargement in a lasting manner.

It seemed that the moment of truth came in the summer of 1997 when the European Commission published Agenda 2000, its enlargement strategy, together with the first detailed assessment of the performance of the candidate countries. It happened two weeks after the invitation was extended to the first former member states of the Warsaw Treaty Organisation to negotiate their membership into the Atlantic Alliance. Consequently, it seemed the 'world' of East-central Europe was divided into three parts: the 'have-s'; the have not-s; and the 'double have not-s'. The Czech Republic, Hungary and Poland belonged to the first category. They were invited to start negotiations for NATO membership and got positive assessment from the European Commission. Estonia and Slovenia belonged to

the second category; although they received positive assessment by the Commission, they were not invited to join NATO. The largest group, the third category, consists of five countries (Bulgaria, Latvia, Lithuania, Romania and Slovakia); they were not invited to join NATO and were not assessed positively by the Commission. This had to be disappointing news. (For basic data on the candidate countries see Tables 1-2) For many it did not come as a surprise though. The reading of Agenda 2000 in the five candidate countries whose performance was more positively assessed than those of the others was simplistic, however: The Commission found them ready for accession talks and thus for membership. The contrary was the truth. The Commission said *expressis verbis* that "none of them fully satisfy all the criteria [of membership – P.D.] at the present time". It was stated about the five more positively assessed countries that they "could be in the position to satisfy all the conditions of membership in the medium term if they maintain and strongly sustain their efforts of preparation".¹² In spite of this precision, the European Council of December 1997 gave green light to the beginning of accession talks with those five East-central European countries which received the more positive assessment mentioned above. This was the formal end of the so-called 'regatta approach' advocated by France. Had it been implemented it would have meant the beginning of negotiations with every candidate country and concluded earlier with those which have been better prepared for membership. Paris wanted to further postpone 'the moment of truth', the point when it becomes clear which countries have carried out more successful transformation. It is not clear whether this was partly due to the revival of traditional sympathies with some candidate countries whose performance was less convincing, or stemmed from the intention to generally avoid the alienation of any candidate country. It was clear, however, why the 'regatta approach' was not the favoured scenario of the candidate countries, some member states, nor the Commission. The more promising candidates put enormous pressure on the Union not to engage in a negotiating framework where they would have to eventually wait for some weaker candidates. Some member states simply found it unnecessary to negotiate with states which could at best join

¹¹ The Essen Council lent support to the Stability Pact that had grown out of the so-called Balladur initiative that was approaching its concluding conference at the time.

¹² "Agenda 2000: For a Stronger and Wider Union", *Bulletin of the European Union*, Supplement 5/97, p. 57.

the EU more than a decade later. Last but not least, the Commission was of the view that it could not manage effectively a dozen or so accession talks, and such a framework would endanger the momentum of talks with the better-prepared East-central European countries. Taken together, it would have been premature to accept the 'regatta approach'. It turned out later that it had made sense to flag the idea, however.

The negotiations which began in the end of March 1998, were not addressing substance of accession, yet, but were about screening the national legislation against the *acquis communautaire*. In the autumn of the same year, during the first Austrian EU presidency, the talks extended to substance. It is understandable that Austria wanted to demonstrate its commitment to eastern enlargement through putting this matter on its presidency agenda. No other member of the Union is the neighbour of more candidate countries than Austria.

Since 1998 the Commission has published reports on each candidate country's progress towards accession every year. They intend to help the candidate country to meet accession criteria. These are extremely valuable and informative documents. They are giving rather comprehensive overview of the economic and political progression of the candidate country. Due to the fact they are coming from the bureaucracy of the Union, presumably a 'meritocracy', a 'neutral observer', they are respected in the candidate countries. It is for these reasons that the reports are often surrounded by controversy in domestic politics. The opposition in these countries often refers to them to underline the poor performance of the government whereas the government usually picks those elements of the report which demonstrate the country's advance towards membership. It is, among others, for this reason that the preparation of the reports has become a politicised process where the candidate country, the member states, and different interest groups attempt to influence the outcome reflected in the report.

In December 1999, at the Helsinki European Council, agreement was reached that negotiations could start with each East-central European candidate country. Interestingly enough, it was a summit meeting which will be historically memorable for another reason, namely due to the

Headline Goals of European Security and Defence Policy (ESDP) and not due to the broadening of the circle of negotiating candidates. It is interesting to conclude that throughout the eastern enlargement process major decisions could be adopted often when attention focused elsewhere, to other problems. Since then ten countries of the region are negotiating their EU membership. The negotiations are carried out in 31 chapters. Less complicated and controversial chapters are usually negotiated first and the most complex ones at a later stage. When agreement is reached on the chapter it is closed temporarily. It is for the above reason that the number of closed chapters does not say too much about the state of the negotiations. The accession talks are of great strategic importance and highly technical at the same time. This results in a situation where it is extremely difficult to generate and maintain public attention and support for EU membership during the negotiation phase.

This is one of the reasons why the governments of East-central Europe have refocused the attention and emphasised the date of accession to their public. The date of accession as a political issue has three important features: It has real importance for the accession countries just as for the EU and it is sufficiently easy to understand for the broad strata of the population. Furthermore, an imaginary date presents the state administration with a deadline to prepare for EU compatibility in the adoption and application of the *acquis*. Accession is not of symbolic importance, only demonstrating the completion of the western integration of the country. It also matters a lot as far as the significant increase of the expected inflow of EU financial resources.

The EU, although aware that every country which started accession talks had become a member of the Union sooner or later in the past, was reluctant to specify the date of accession. Some member countries were more willing to speak about a date, however. That is why it happened only at the Gothenburg Council in June 2001 that the EU Presidency was ready to declare its hope that the first East-central European candidate countries will "participate in the European Parliament elections of 2004 as members".¹³ Even though communicating a close

¹³ Presidency Conclusions, Göteborg European Council 15-16 June 2001, para. 9. SN200/1/01 REV 1. In light of that

date was found reassuring by the candidates, the list of those countries which have been found eligible for such early membership was not published at the same time. Most countries were confident about their own performance - it was necessary to complement the date by a list. It happened first in November 2001 when the regular progress report was made available and confirmed formally at the Laeken European Council in December. The Presidency Conclusions declared: "if the present rate of progress of the negotiations and reforms in the candidate states is maintained, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, the Czech Republic and Slovenia could be ready".¹⁴ This means that eight East-central European and two Mediterranean countries would gain membership at the same time. The so-called 'big bang' enlargement may not satisfy every candidate country but certainly serves some political and technical interests of EU member states. First and foremost, the big bang, even though unavoidably creates a sharp divide between those who gain membership and those who don't, results in a small number of frustrated political elite and disappointed people in countries not admitted. It represents an interesting combination of recognition of effort and achievement. There are certain differences in the economic performance of the eight states. This may look less important from the point of view of the rich western member countries, however, than from those states of the region that regard their own performance definitely better than those of some others. Big bang enlargement makes the ratification of accession protocols technically easy. It can happen in the 16 parliaments (the 15 member states and the European Parliament) once with respect of ten protocols. It does not require that the executive power of the member states keeps going back to the legislative with a few accession protocols every other year or so. In light of the experience of the first eastern enlargement of NATO, big bang also has a major disadvantage. Namely, there is the danger that many problems will

the accession protocols will not be signed before spring 2003 it is unlikely that the ten countries will elect MEPs at the June 2003 elections unless a legal solution is found that the elections would be held under the condition that their MEPs join the European Parliament when the countries gain EU membership.

¹⁴ Presidency Conclusions, European Council Meeting in Laeken 14-15 December 2001, para. 8. SN300/1/01 REV 1.

become visible after accession and countries which do not belong to the group of the upcoming first eastern enlargement may have to wait much longer than now anticipated. This may interfere with long-term political stability in Romania and Bulgaria that would be most unwelcome.

The European Union has had a strategy to integrate East-central Europe. It has been flexible and quite successful as far as it has represented both the commitment of the EU to the development of the region and the interest in its transformation as well as the common denominator of the national interests of the member states. It has been flexibly adapted several times and proved to be reactive to the changes that have taken place in East-central Europe. It requires further analysis whether the mix of focusing on the vision, the future of the region adjacent to the EU, and on self-interest of the EU and its member states, has been adequate.

Transform to Integrate?

Immediately after the velvet revolutions in East-central Europe, the countries of the region expressed their willingness to integrate into western structures. Bearing in mind their situation, this is not surprising. These countries did not only leave a system that was, as regular uprisings and revolutions demonstrated, disliked by the population and imposed upon the countries of the region, but which was not viable economically either. It must not be forgotten that these are all small or medium size countries which can only benefit from belonging to larger entities in a globalising world. The size of the countries may be a more lasting inducement of integration than their past in the Soviet sphere of influence. They are aware that for them it is a positive sum game without alternative.

The integration effort of these states consists probably of four major elements: (1) The East-central European countries have always felt to belong to European civilisation irrespective how short-lived democracy was in the history of these countries. Most of them have no other roots than the one connecting them with European civilisation and (western) Christianity. Furthermore, democracy has been the model the

majority of the population has been willing to follow in these countries. (2) The region west of East-central Europe has been economically more developed than the region proper. Hence, the 'return to Europe' according to their conviction would foster their economic development. This process has been well under way. The countries have been benefiting from foreign direct investment from the west overwhelmingly, after a major diversion of their foreign trade and more broadly their foreign economic relations. (See Table 3) The majority of their imports and exports is now with the European Union. Not to mention that EU accession means joining the largest trading bloc of the world that may provide the small countries of East-central Europe with significant advantages. (3) The West has been connected by institutions and has demonstrated significant stability during the last half-century that has passed since World War II. (4) The West has been tied together by such an intensive security web, which also includes the strongest military power of the world, the United States. Each of these four factors have been present when the countries of East-central Europe strive to join the West.

The countries of the East have changed their political institutions and economic system extremely energetically and under disadvantageous conditions, particularly in the beginning. They have been encouraged in their efforts by the West, although their perception has most of the time been that western support was lagging behind what they would have 'deserved'. The difference stems from the starting point. If one is of the view that the countries of the region started with a clean slate upon the system change, it was up to the West to decide how, if at all, it supports the former adversary. If, however, the starting point is based on that the West has had a mission to reunite Europe with those countries which belonged to the Soviet sphere of influence against their will, the conclusion may be different. Not to mention if one argues that the East-West conflict was due to errant western policy including the deal in Yalta or the opening of the second front on the Atlantic coast in 1944 rather than closer to East-central Europe. I do not argue along those lines. It is a fact, however, that many politicians based their arguments on the historical responsibility of the West for East-central Europe. Some went even further and expressed the view that the West 'owes' the

recovery to East-central Europe, as requested in the form of a second Marshall plan.¹⁵

The East-central European countries have been of the view that EU integration partly contributes to their symbolic 'return to Europe', more importantly, however, it should foster their economic development. It is for this reason that I would present some figures underlining the depth of economic transformation. The most astonishing may be trade diversion. The share of developed market economies (OECD member countries) in the total exports of East-central European countries has climbed from 35.7% in 1980 to 49.5% a decade later and further increased to 75.8% by 1999. The share of the Soviet Union has declined from 27.1% to 4.8% in the same period.¹⁶ In the total import of East-central European states, the share of OECD countries was 38.7% in 1980 whereas 72.1% in 1999. Each East-central European candidate country conducts more than fifty percent of its foreign trade with the 15 EU member states. By 1998 the EU realised approximately €80 billion surplus in its foreign trade with the candidate countries. Financial flows represent an even more explosive growth. In 1990 foreign direct investment (FDI) to the region was a mere US\$479 million whereas in 1999 it was US\$17.2 billion. Since 1990, US\$96.5 billion was invested in East-central Europe as FDI. 75.6% of the total amount went to three countries: the Czech Republic, Hungary and Poland.¹⁷ (For the origin of FDI in EU candidate countries see Chart 1.)

¹⁵ In reality as a colleague pointed out wittily "After World War II Europe got the Marshall plan from the U.S. whereas after the Cold War it got the Marshall Center in Garmisch-Partenkirchen".

¹⁶ There is no place to address the role of changing the basis of bilateral trade between the Soviet Union and other socialist countries from transferable rouble to hard currency in the beginning of 1991. It is clear that the Soviet Union wanted to 'punish' her partners for the change of their political orientation under the assumption they will continue to rely on Soviet natural resources and energy bearers whereas the Soviet Union would no longer be obliged to buy their low quality industrial goods. This was partly true. In the end it resulted in a situation, however, that the East-central European countries nearly fully stopped buying Soviet goods except for energy bearers that caused some trouble to some parts of the Soviet (post-Soviet) industry. More importantly, the Soviet step forced these countries to speed up their trade diversion from East to West. For details see András Köves, Central and East European Economies in Transition: The International Dimension (Boulder, CO: Westview Press, 1992), pp. 63-71.

¹⁷ For these data see *Economic Survey of Europe, Statistical Appendix*, No. 1, 2000, pp. 234 and 240.

Beyond statistics, the region has been assessed recently as one producing lasting high growth, although on a significantly lower per capita GDP base than Western Europe. This means that without further foreign investment in those economies, the gap between the current members and the candidates may not close.¹⁸

The European Union and its member states have contributed significantly to the development of the region serving the short-term and long-term interests of the West as well as those of the candidate countries. The candidate countries have, however, not developed in order to please the EU or the West at large, even though sometimes one could have such an impression. They have modernised their society and economy primarily in order that the population of these countries could have a better life. If this better life is easier to achieve through political stability and economic prosperity by 'westernising' these countries, and if it coincides with the interest of the West, it is an additional advantage. The EU has been an organisation that helped facilitate the transitional countries to find their way.

'Big Bang': When It Really Hurts

If we make a dynamic analysis it can be concluded that some of the early reform countries and a few others have successfully liberalised their economies and started to function as modern and overwhelmingly private economies. Their relative success has been due to a combination of domestic and external factors. The population of each country had to go through several difficult years including a series of austerity measures. These were complemented by the support of the West ranging from the attention to democratic transformation to capital investment. Even though the lesson has been learned that downturns are also possible in the most successful candidate countries, it is suffice to remember the Czech Republic and Poland in this respect, some of the East-central European countries apparently have got beyond the deepest socio-economic problems. Eastern enlargement

will complete their transition, at least in the formal institutional sense.

Some other states where domestic reforms remained half-hearted, corruption continues to be high and foreign interest lukewarm, will have to face another wave of adaptation measures. It is open to question how long the population will tolerate this. It is also not clear whether the EU will be in the position to support those countries whose transformation was largely unsuccessful in the case where failure has been due to both internal and external factors. As the transition of some countries succeeded due to domestic adaptation complemented by external support, one can draw the conclusion that the failure of some others has also been due to the coexistence of those two groups of reasons. It would require further case by case analysis to determine the role of individual factors in the process and their mix. It is fair to state that one faces the 'chicken and egg' problem here. Were the half-hearted domestic reforms behind the lukewarm foreign assistance, the little foreign direct investment, or was the insufficient external support liable to partial failure of domestic transformation? It is for a fact that the transformation of some East-central European states remained incomplete and irrespective the reasons it is in the common interest to assist in fostering the process. This is indispensable if we want to avoid new dividing lines inside that region.

Candidate countries considered different scenarios for the first wave of eastern enlargement. Most often it was assumed that the members of the Luxembourg group, which started to negotiate their accession at the same time, will be kept together as a group. If this were the case, it would have meant a certain division in the region. The relatively big number of countries, which would have been obliged to stay out of the EU for some time to come and the strong interest of some current member states in their accession, would have been an indirect guarantee that the process would continue fairly soon. When the EU declared 'big bang' to be its preferred scenario, this reassurance vanished. Accommodating ten countries, irrespective of the pre-accession preparation of the countries, will be an enormous task. The EU has never absorbed more than three countries at once. It has no experience integrating ten states simultaneously. It is well founded to assume that the integration of eight East-central European and two

¹⁸ Making a Success of Enlargement: Strategy Paper and Report of the European Commission on the progress towards accession by each of the candidate countries, Annex 2: Candidate countries: main statistical indicators (2000), 13 November 2001, <http://www.europa.eu.int/comm/enlargement/report2001/index.htm>

Mediterranean states, to move them to the centre from the periphery of the EU (accession to the Schengen regime, the Euro-zone, completion of their 'phasing-in' in the CAP and regional and structural funds etc.), will be more demanding than anybody could assume now. Hence, one may be concerned that there will not be sufficient attention and resources left to complete the accession of those countries, primarily that of Bulgaria and Romania, which will not be part of 'big bang'. The EU seems to be aware of the potential problem and at least the member of the commission responsible for enlargement tries to guarantee before the accession of the ten states that resources will not dry up for continuing the approach of the two other and hopefully complete the process by 2008.

Problems and Shortcomings

There are some who are of the view that Eastern Europe has become "the European Union's major preoccupation – if not obsession"¹⁹ since the beginning of the 1990s. In the sense that the EU has been paying significant attention to this region, this cannot be denied. If it has done it at the expense of other regions on the periphery of the Union (North Africa, CIS countries), this may hurt the interests of those actors of international relations. One has to bear in mind, however, that the transition countries of East-central Europe have the chance both legally and politically to become members of the EU reasonably soon whereas countries of other regions do not have such an opportunity, soon or ever. The less successful this transformation is, the more problems these countries bring in their bags when joining the EU. After accession this would to some extent be a common responsibility of the enlarged EU. The little interest that has been devoted to extra-European regions is even easier to understand on legal grounds. The Treaty on the European Union states clearly: "Any *European* State may apply to become a Member of the

Union."²⁰ Consequently, when both the political and legal aspects are considered, there is no other region that should attract so much attention by the EU as East-central Europe. This is currently the only region of the world that has the right to apply for EU membership and the realistic chance to join the organisation soon. It is for these reasons that the EU set the priority right when it paid so much attention to this region since the end of the 1980s.

No historian likes the question "What could have happened had this or that been done otherwise?" It is impossible to answer such questions. It is similarly difficult to contemplate to what extent have western institutions and countries influenced and guided the transition countries to prosperity and political stability. It is for a fact that no conflict between candidate countries have erupted in violence, there were no *coup d'etats* in the region, and after some difficult years, the democratic system and market economy gained popular support by the population. We do not know whether the relations between Slovakia, with Romania on the one hand and Hungary on the other, would have developed just as amicably as they did, whether the early tensions between Poland and Lithuania would have just as easily come to an end as they did, nor whether the Russian Federation would have become a 'manageable' partner had it not noticed that European institutions influence Estonian and Latvian minority policies in a direction accommodating Russian interests as well. Furthermore, it would be a methodological shortfall to narrow the analysis to the role of one institution or the other. Even though the activity of the institutions was not co-ordinated closely, to say the least, they have set similar requirements to the East-central European countries, although their emphasis differed. It is for this reason that the non-economical criteria set by the EU overlap with those of the Council of Europe and NATO, particularly after the EU requested the candidate countries not to have pending territorial conflicts. As western organisations have all requested democratic legitimacy of government, rule of law and respect for human rights in the candidate countries, it is a question whether these criteria have been fulfilled by the countries when they were

¹⁹ Jan Zielonka, "Policies without Strategy: the EU's Record in Eastern Europe", in Jan Zielonka (ed.), *Paradoxes of European Foreign Policy* (The Hague: Kluwer Law International, 1998), p. 131.

²⁰ Treaty on European Union Article O. In the consolidated version after the adoption of the Nice Treaty it is Article 49 of the Treaty. (Emphasis added.)

admitted to one institution that declared the same condition of membership. Bearing in mind the fragility of the 'completed' transformation process in some East-central European countries, it is necessary to emphasise that the criteria should be met permanently both before and after membership. The behavioural pattern of the candidate countries has been significantly influenced by the requirements in anticipation of membership. It is necessary to guarantee that this would continue beyond accession. It seems the EU has some limited means of influence as far as major violation of democracy, human rights and freedoms, as well as the rule of law, are concerned.²¹

Beyond certain political requirements, the candidate countries have transformed their economies to a large extent also in order to bring them in harmony with EU requirements. The extent and the depth of transformation were illustrated above. It is necessary to emphasise that the association agreements between the EU and the candidate countries have significantly contributed to trade liberalisation. Complemented by other measures one can conclude that "the integration to the European economic space has become an accomplished fact at the trade, financial, organisational and ownership levels alike".²² In many candidate countries the share of private ownership is higher than in many EU member countries. Many East-central European countries are deeply integrated micro-economically. Such integration in the world economy has been important in order to import modern technology and increase productivity. Foreign ownership successfully contributes to the effective functioning of these mostly export-oriented economies. As most East-central European countries are small, and the size of the market due to low incomes is strictly limited, most firms that invest in these countries regard them as sites that do not primarily produce for the domestic market. It is essential that the countries could export.

One should contemplate the pros and cons of such transformation. First of all, on the positive side, one can conclude that the transition countries were rapidly re-integrated into the world economy that fostered their development

²¹ Treaty on European Union, Articles 6 and 7.

²² László Csaba, "Ostpolitik and Enlargement of the EU: The Challenge of the Millennium", *CEU Working Papers IRES*, No. 2/2000, p. 6. (Emphasis in the original.)

following severe decline due to weak competitiveness. On the other hand, however, it is important to pay attention to the counter-argument put forward: "With earlier enlargements, the admission of new countries rewarded existing EU members with access to their markets, companies, banks and whole economies. With Central and Eastern Europe, the existing members have already obtained these benefits, through the association agreements, without any substantial compensation. They have gained industrial free trade without making a commitment to grant membership."²³ Hence, even though trade liberalisation is advantageous in the long run, one may conclude that as far as arguments of the candidate countries for early enlargement, it could be counter-productive.

Bad bargains are often made due to the objective asymmetry between the parties. I was reminded of this in the office of an EU official when I pointed to some of the deals disadvantageous for East-central Europe between the Union and candidate countries. The experienced official raised the ultimate argument: "Where else can these countries go? They will not join the CIS, will they?"²⁴ Even though the statement reflected reality, I think it is usually unwise to take advantage of a situation that may reduce the interest of the other party to the process of ongoing approach to the Union. It is not surprising that certain politicians react strongly to the fact that the EU has oftentimes negotiated under the assumption the candidate countries will accept practically any deal in order to gain membership in the Union.²⁵

The EU accession talks are special, however. As Graham Avery, who has been working for the EU Commission on enlargement, stated: "The subject-matter is not so much a future pact between the parties as the way in which one party

²³ András Inotai, "What Is Novel about Eastern Enlargement of the European Union?" in András Inotai, *On The Way: Hungary and the European Union (Selected Studies)* (Budapest: Belvárosi Könyvkiadó and International Business School, 1998), p. 17.

²⁴ Interview with an official of DGIA, Brussels, 18 December 1996. (On file with the author.)

²⁵ It is suffice to mention former Hungarian Prime Minister Viktor Orbán who said in spring 2000 "There is also life outside the European Union." Even though I disagree with the message of the populist Hungarian politician, I do think it reflects his understandable bitterness after two years of accession talks with the EU.

will apply the rules of the other party's club."²⁶ This is correct generally and even more when the asymmetry between the two sides, both as far as size and weight, is so enormous as in this case. Not to mention that the EU, as it builds its edifice, absorbs more and more countries, and further enriches the *acquis communautaire*, is less and less willing to adapt its policies extensively due to enlargements.²⁷ Consequently, it is very likely that the prescription according to which any enlargement should involve *mutual* adjustment, new items on the agenda and restructuring previous priorities will largely remain a plea.²⁸ I think it is a shortcoming of the approach of the EU to the accession of East-central European countries that it regards it as "just another enlargement", except for understanding that it would be more costly and demanding than any earlier enlargement. The Commission which conducts the enlargement talks is overwhelmed with harmonising the position of 15 member states and carrying forward the negotiations properly. During the process there is extremely little room for enlargement strategy and far more for technical details.

Up to this point several issues were mentioned which the EU could have tackled differently. There are certain areas where the EU has not been effectively able to influence the way of thinking of the candidate countries. This will cause headaches at a later stage. Before addressing some pending matters of the accession negotiations, it is necessary to deal with two major lasting problems of the evolving thinking about the Union in East-central Europe.

It was the idea of the founding fathers of the EEC to build "an ever closer Union". Somewhat unevenly, this has been achieved since 1958. The EU has evolved at varying speed and has become far more united. There have always been

troubling factors in the process, like Margaret Thatcher's "I want my money back" policy or the current Spanish attitude to the financing of the development of those East-central European countries which will join the EU in the foreseeable future. Most politicians in East-central Europe look to the EU as an organisation that will continue to contribute to the development of the economy of their country, among others, by significant financial transfers. As the big bang eastern enlargement will integrate countries with different GDP levels (and due to some other financial matters still to be resolved at the accession talks) it may happen that one day a country from the region will be a net contributor to the EU budget. Not to mention the upcoming accession of Bulgaria and Romania that will almost certainly result in a net contributor status for a country like Slovenia. Many politicians seem to be unable to cope with the prospect of such a situation. Some Slovenian experts speak about the EU as "a new Yugoslavia", an entity which takes money away from the country and redistributes it to others. The Hungarian conservative government went even further. When then finance minister received the new head of the EU mission in Budapest he informed the ambassador that it would be fully "unacceptable for Hungary to be net contributor of the EU budget after accession".²⁹ The feeling of solidarity, which offers concrete advantages to the accession countries nowadays, and will offer even more after accession, has not become part of the thinking neither of the establishment, nor of the public in East-central Europe. There is little understanding of the complexity of solidarity. It is urgently necessary to communicate that solidarity also entails an element of responsibility for others.

The other lasting problem in the thinking of the elite of accession countries stems partly from an obvious shortcoming of EU policy. The European Union has been busy creating bilateral relations between the organisation and each candidate country, however, it has played a very little role in contributing to intra-regional dynamics in the region. The East-central European countries "do not foresee the same integration with their immediate, equally poor or even poorer neighbours. In fact, they will be

²⁶ Graham Avery, "The European Union's Enlargement Negotiations", *Oxford International Review*, Summer 1994 (Vol. 5, No. 3), p. 28.

²⁷ Heather Grabbe rightly points to the fact that the last time when countries less developed than the EC proper joined, it happened before the single market programme and monetary union. "So they were joining a much less integrated and smaller EU market than the new applicants". See her "Profiting from EU Enlargement" (London: Centre for European Reform, 2001), p. 32.

²⁸ William Wallace, "From the Atlantic to the Bug, from the Arctic to the Tigris? The Transformation of the EU and NATO", *International Affairs*, Vol. 76, No. 3, p. 491.

²⁹ See: The visit of Jürgen Köppen at Mihály Varga, *MTI* (Hungarian News Agency), 6 March 2002.

rather surprised to find that the parallel integration of neighbouring countries into the European centre automatically means close links with each other, too. They hardly understand that the integration efforts of adjacent countries might go – in principle – as far as common participation in a federation.”³⁰ Even though some regional co-operation frameworks have developed, they are weak, temporary and not institutionalised. They often serve for some tactical objectives, like pleasing some external actors (e.g. SECI), or breaking out of isolation (e.g. the ‘strategische Partnerschaft’ Initiative of Austria). Although there was some encouragement from some EU-members to foster such co-operation among the candidate countries (e.g. Benelux – Visegrad group meetings), they were not determined or persistent enough and have thus achieved little. Those western politicians who encouraged their counterparts to energise these processes regularly bumped into the problem that the East-central European countries did not want these frameworks to be seen as ones that may serve as substitutes for western integration. The once existent first wave of East-central European candidate countries (the so-called Luxembourg group named after the Luxembourg European Council meeting that decided about the beginning of accession talks with them), holds some meetings regularly. They stop short of formulating and later representing common positions, however. It is certain that what has happened in the region concerning subregional multilateral co-operation has by far not been enough. The only exception when the EU strongly encouraged East-central European countries to co-operate with each other was the so-called Stability Pact that requested the parties to resolve some of their pending problems bilaterally and declare the resolution in bilateral treaties (no territorial claims, and adequate treatment of national minorities). Its minimalist objective was achieved but it has not reached far enough.³¹ It was practically the only attempt to

encourage regional stability by the EU through the promise, or rather the prospect, of membership.

The situation is not much better if one looks further to the East and thus leaves the realm of candidate countries. The upcoming eastern enlargement of the EU has a special feature. Namely, contrary to the past when most enlargements aimed to reach the strategic perimeter of Europe (the UK and Ireland in 1973, Spain and Portugal in 1986 fully, Sweden and Finland to some extent), the eastern enlargement is not about incorporating a geographical periphery. “It will bring in countries that can serve as links and lines of transit during the process of building up a pan-European economic system of relations. So this enlargement has a basically different character, a different cost structure, and different efficiency and economic strategy implications.”³² As recent developments, particularly the introduction of visa obligation for the citizens of CIS countries by the candidates years before their EU accession have demonstrated, long-term strategic thinking is either absent on this matter or detrimental to the interests of the East-central European states. There is every reason to connect the candidate countries with other important partners of the EU rather than further complicate fairly low intensity relations.

If one takes a look at the current, final phase of the EU accession negotiations where discussions have started about vital and controversial issues, it is clear that the talks are dominated by considerations of technocrats and the lowest common denominator between the member states. It is suffice to mention two examples: the free movement of labour from the candidate countries; and direct agricultural payments.

In the case of the free movement of labour, the original EU position intended to introduce a seven year long transitory period in order not to present a challenge to the labour market of some member states. It was ‘softened’ to the extent that after the first three years, and again two years later, the EU would revise whether the constraint should be maintained. The common position was a reflection of the insistence of Germany and Austria on the matter; most other countries have had fairly little interest in it. Thus the two countries pushed through their particular position

³⁰ Péter Balázs, “Strategies for the Eastern Enlargement of the EU: An Integration Theory Approach”, in Pierre-Henri Laurent and Marc Maresceau (eds), *The State of the European Union, vol. 4: Deepening and Widening* (London – Boulder, CO: Lynne Rienner, 1998), pp. 71-72.

³¹ For details see Pál Dunay and Wolfgang Zellner, “The Pact on Stability in Europe – A Diplomatic Episode or a Lasting Success”, in Institute for Peace Research and Security Policy (IFSH) (ed.), *OSCE Yearbook 1995/1996* (Baden-Baden: Nomos Verlagsgesellschaft, 1997), pp. 299-312.

³² Inotai, ‘Novel’, p. 24.

while others were standing idle. It is important to note that this is often the case. When some countries have important perceived interests and others have no reason to oppose them, the position of the Commission will be determined by a vocal minority and result in the smallest common denominator. Subsidiarity was introduced in the sense whereby member states were permitted to liberalise their labour market nationally. In the concrete case, the position of the two had more to do with domestic politics in those countries than with anything else. In light of this, serious in-depth studies on the topic make it clear that eastern enlargement will not result in extensive outflow of labour from these countries - this is the only explanation.³³ The East-central European countries, on their side, wanted to make their position accepted to avoid they would be regarded as second-rate members of the Union. In the case of the first major collision between the EU and the candidates during the accession talks, the latter understood the limits of its bargaining power.

Since the beginning of the 1960s, agriculture has been among the most controversial matters on the agenda of the EU. The EU was determined to introduce a long transition phase before agricultural producers would be entitled to the same direct payments as farmers of the current members. This would not be a problem if after accession the agricultural products of current EU member states would not have free market access to the newly acceding countries. As they will have access to the markets it will result in a situation that highly subsidised western foodstuff will compete with less extensively subsidised products. Bearing in mind the high share of agricultural employment in some candidate countries, if many of them are unable to stand the competition it may add to a serious social problem, structural unemployment. (See Table 4) The question emerges whether it wouldn't have been better to influence the modernisation of the agricultural sector of some East-central European countries, primarily that of Poland, early on in order to avoid the current problem.³⁴

³³ E.g. Wolfgang Quaisser, Monika Hartmann, Elmar Hönekopp and Michael Brandmeier, *Die Osterweiterung der Europäischen Union: Konsequenzen für Wohlstand und Beschäftigung in Europa* (Bonn: Friedrich Ebert Stiftung, 2000), pp. 105-122.

³⁴ For more details see *Financial Times*, 31 January 2002, p. 4.

It seems that during the late phase of negotiations technocrats have completely taken over the accession process. The lack of vision and the management of details has certainly not contributed to the impression that the EU is acting with a vision and implementing a strategy. This is understandable, as the strategic vision has been virtually fulfilled. The candidates have become largely stable democracies and their integration is only a matter of a limited period of time.

As accession approaches, the speculations have become more frequent concerning the profile of the new members. Will they be highly co-operative partners or will they be troublemakers? Although it may be premature to draw conclusions, there are certain factors which are increasingly clear. It is obvious that the new members will arrive to the periphery of the Union and will have to act energetically to move toward the centre. (See Table 5) This will certainly dominate their agenda for the first years of membership. Most of them are aware of their size and importance and will not overemphasise their importance, as the first three East-central European countries did not do in NATO either. Following the phase of transition, their role will depend upon their weight stemming from their size as well as their performance. The former will bring Poland to a middle power status and keep the others small, co-operative actors. As far as CFSP and CESDP are concerned the East-central European countries will try to avoid getting in the limelight and facing difficult choices between their Atlantic and European loyalties. Bearing in mind how often the current EU member states are divided on these matters, their attempt may succeed at least as long as the divide in the Atlantic does not widen further.

Conclusions

The European Union has been reflective upon the changes induced by the revolution in East-central Europe, to use the term invented by Timothy Garton Ash. Two aspects were taken into consideration in the process. The combined national interests of the member states and their willingness to contribute to the democratisation and modernisation of East-central Europe based

on the vision mentioned above. Since 1963, when Robert Schuman made his above statement, the European Union has developed enormously, its *acquis* has become far richer than one could foresee in the 1960s. It is for these reasons that one could have the impression penny-wise calculations and the piecemeal pace of negotiations will determine the eastern enlargement process. Enlargement by a dozen of countries which are less developed than the average EU country and very often poorer than the poorest current member hurts the national interests of several member states and their citizens. Hence, it is impossible to understand eastern enlargement without paying attention to both aspects of the process. There is no doubt, however, that in the end the vision of a unifying Europe through gradual enlargement would prevail. A decade or two that the EU accession of East-central Europe requires is an extremely short period of time in history.

It would be unfounded to conclude in the middle of the eastern enlargement process that the EU had no strategy to face this challenge. Those analysts who state there has been no strategy impose their individual ivory tower intellectual approach on the process and disregard the laws of politics. A political strategy is not a set of static ideas fixed for an unlimited period of time. An attempt is made above to demonstrate that the strategy has existed and has been based on the common denominator of the position of the member-states and reflected the evolution of reality. A strategy evolves in light of the change of reality and influenced by political interests. This has been the case with the EU strategy on the eastern enlargement of the EU.

It is a separate matter whether this strategy that I postulate to have existed was adequate to reality in every detail and at every instance of the evolution process and whether it could have evolved along somewhat different lines. No doubt, it did not serve the interests of every actor in this process and particularly the candidate countries could perceive its evolution as not serving their interests in every respect. It would be an exaggeration, however, to expect that the strategy of the EU should serve the interest of the other party to the process as well. The closer enlargement gets, the more people get disappointed with the conduct of the process both in the member states and in the candidate countries. This is partly understandable as decisions are now taken on issues which directly affect various population groups and different strata of the population. Disappointment, not to mention disillusionment, could be more limited, however, in case the strategic vision would not get lost from sight on either side. A bit more empathy and flexibility on the side of the Union, more focus on the vision and less on the cost calculation and the nitty-gritty details, would have been welcome, nevertheless. This would require statesmanship instead of managerial skills, however, a quality of which we are short, and not only in the candidate countries.

Table 1: Area, Population and GDP in PPS**

	1000 km ²	Million inhabitants	EURO/inhabitant % of EU average		
			1998	1999	2000
Bulgaria	111	8.2	23	22	24
Cyprus	9	0.8	77	81	83
Czech Republic	79	10.3	60	59	60
Estonia	45	1.4	36	36	38
Hungary	93	10.0	49	51	52
Latvia	65	2.4	27	27	29
Lithuania	65	3.7	31	29	29
Malta	0.3	0.4	n.a.	n.a.	53
Poland	313	38.6	39	37	39
Romania	238	22.4	27	27	27
Slovakia	49	5.4	46	49	48
Slovenia	20	2.0	68	71	72
Turkey	775	65.3	32	28	29

**PPS = Purchasing power standard

Table 2: Gross Domestic Product

	GDP in 2000				GDP annual growth in % over previous years		
	total in billion		per capita in		1998	1999	2000
	euro	pps**	pps**	euro			
Bulgaria	13.0	51.4	6.300	1.600	3.5	2.4	5.8
Cyprus	9.5	12.9	19.400	14.200	5.0	4.5	4.8
Czech Republic	55.0	135.5	13.200	5.400	-1.2	-0.4	2.9
Estonia	5.5	12.4	8.600	3.800	5.0	-0.7	6.9
Hungary	50.3	115.1	11.500	5.000	4.9	4.2	5.2
Latvia	7.8	16.0	6.700	3.300	3.9	1.1	6.8
Lithuania	12.2	27.6	7.500	3.300	5.1	-3.9	3.9
Malta	3.9	4.9	12.600	9.900	3.4	4.1	5.4
Poland	171.0	342.1	8.900	4.400	4.8	4.1	4.0
Romania	40.0	117.3	5.200	1.800	-4.8	-2.3	1.6
Slovakia	20.9	58.1	10.800	3.900	4.1	1.9	2.2
Slovenia	19.5	31.0	15.600	9.800	3.8	5.2	4.6
Turkey	217.4	397.5	5.900	3.200	3.1	-4.7	7.2
EU - 15	8523.9	8523.9	22.520	22.520	2.9	2.6	3.3

**PPS = Purchasing power standard

**Table 3: Total Exports To and Imports From the European Union
(In Percentage of Total Imports and Exports of Goods of the Country – Year 2000)**

COUNTRY	IMPORT	EXPORT
Bulgaria	44.0	51.3
Cyprus	55.9	47.7
Czech Republic	62.1	68.7
Estonia	62.6	76.5
Hungary	58.5	75.2
Latvia	52.4	64.6
Lithuania	43.7	50.3
Malta	60.0	34.4
Poland	61.2	70.0
Romania	56.6	63.8
Slovakia	48.9	59.1
Slovenia	67.8	63.9
Turkey	48.8	52.2

Table 4: Agriculture

	% gross added value			% Employment		
	1998	1999	2000	1998	1999	2000
Bulgaria	21.1	17.3	14.5	25.7	26.6	n.a.
Cyprus	4.6	4.2	3.8	9.6	9.3	9.2
Czech Republic	4.5	3.7	3.9	5.5	5.2	5.1
Estonia	6.2	5.7	6.3	9.4	8.8	7.4
Hungary	5.9	5.5	4.8	7.5	7.1	6.5
Latvia	4.7	4.0	4.5	18.8	15.3	13.5
Lithuania	10.1	8.8	7.6	21.0	20.2	19.6
Malta	2.8	2.5	2.3	1.8	1.8	1.9
Poland	4.8	3.8	3.3	19.1	18.1	18.8
Romania	17.6	15.5	12.6	40.0	41.7	42.8
Slovakia	4.6	4.5	4.5	8.2	7.4	6.7
Slovenia	3.9	3.6	3.2	11.5	10.2	9.9
Turkey	16.1	14.3	14.6	42.3	41.3	34.9

Table 5: Inflation and Unemployment

	Interim Harmonised Consumer Price Index (annual growth rates in %)			Unemployment Rate (ILO Definition) (in % of active population)		
	1998	1999	2000	1998	1999	2000
Bulgaria	18.7	2.6	10.3	16.0	17.0	16.4
Cyprus	2.3	1.1	4.9	3.3	3.6	3.4
Czech Republic	9.7	1.8	3.9	6.5	8.7	8.8
Estonia	8.8	3.1	3.9	9.7	11.7	13.7
Hungary	14.2	10.0	10.0	7.8	7.0	6.4
Latvia	4.3	2.1	2.6	13.8	14.5	14.6
Lithuania	5.0	0.7	0.9	13.3	14.1	16.0
Malta	2.4	2.1	2.4	5.1	5.3	4.5
Poland	11.8	7.2	10.1	10.6	15.3	16.1
Romania	59.1	45.8	45.7	6.3	6.8	7.1
Slovakia	6.7	10.6	12.1	12.5	16.2	18.6
Slovenia	7.9	6.1	8.9	7.9	7.6	7.0
Turkey	81.4	61.9	54.3	6.4	7.6	6.6
EU - 15	1.3	1.2	2.1			

Chart 1

