



European Union Enlargement

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Summary

The European Union (EU) has long viewed the enlargement process as an extraordinary opportunity to promote political stability and economic prosperity in Europe. Since 2004, EU membership has grown from 15 to 27 countries, bringing in most states of Central and Eastern Europe and fulfilling an historic pledge to further the integration of the continent by peaceful means. Analysts contend that the carefully managed process of enlargement is one of the EU's most powerful policy tools, and that, over the years, it has helped transform many European states into functioning democracies and more affluent countries.

The EU maintains that the enlargement door remains open to any European country that fulfills the EU's political and economic criteria for membership. At the same time, EU enlargement is also very much a political process; most all significant steps on the long path to accession require the unanimous agreement of the existing 27 member states. As such, a prospective EU candidate's relationship or conflicts with individual member states may also influence a country's EU accession prospects and timeline.

Croatia is currently considered an acceding country, and is expected to become the EU's 28th member in July 2013, subject to the completion of the ratification process in all existing 27 member states. Five other countries are recognized by the EU as official candidates for membership: Iceland, Macedonia, Montenegro, Serbia, and Turkey. All are at different stages of the accession process. For example, while accession negotiations with Iceland are proceeding relatively quickly, Turkey's accession talks have largely stalled, in part because of Turkish-EU disputes over the divided island of Cyprus. Similarly, Macedonia's membership bid has been complicated by a long-standing disagreement with Greece over the country's official name. The remaining Western Balkan states of Albania, Bosnia-Herzegovina, and Kosovo are considered to be potential EU candidates, but most experts assess that it will likely be many years before any of these countries are ready to join the EU.

Despite the EU's professed commitment to enlargement, some EU policymakers and many EU citizens are cautious about additional EU expansion, especially to Turkey or countries to the east, such as Georgia or Ukraine in the longer term. Worries about continued EU enlargement range from fears of unwanted migrant labor to the implications of an ever-expanding Union on the EU's institutions, finances, and overall identity. Some commentators also suggest that the EU's current sovereign debt crisis, which has hit the countries that use the EU's common currency (the euro) particularly hard, could potentially slow future rounds of EU enlargement as EU leaders focus on remedying Europe's financial troubles.

Successive U.S. Administrations and many Members of Congress have long backed EU enlargement, believing that it serves U.S. interests by advancing democracy and economic prosperity throughout the European continent. Over the years, the only significant U.S. criticism of the EU's enlargement process has been that the Union was moving too slowly, especially with respect to Turkey, which Washington believes should be anchored firmly to Europe. Some U.S. officials are concerned that "enlargement fatigue" as well as the EU's ongoing financial crisis could hinder EU expansion. The status of EU enlargement and its implications for both the EU itself and U.S.-EU relations may be of interest to the 113th Congress. For additional information, see also CRS Report RS21372, *The European Union: Questions and Answers*, by Kristin Archick; and CRS Report RS22517, *European Union Enlargement: A Status Report on Turkey's Accession Negotiations*, by Vincent Morelli.

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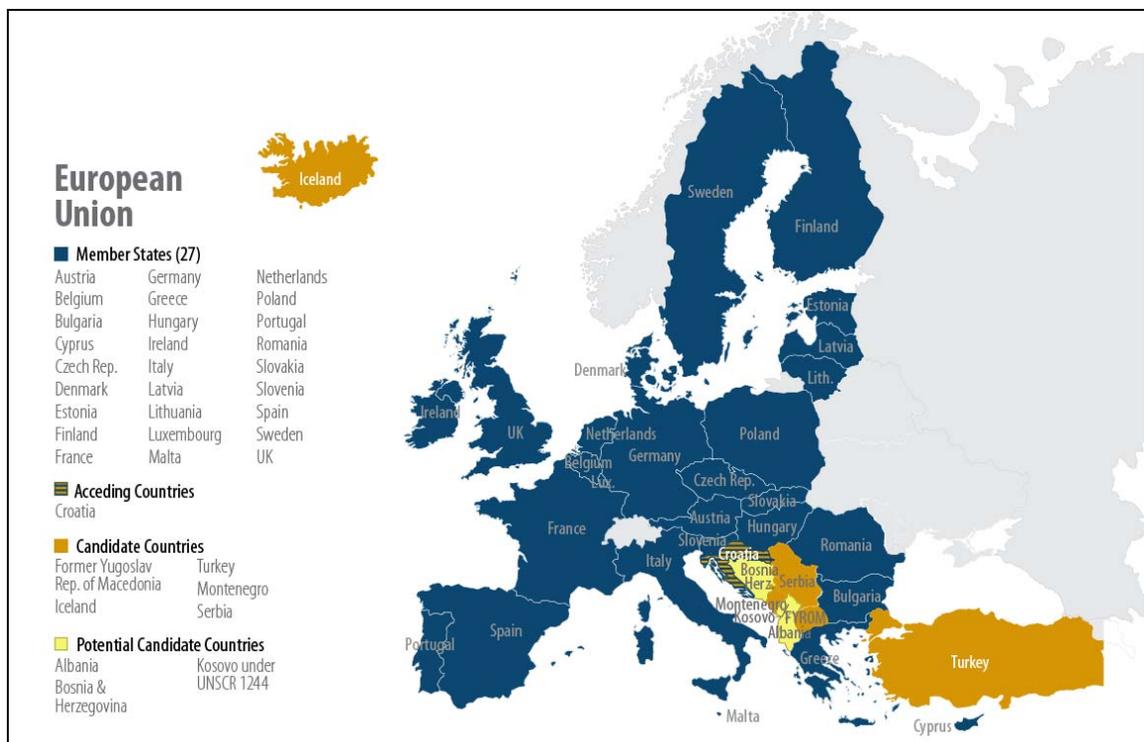
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Introduction

The European Union (EU) is an economic and political partnership that represents a unique form of cooperation among 27 member states today. The EU has long viewed the enlargement process as an historic opportunity to further the integration of the continent by peaceful means. Analysts contend that the carefully managed process of enlargement is one of the EU's most powerful policy tools and has helped transform former dictatorships such as Spain and many of the former communist states of Central and Eastern Europe into stable democracies and free market economies. The EU maintains that the enlargement door remains open to any European country, including Turkey and those of the Western Balkans, able to fulfill the EU's political and economic criteria for membership. Croatia, for example, is expected to become the 28th member of the Union in July 2013, subject to the completion of the ratification process in all member states.

At the same time, many observers assess that EU enlargement may soon be reaching its limits, both geographically and in terms of public enthusiasm for further expansion. Some suggest that the EU's financial troubles could impede the EU's remaining enlargement agenda as EU leaders remain preoccupied not only with the Eurozone's sovereign debt crisis, but also with the broader crisis of confidence it has generated within the EU as a whole. Others point out that the EU's economic woes and the growing uncertainty about the future direction of the EU itself might make joining the Union less attractive for some current and potential EU candidates.

Figure 1. Map of the European Union
Member States and Aspirant Countries



Source: Delegation of the European Union to the United States, "On the Path to EU Membership: The EU Enlargement Process," *EU Insight*, December 2010; Adapted and updated by CRS.

Evolution of the European Union

The EU is the latest stage in a process of European integration aimed at promoting political reconciliation and economic prosperity throughout the European continent. It has been built over several decades through a series of binding treaties.

Origins

After World War II, leaders in Western Europe were anxious to secure long-term peace and stability in Europe and to create a favorable environment for economic growth and recovery. In 1952, six states—Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, and the Netherlands—established the European Coal and Steel Community (ECSC), a single market in these two industrial sectors controlled by an independent supranational authority. In embarking on this integration project, its founders hoped that the ECSC would help control the raw materials of war and promote economic interdependence, thus making another conflict in Europe unthinkable.

In 1957, the six ECSC member states signed two new treaties in Rome: the first established the European Economic Community (EEC) to develop common economic policies and merge the separate national markets into a single market in which goods, people, capital, and services could move freely; the second created a European Atomic Energy Community (EURATOM) to ensure the use of nuclear energy for peaceful purposes. These two treaties, commonly referred to as the “Treaties of Rome” came into force in 1958. In 1967, the ECSC, the EEC, and EURATOM collectively became known as the European Community (EC).

The EC first added new members in 1973, with the entry of the United Kingdom, Ireland, and Denmark. Greece joined in 1981, followed by Spain and Portugal in 1986. The Single European Act modified the EC treaties in 1987 to facilitate the creation of the single market, introduced institutional reforms, and increased the powers of the fledgling European Parliament. At the beginning of 1993, the near completion of the single market brought about the mostly free movement of goods, people, capital, and services within the EC.

Birth of the EU

On November 1, 1993, the Treaty on European Union (also known as the Maastricht Treaty) went into effect, establishing the modern-day European Union and encompassing the EC. The Maastricht Treaty established an EU consisting of three pillars: an expanded and strengthened EC; a common foreign and security policy; and common internal security measures. The Maastricht Treaty also contained provisions that resulted in the creation of an Economic and Monetary Union (EMU), including a common European currency (the euro).¹ The European Union was intended as a significant step on the path toward not only greater economic integration but also closer political cooperation.

¹ On January 1, 1999, 11 EU member states were the first to adopt the single European currency—the euro—and banks and many businesses began using the euro as a unit of account. Euro notes and coins replaced national currencies in participating states on January 1, 2002. Participating countries also have a common central bank and a common monetary policy. Today, 17 of the EU’s 27 member states use the euro: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

On January 1, 1995, Austria, Finland, and Sweden joined the EU, bringing membership to 15 member states. In June 1997, EU leaders met to review the Maastricht Treaty and consider the future course of European integration. The resulting Amsterdam Treaty, which took effect in 1999, enhanced the legislative powers of the European Parliament, sought to strengthen the EU's foreign policy, and aimed to further integrate internal security policies.

In December 2000, EU leaders concluded the Nice Treaty to pave the way for further EU enlargement, primarily to Europe's east. Entering into force in 2003, the Nice Treaty set out internal, institutional reforms to enable the Union to accept new members and still be able to operate effectively. In particular, it extended the majority voting system in the EU's Council of Ministers (representing the member states) to a number of additional policy areas that had previously required unanimity, and restructured the European Commission (the EU's executive).

The Big Bang: From 15 to 27

Since the end of the Cold War, the EU had worked with the former communist countries of Central and Eastern Europe to reform their political systems and economies in order to meet the EU's membership criteria. The EU viewed enlargement to Europe's east as fulfilling a historic pledge to further the integration of the continent by peaceful means, overcome decades of artificial division, and help make Europe "whole and free." Cyprus and Malta had also expressed interest in joining the EU. In March 1998, the EU began accession negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Poland, and Slovenia. In December 1999, the EU decided to open negotiations with six others: Bulgaria, Latvia, Lithuania, Malta, Romania, and Slovakia.

In December 2001, the EU announced that 10 of these countries—Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia—would likely be able to conclude accession talks by the end of 2002. Negotiations in 2002 with these 10 candidates on remaining issues such as agriculture and regional assistance proved challenging because they raised budgetary and burden-sharing issues. A deal was finally reached, however, and the EU concluded accession talks with all 10 at its December 2002 summit. The accession treaty was signed with the 10 countries on April 16, 2003, and they acceded to the EU on May 1, 2004.²

In December 2004, the EU completed accession negotiations with Bulgaria and Romania, despite some continued EU concerns about the status of judicial reforms and anti-corruption efforts in both countries. Bulgaria and Romania formally joined the EU on January 1, 2007, bringing the Union to 27 member states. With the addition of these last two countries, the Union's borders now stretch from the Baltics to the Black Sea and the EU has a total population of almost 500 million.

² Although the EU would have preferred a prior political solution to the conflict over Cyprus, it had long asserted that this was not a "precondition" for the divided island's accession. Moreover, Greece threatened to block any round of enlargement that excluded Cyprus. Despite the approval of a U.N. plan to reunify the island by Turkish Cypriot voters in the north in April 2004, this proposal failed when it was rejected by Greek Cypriot voters in the south. In the continued absence of a settlement, EU laws and financial benefits are applied only to the southern Greek Cypriot part of the island (officially the Republic of Cyprus), which is the internationally recognized state. For more information, see CRS Report R41136, *Cyprus: Reunification Proving Elusive*, by Vincent Morelli.

Further EU Institutional Reforms and Enlargement

Although the Nice Treaty had sought to introduce institutional reforms to allow an enlarged Union to function better and more effectively, critics asserted that the treaty established an even more complex and less efficient decision-making process. Certain provisions in the Nice Treaty also effectively (although not explicitly) limited the size of the EU to 27 member states. In light of the criticisms of the Nice Treaty and with a view to potential enlargement beyond 27 members, the EU embarked on a new institutional reform effort in 2002.

This process culminated on December 1, 2009, when the Lisbon Treaty came into force. The Lisbon Treaty evolved from the proposed EU constitutional treaty, which was rejected in French and Dutch national referendums in 2005, in part because of public concerns about continued EU enlargement. The Lisbon Treaty aims to further streamline the EU's governing institutions and decision-making processes, and in doing so eliminates the technical hurdle to enlarging the EU beyond 27 member states. The new treaty also seeks to give the EU a stronger and more coherent voice and identity on the world stage, and attempts to increase democracy and transparency within the EU, in part by granting more powers to the European Parliament.³

EU Institutions

The 27-member European Union is governed by several institutions that embody the EU's dual supranational and intergovernmental character.

The **European Council** serves as a strategic guide and driving force for EU policy. It is composed of the Heads of State or Government of the EU's member states and the President of the European Commission; it meets several times a year in what are often termed "EU summits." The European Council is headed by a President, appointed by the member states to organize the Council's work, ensure policy continuity, and facilitate consensus.

The **European Commission** is essentially the EU's executive and upholds the common interest of the EU as a whole. It implements and manages EU decisions and common policies, ensures that the provisions of the EU's treaties and rules are carried out properly, and has the sole right of legislative initiative in most policy areas. It is composed of 27 Commissioners, one from each country; each Commissioner holds a distinct portfolio (e.g., agriculture, trade, EU enlargement). One Commissioner serves as Commission President.

The **Council of the European Union** (or the **Council of Ministers**) represents the member states. It enacts legislation, usually based on proposals put forward by the Commission and agreed to (in most cases) by the European Parliament. In a few sensitive areas, such as foreign policy, the Council of Ministers holds sole decision-making authority. It consists of ministers from the 27 national governments; different ministers participate in Council meetings depending on the subject (e.g., foreign ministers would meet to discuss the Middle East, agriculture ministers to discuss farm subsidies). The Presidency of the Council rotates among the member states every six months.

The **European Parliament** represents the citizens of the EU. It shares responsibility for enacting most EU legislation with the Council of Ministers and decides on the allocation of the EU's budget jointly with the Council. It currently consists of 754 members who are directly elected in the member states for five-year terms. Members of the European Parliament (MEPs) caucus according to political affiliation, rather than nationality.

A number of other institutions also play key roles in the EU. The **Court of Justice** interprets EU laws and its rulings are binding; a **Court of Auditors** monitors the EU's financial management; the **European Central Bank** manages the euro and EU monetary policy; and **advisory committees** represent economic, social, and regional interests.

³ For more information, see CRS Report RS21618, *The European Union's Reform Process: The Lisbon Treaty*, by Kristin Archick and Derek E. Mix.

Process of Enlargement

According to the Maastricht Treaty, any European country may apply for EU membership if it meets a set of core political and economic criteria, known as the “Copenhagen criteria.” These criteria for EU membership require candidates to achieve “stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union; the ability to take on the obligations of membership, including adherence to the aims of political, economic, and monetary union.”⁴ In addition, the EU must be able to absorb new members, so the EU can decide when it is ready to accept a new member.

When a country submits an application to join the EU, it triggers a complex technical process and a sequence of evaluation procedures. At the same time, EU enlargement is very much a political process; most all steps on the path to accession require the unanimous agreement of the existing member states. As such, a prospective EU candidate’s relationship or conflicts with individual member states may significantly influence a country’s EU accession prospects and timeline.

Following the submission of a given country’s application, the European Commission first issues a formal opinion on the aspirant country, after which the Council of Ministers decides whether to accept the application. Following a positive unanimous decision by all 27 member states in the Council of Ministers to accept a given country’s application, that country becomes an official EU candidate. Accession negotiations, a long and complex process in which the candidate country must adopt and implement a massive body of EU treaties, laws, and regulations, may then begin. The Commission and the Council of Ministers (acting unanimously) must also approve the actual opening of accession negotiations and a negotiating framework, which establishes the general guidelines for the enlargement talks.

The EU’s nearly 144,000 pages of rules and regulations are known as the *acquis communautaire*. The *acquis* is divided into 35 subject-related “chapters” that range from free movement of goods to agriculture to competition. Accession negotiations on each chapter begin with a screening process to see to what extent the applicant meets the requirements of each chapter; detailed negotiations take place at the ministerial level to establish the terms under which applicants will adopt and implement the rules in each chapter. The European Commission proposes common negotiating positions for the EU on each chapter, and conducts the negotiations on behalf of the EU. Enlargement policy and accession negotiations are directed and led by the EU Commissioner for Enlargement and European Neighborhood Policy, currently Stefan Füle.

In all areas of the *acquis*, the candidate country must bring its institutions, management capacity, and administrative and judicial systems up to EU standards, both at national and regional levels. During negotiations, applicants may request transition periods for complying with certain EU rules. All candidate countries receive financial assistance from the EU, mainly to aid in the accession process.

Chapters of the *acquis* can only be opened and closed with the unanimous approval of all 27 existing EU member states acting in the Council of Ministers. Periodically, the Commission issues “progress” reports to the Council of Ministers and the European Parliament assessing the

⁴ European Council Conclusions, Copenhagen, Denmark, June 1993.

achievements in the candidate countries. Once the Commission concludes negotiations on all 35 chapters with an applicant state, the agreements reached are incorporated into a draft accession treaty, which must be approved by the Council of Ministers and the European Parliament. After the accession treaty is signed by the EU and the candidate country, it must then be ratified by each EU member state and the candidate country; this process can take up to two years.

Current EU Acceding Countries and Candidates

Croatia, which is scheduled to join the EU in 2013, is currently recognized in EU terminology as an “acceding country.” Five other countries are considered by the EU as official candidates for membership: Iceland, Macedonia, Montenegro, Serbia, and Turkey. All are at different stages of the accession process, and face various issues and challenges on the road to EU membership.⁵

Croatia

Croatia is one of the six countries that made up the former Yugoslavia. In 2001, within a decade of gaining independence, Croatia concluded a Stabilization and Association Agreement (SAA) with the EU to govern relations, including financial and technical assistance geared toward helping Croatia meet the political and economic criteria for EU accession. Croatia submitted its application to join the EU in February 2003.

In June 2004, the EU named Croatia as an official candidate for membership. At the time, the EU asserted that Croatia still needed to make further progress on some of the political preconditions for membership related to issues such as minority rights, judiciary reform, and the apprehension of war criminals stemming from the Balkan conflicts of the 1990s. In December 2004, the EU announced it would open accession negotiations with Croatia in March 2005, provided that Croatia demonstrated “full cooperation” with the International Criminal Tribunal for the former Yugoslavia (ICTY). The start of accession talks was delayed, however, because some EU members were not convinced that Croatia was cooperating sufficiently with the ICTY in apprehending a prominent war crimes suspect.

EU accession talks with Croatia were eventually opened in October 2005, following a determination that Croatia was in full compliance with the ICTY. Croatia’s accession talks stalled, however, in December 2008 when neighboring EU member Slovenia began blocking the opening and closing of several chapters of the *acquis* amid a border dispute. In September 2009, Slovenia agreed to resolve the border issue separately, detaching it from Croatia’s EU membership bid and thereby allowing accession negotiations to continue.

In June 2011, the EU concluded accession negotiations with Croatia. The EU and Croatia signed the Treaty of Accession in December 2011. In January 2012, Croatian voters approved the country’s EU accession in a national referendum, with 66% in favor, and the Croatian parliament ratified the accession treaty in March 2012. Croatia is expected to become the 28th member of the Union on July 1, 2013, subject to the completion of the ratification process in all existing 27 member states. Over two-thirds of EU member states have ratified Croatia’s accession treaty to

⁵ For more detailed background on the EU’s relationship with each candidate country and the status of negotiations, see the European Commission’s web page on enlargement, available at: http://ec.europa.eu/enlargement/index_en.htm.

date, but some commentators suggest that Croatia's accession could be delayed. Worries center in particular on Slovenia, which has not yet begun the ratification process because of an ongoing bilateral dispute with Croatia over Yugoslav-era bank debts. Some parliamentarians from other EU member states, such as Germany, have also expressed concerns about the status of certain reforms in Croatia. The EU maintains that Croatia is a stable democracy with a functioning market economy (despite Croatia's ongoing recession and difficult financial situation), but notes that Croatia must continue to work on completing a number of reforms, especially with regard to tackling corruption, improving its judiciary, and protecting fundamental rights. The EU will issue a final monitoring report on Croatia's progress in the spring of 2013.⁶

Iceland

Although Iceland has close and extensive ties with the EU, it resisted joining the EU for decades. In July 2009, however, Iceland applied for EU membership in the wake of the 2008 financial crisis that led to the collapse of its banking system and the devaluation of its national currency. Many Icelandic officials believed that membership in the Union would significantly bolster Iceland's ability to recover from its economic recession. The EU named Iceland as an official candidate in June 2010, and began accession negotiations with Iceland in July 2010.

Iceland has a stable democratic government and open market economy. Iceland and the EU have a free trade agreement dating back to 1972, and Iceland has been a member of the European Economic Area (EEA) since 1994. Through the EEA, Iceland participates in the EU's single market and a significant number of EU laws already apply in Iceland. Also, Iceland is a member of the Schengen area, which enables Icelanders to work and travel freely throughout the EU, and participates in a number of EU agencies and programs in areas such as enterprise, the environment, education, and research.

Given Iceland's existing integration with the EU, many observers expected accession talks to proceed quickly. As of the end of 2012, talks have been opened on 27 chapters, and one-third of these have been provisionally closed. However, several challenges remain for Iceland. These include resolving differences with the EU on fisheries and whaling policies, and settling an ongoing dispute over fully repaying the British and Dutch governments for debts incurred when Iceland's online bank—Icesave—failed in 2008. Furthermore, it is unclear at present whether Icelanders would support EU membership in a national referendum; Iceland's political parties are divided on the benefits of EU accession and recent public opinion polls suggest that a strong "no" camp exists. Some analysts also note that Iceland will hold national elections in April 2013, and that a new government may not be inclined to continue Iceland's EU membership bid. In mid-January 2013, Iceland announced that there would be no further government or parliamentary decisions on joining the EU until after the April election.⁷

⁶ "Expanding Europe: Germany Doubts Whether Croatia Is Ready for EU," *Spiegel Online*, October 22, 2012; "Croatia To Make More Efforts To Meet Its Commitments for EU Accession," *New Europe Online*, November 27, 2012; "Slovenia Warns Might Delay Croatia's EU Entry Over Bank Row," *Agence France Presse*, December 14, 2012.

⁷ Although some commentators have portrayed Iceland's decision ahead of its upcoming election as a "suspension" of negotiations with the EU, accession talks will continue; the current Icelandic government, however, will not adopt new negotiating positions on unopened *acquis* chapters, nor provisionally close any more chapters. European Commission Press Release, "EU and Iceland: Over Two Thirds of Negotiation Chapters Now Open," December 18, 2012; "Iceland Advances EU Entry Bid: Domestic Opposition Mounts," *Businessweek.com*, December 18, 2012; Suzanne Lynch, "Work To Continue on Iceland's EU Accession Despite Talks Suspension," *Irish Times*, January 15, 2013.

Macedonia

Macedonia, once part of the former Yugoslavia, concluded a Stabilization and Association Agreement with the EU in 2001. It applied for EU membership in March 2004. The EU named Macedonia as an official EU candidate in December 2005, and the European Commission has recommended opening membership talks with Macedonia since 2009. According to the Commission, Macedonia is sufficiently fulfilling the political and economic criteria for membership, although it continues to urge Macedonia to complete necessary reforms aimed at improving the rule of law, protecting freedom of expression, promoting the independence of the judiciary, and strengthening anti-corruption efforts. Some EU officials also remain concerned about inter-ethnic tensions in Macedonia, especially with respect to its Albanian minority.

Macedonia has not yet secured a start date for accession negotiations, however, largely because of a long-running and ongoing disagreement with Greece over the country's official name. Macedonia maintains the right to be recognized internationally by its constitutional name, the Republic of Macedonia, but Greece asserts that it implies territorial claims to the northernmost Greek province of the same name. As a result of this dispute, Greece continues to block the opening of EU accession talks with Macedonia. Currently, the EU refers to Macedonia in official documents as the Former Yugoslav Republic of Macedonia (FYROM), a provisional name coined in 1993 to enable Macedonia to join the United Nations.

In light of these difficulties, the European Commission launched a High Level Accession Dialogue (HLAD) with Macedonia in March 2012 in order to help maintain momentum for the EU reform process in Macedonia. In addition, the Commission has reportedly been working to find a way to enable accession talks with Macedonia to begin before a final resolution of the name dispute. In December 2012, all EU member states (including Greece and Bulgaria, which has raised concerns about Macedonia's readiness for membership amid a separate bilateral dispute) agreed to assess the prospects for opening negotiations with Macedonia in spring 2013, following a Commission report on Macedonia's reform efforts, its progress toward promoting "good neighborly relations," and steps taken toward resolving the name issue. Thus, some commentators are hopeful that Macedonia may be given a green light to begin accession negotiations in the near future; others remain doubtful that Macedonia's EU membership bid can be furthered without significant progress on the name issue.⁸

Montenegro

After ending its union with Serbia and gaining independence in June 2006, Montenegro and the EU began talks on a Stabilization and Association Agreement. The SAA was signed in October 2007. Macedonia applied for EU membership in December 2008 and was granted candidate status in December 2010.

In October 2011, the European Commission assessed that Montenegro had achieved the necessary degree of compliance with the political and economic criteria for accession talks to begin. The EU opened accession negotiations with Montenegro in June 2012. Although EU officials acknowledge Montenegro's progress toward meeting EU standards, they also assert that more

⁸ "Bulgaria Vetoes Macedonia's EU Accession Talks," *EurActiv.com*, November 2, 2012; Andrew Rettman, "No EU Accession Talks for Serbia or Macedonia," *EUObserver.com*, December 12, 2012.

work is needed. Key challenges facing Montenegro include improving the rule of law, fighting corruption and organized crime, enhancing the independence of the judiciary, and strengthening administrative capacity.⁹

Serbia

Until relatively recently, Serbian-EU relations were difficult and Serbia's path toward eventual EU membership faced several obstacles. Most EU member states and EU officials viewed Serbia as bearing the bulk of responsibility for the violent dissolution of the former Yugoslavia in the 1990s and for the 1999 conflict over its former province of Kosovo. Many in the EU considered Serbia as being slow to implement necessary political and economic reforms, largely uncooperative in tracking down Serbian war crimes suspects indicted by the International Criminal Tribunal for the former Yugoslavia, and resistant to normalizing relations with Kosovo (which declared independence from Serbia in 2008, but which is not recognized by Serbia).

Over the last few years, however, Serbia has made considerable progress in modernizing its political and economic system. As part of EU efforts to boost pro-Western political forces in the country, the EU concluded a Stabilization and Association Agreement with Serbia in April 2008. In December 2009, Serbia submitted its formal application for EU membership. In the summer of 2011, Serbia's accession prospects improved significantly following the arrest and extradition of two high-profile war crimes suspects wanted by the ICTY.

In October 2011, the European Commission recommended EU candidate status for Serbia, provided that it continued to work on improving relations with Kosovo in EU-brokered talks. In February 2012, Serbia concluded two accords with Kosovo aimed at addressing some key EU concerns; Serbia agreed to conditions under which Kosovo may participate in Western Balkans regional institutions, and on the technical parameters for jointly managing its border with Kosovo (which EU officials hope will reduce tensions in Serb-dominated northern Kosovo). In light of these accords, the EU named Serbia as an official candidate in March 2012.

Nevertheless, the EU expects Serbia to achieve further steps in normalizing its relations with Kosovo before Serbia is deemed ready to begin accession negotiations. Talks between Serbia and Kosovo are continuing under EU auspices. In December 2012, EU leaders agreed to assess the possibility of opening negotiations with Serbia in spring 2013, following a Commission report on Serbia's progress toward meeting all EU membership criteria, and in particular, on whether Serbia has done enough to promote "a visible and sustainable improvement" in its relations with Kosovo. According to recent press reports, Serb officials are hopeful that the EU will look positively on Serb efforts with respect to Kosovo, and decide to open accession negotiations with Serbia by June 2013. Even once such discussions begin, however, Serbia will not be ready to join the EU for many years. Experts also assert that ultimately, it is unlikely that the EU would admit Serbia as a member until Kosovo's status is fully resolved.¹⁰

⁹ European Commission Press Release, "Montenegro: Big Step Towards EU Membership," June 29, 2012; Council of the European Union, Conclusions on Enlargement and Stabilization and Association Processes, Brussels, Belgium, December 11, 2012.

¹⁰ Council of the European Union, Conclusions on Enlargement and Stabilization and Association Processes, Brussels, Belgium, December 11, 2012; Matt Robinson, "Serbs Must Resolve Kosovo Relations for EU Talks in June," Reuters, January 22, 2013; also see, CRS Report RS22601, *Serbia: Current Issues and U.S. Policy*, by Steven Woehrel.

Turkey

Turkey has a long-standing bid for EU membership, but the relationship between Turkey and the European project has been characterized historically by a series of ups and downs. Although EU member states have always supported a close association with Turkey, divisions continue to exist among member states over whether Turkey should be allowed to join the Union given concerns about its political system, human rights record, economy, and large Muslim population. The status of Turkey's membership application is a frequent source of tension between Turkey and the EU.

Turkish EU aspirations date back to the 1960s. Turkey and the European Economic Community concluded an association agreement (known as the Ankara Agreement) in 1963, which was aimed at developing closer economic ties. The Ankara Agreement was supplemented by an Additional Protocol, signed in 1970, preparing the way for a customs union. Nevertheless, Turkey's 1987 application for full membership in the European Community was essentially rejected.

In 1995, the customs union between the EU and Turkey entered into force, allowing most goods to cross the border in both directions without customs restrictions. In 1997, the EU declared Turkey eligible to become a member of the Union. In 1999, the EU finally recognized Turkey as an official candidate country; at the same time, the EU asserted that Turkey still needed to comply fully with the political and economic criteria for membership before accession talks could begin.

In 2001, the EU adopted its first "Accession Partnership" with Turkey, setting out the political and economic priorities Turkey needed to address in order to adopt and implement EU standards and legislation. Ankara had hoped that the EU would set a firm date for starting negotiations at its December 2002 summit, but was disappointed; several EU members argued that although Turkey had undertaken significant reforms—such as abolishing the death penalty and increasing civilian control of the military—it still did not fully meet the membership criteria. Some member states also remained concerned about Turkey's stance toward Cyprus, which has been divided since 1974 between the internationally recognized Republic of Cyprus administered by the Greek Cypriot government in the island's south, and the Turkish Republic of Northern Cyprus, controlled by Turkish Cypriots. Turkish troops remain stationed in northern Cyprus, and Turkey does not recognize the Republic of Cyprus under the Greek Cypriot government.

In December 2004, the EU asserted that Turkey had made sufficient progress on legislative, judicial, and economic reforms to allow accession talks to begin in October 2005, provided Turkey met two conditions by that time: bringing into force several additional pieces of reform legislation; and agreeing to extend Turkey's existing agreements with the EU and its customs union to the 10 new EU member states, including Cyprus. Turkey met both of these requirements by July 2005. In pledging to extend its EU agreements and the customs union, however, Turkey asserted that it was not granting diplomatic recognition to the Greek Cypriot government. After some contentious debate among EU members over issues related to Turkey's lack of formal recognition of Cyprus and whether a "privileged partnership" short of full membership for Turkey should be retained as a future option, the EU opened accession talks with Turkey in October 2005. The negotiating framework asserts that the "shared objective of the negotiations is accession," but that it will be an "open-ended process, the outcome of which cannot be guaranteed beforehand."¹¹ In other words, despite agreeing to open accession talks, Turkey is still not ensured eventual full EU membership.

¹¹ Agreed EU Negotiating Framework for Turkey, October 3, 2005.

Detailed negotiations between the EU and Turkey on the *acquis* began in 2006. Since then, the EU has opened talks on 13 chapters of the *acquis* (one of these was provisionally closed in June 2006), but progress has been slow and negotiations have been complicated by Cypriot-related issues. According to the EU, Turkey's continued refusal to open its ports and airports to ships and planes from the Greek Cypriot part of the island, as required by the 1970 Additional Protocol and the customs union, is a major stumbling block. In December 2006, the EU decided to delay the opening of eight chapters dealing with areas affecting the customs union pending Turkey's compliance with applying the Additional Protocol to Cyprus. Although negotiations on other chapters would be allowed to continue or be opened when ready, the EU also asserted that no further chapters would be provisionally closed without resolution of the issues related to the Additional Protocol. In December 2009, the EU reaffirmed the freeze on the opening of the eight chapters affecting the operation of the customs union. Cyprus and France have also put holds on opening several other chapters of the *acquis*.

Many observers view Turkey's accession process as largely stalled. No new chapters of the *acquis* were opened in 2011 or 2012, and little progress appears to have been made in the chapters already under negotiation. Formal accession talks were further complicated in the second half of 2012, when Turkey froze its relations with the EU's rotating six-month presidency because it was held by Cyprus from July to December 2012. Given the various difficulties with Turkey's membership negotiations, in May 2012, the European Commission launched a "positive agenda" with Turkey to reinvigorate EU-Turkish relations and to inject new momentum into Turkey's accession process. Areas covered by the "positive agenda" include, among others: alignment of Turkish legislation with the EU *acquis*; political reforms and fundamental rights; visas; energy; and counterterrorism. The European Commission asserts that this "positive agenda" is intended to complement and support, not replace, Turkey's accession process.¹²

Experts contend that the slow pace of Turkey's progress toward EU membership suits some EU governments and many EU citizens who question whether Turkey should join the EU. Those of this view remain wary about the implications of Turkey's accession on the Union's institutions and finances given Turkey's size (with nearly 80 million people, Turkey would rival Germany as the largest EU country in terms of population), and the relatively large portion of Turks considered poor in economic terms. Despite Turkey's improving and increasingly vibrant economy, some in the EU still fear an influx of Turkish laborers, who would have the right to live and work in existing EU member states should Turkey accede to the Union. Many EU leaders and publics also worry that Turkey's predominantly Muslim culture would fundamentally alter the character, policies, and identity of the Union. In addition, EU concerns persist about the status of Turkish political reforms, the independence of its judiciary, women's rights, the degree of media freedoms, and the extent to which religious and ethnic minorities are protected.

Analysts predict that at best, Turkish membership in the EU is at least another decade away. Moreover, they note that it is highly unlikely that Turkey would be able to join the EU without a political settlement on the divided island of Cyprus. A number of observers point out that some Turkish policymakers and citizens are also increasingly questioning the value of and need for Turkish accession given the EU's current financial woes and sovereign debt crisis and ongoing European concerns about Turkey's potential membership. Some commentators suggest that the European Commission's "positive agenda" may ultimately provide a way for both Turkey and the EU to back away from full EU membership for Turkey, while allowing for the development of

¹² EU Press Release, "Positive EU-Turkey Agenda Launched in Ankara," May 17, 2012.

stronger Turkish-EU ties. Turkish officials, however, continue to assert that EU membership remains a priority for Turkey, and many experts contend that neither Turkey nor the EU, at present, appear prepared to end Turkey's accession process.¹³

Prospects for Future Rounds of EU Enlargement

As noted previously, the EU asserts that the enlargement door remains open to any European country that is able to meet and implement the political and economic criteria for membership. The remaining Western Balkan states of Albania, Bosnia-Herzegovina, and Kosovo are all recognized as potential EU candidates but their accession prospects and timetables vary (see text box for more information); most analysts believe that it will likely be many more years before any of these countries are ready to join the EU. Nevertheless, the EU hopes that the possibility of membership will help accelerate reforms and promote greater stability in these and other states interested in eventual EU accession. Countries such as Ukraine and Georgia have also expressed long-term EU aspirations.

On the other hand, "enlargement fatigue" has become a serious issue in Europe. Although the EU is moving ahead with enlargement to include Croatia and probably some of the other Western Balkan countries and Iceland, experts assert that a number of European leaders and many EU citizens remain cautious about further EU enlargement. This is especially true with respect to Turkey or the countries of "wider Europe," usually considered to include Ukraine, Moldova, and the southern Caucasus (Georgia, Armenia, and Azerbaijan). EU officials increasingly stress that the process of enlargement must take into account the Union's "integration capacity." In other words, acceding countries must be ready and able to fully assume the obligations of EU membership, and additional EU enlargement must not endanger the ability of the EU's institutions to function effectively or render EU financing arrangements unsustainable.¹⁴

Apprehensions about continued EU enlargement seem to be driven by several issues. Some EU policymakers and European publics have long worried that the addition of nations with weak economies and low incomes could lead to an influx of low-cost or unwanted migrant labor. Such fears prompted the EU to allow the "old" member states to institute some temporary restrictions on labor migration from those countries that joined the EU in 2004 and 2007. Although EU members that chose not to impose any transitional restrictions (such as the UK and Ireland) did see an increase in workers from Central and Eastern Europe, most studies since 2004 suggest that the proportion of EU citizens moving from east to west following enlargement has been relatively small and that such migrants have not displaced local workers or significantly driven down local wages.¹⁵ Nevertheless, such concerns persist, especially when considering the accession of big, relatively less affluent countries such as Turkey or possibly Ukraine in the longer term.

¹³ For more information on Turkey and the EU, see CRS Report RS22517, *European Union Enlargement: A Status Report on Turkey's Accession Negotiations*, by Vincent Morelli.

¹⁴ The EU's emphasis on "integration capacity" is a key part of the EU's "renewed consensus on enlargement," agreed by EU leaders in December 2006. See European Council Conclusions, Brussels, Belgium, December 15, 2006.

¹⁵ "Free Movement of Labor in the EU 27," *EurActiv.com*, August 9, 2011.

Potential Future EU Candidates in the Western Balkans

For many years, the EU has considered all the countries of the Western Balkans as potential future candidates. The EU's Stabilization and Association Process (SAP) is the framework for the EU's relations with the countries of the Western Balkans. The centerpiece of the SAP is the conclusion of a Stabilization and Association Agreement (SAA), which represents the contractual relationship between the EU and each Western Balkans country; the SAA also sets out EU financial and technical assistance to help each country meet the EU's membership criteria. Many view the SAA as the first step toward EU membership for the Western Balkan countries. With Croatia expected to become the 28th member of the EU in 2013, and with Macedonia, Montenegro, and Serbia formally recognized as EU candidates, three countries in the region with a future EU perspective remain: Albania, Bosnia-Herzegovina, and Kosovo.

Albania and the EU completed a Stabilization and Association Agreement in June 2006. In April 2009, the SAA entered into force and Albania formally applied to join the EU. In October 2012, the European Commission asserted that Albania was making good progress toward meeting the political criteria for membership, and recommended that Albania be granted candidate status, subject to the completion of reforms in the areas of the judiciary, public administration, and parliamentary rules of procedure. EU members will decide whether or not to name Albania as a candidate country once the Commission has determined that Albania has made the necessary progress in its reform efforts; EU leaders will also likely take into account the conduct of upcoming parliamentary elections in Albania, expected in June 2013, and which are viewed as a "crucial test" of the country's democratic institutions. Other areas of EU concern include Albania's ability to tackle corruption and organized crime, its protection of property rights, and its treatment of minorities, especially its Roma community.

Bosnia-Herzegovina has not yet applied for EU membership. Bosnia and the EU signed a Stabilization and Association Agreement in June 2008 and an interim agreement is in place. In its most recent assessment in October 2012, the European Commission judged that Bosnia had made only limited progress in meeting the EU's core political criteria and that further efforts were needed to establish a functioning market economy. EU officials remain deeply concerned with what they view as Bosnia's unstable political climate and continued ethnic divisions and tensions. EU worries about corruption and organized crime in Bosnia also persist. The EU has established a High Level Dialogue on the Accession Process (HLDAP) with Bosnian political representatives to encourage progress on reforms and to facilitate coordination between the various levels of Bosnia's government so that the country can speak with one voice on EU matters. The EU continues to maintain a small peacekeeping force in Bosnia.

Kosovo declared its independence from Serbia in February 2008 and is recognized by the EU as a potential future candidate under U.N. Security Council Resolution 1244, which ended the 1999 conflict between Serbia and Kosovo. Serbia insists that Kosovo remains part of its territory; 22 of the EU's 27 members recognize Kosovo's independence. Kosovo participates in the Stabilization and Association Process and receives pre-accession financial assistance from the EU, but efforts to forge an SAA have been complicated by the lack of full EU diplomatic recognition. In October 2012, the European Commission announced the results of a feasibility study, which found that the EU could conclude an SAA with Kosovo, even though it is not recognized by all EU countries. EU members will assess the possibility of beginning SAA negotiations with Kosovo in the spring of 2013, following a Commission report on Kosovo's efforts to normalize relations with Serbia and its progress in meeting a number of short-term reform priorities (key EU concerns in Kosovo include the rule of law, public administration, protection of minorities, corruption, and organized crime). Although some observers are hopeful that the EU will agree to start negotiations on an SAA with Kosovo in the near future, others doubt this will be possible until there is EU consensus on Kosovo's status.

Sources: European Commission, Enlargement Strategy and Main Challenges 2012-2013, October 10, 2012; Council of the European Union, Conclusions on Enlargement and Stabilization and Association Processes, December 11, 2012.

The addition of large countries like Turkey or Ukraine could also have substantial financial consequences for the Union's budget and regional assistance programs, as well as implications for the functioning of certain EU institutions. Some key EU member states may fear that an ever-expanding Union could ultimately weaken their ability to set the tone and agenda in EU institutions and to drive EU policies. Moreover, doubts persist about the ability of some potential EU aspirants to implement EU standards, especially in areas related to the rule of law, fundamental rights, and anti-corruption measures.¹⁶

¹⁶ Many experts viewed the EU as having been too "soft" in previous accession negotiations with countries like Bulgaria and Romania. As a result of such concerns and perceptions, over the last several years, the EU has been (continued...)

Another broad European concern with respect to ongoing enlargement is with the overall identity of Europe, what the Union stands for, and where “Europe” ends. The Union’s struggle with these issues has been highlighted by the possible admission of Turkey with an Islamic culture perceived by many Europeans to be vastly different and not compatible with Europe. Similarly, some in the EU question whether countries like Ukraine or those of the southern Caucasus should be considered as part of “Europe,” or whether their geography, history, and culture make them distinct. Many experts believe that enlargement may soon be reaching its limits and that the EU is unlikely to include the countries of “wider Europe” for the foreseeable future.¹⁷

Moreover, commentators suggest that the EU’s recent financial problems and sovereign debt crisis—which have hit the countries of the Eurozone particularly hard and caused some observers to doubt the future of the EU’s common currency—could potentially slow future rounds of EU enlargement. They note that EU leaders are grappling not only with trying to remedy the Eurozone’s financial troubles, but also with uncertainty about the future direction of the EU itself. As a result, they may be less inclined to robustly push forward the enlargement agenda. Conversely, the EU’s economic difficulties might make joining the Union—and ultimately the common currency—less attractive for some current and potential EU candidates. For decades, many countries aspired to join the EU largely for the economic benefits that membership would bring. If financial instability in the Eurozone persists, however, some aspirants such as Turkey—with a rapidly expanding and dynamic economy—may not view the benefits of membership as outweighing the potential constraints on its sovereignty and national fiscal and monetary policies.

U.S. Perspectives

The United States has strongly supported the European integration project since its inception in the 1950s. Successive U.S. Administrations and many Members of Congress have long backed EU enlargement, believing that it serves U.S. interests by advancing democracy and economic prosperity, and thereby creating strong European political allies and trading partners. Following the collapse of communism in 1989, U.S. and EU officials worked in close cooperation to promote democratic transitions and market-oriented reforms, with both sides of the Atlantic routinely asserting that the countries of Central and Eastern Europe would be warmly welcomed into Euro-Atlantic institutions such as the EU, as well as NATO, but only if they met the necessary political and economic criteria.

(...continued)

placing increasing emphasis on the readiness and maturity of a candidate’s democratic institutions and its ability to meet EU standards. Observers assess that in its recently concluded negotiations with Croatia, the EU was much more rigorous about ensuring Croatia’s ability to comply with EU standards. In 2011, the European Commission announced a new approach to *acquis* chapters covering issues related to fundamental rights, the judiciary, anti-corruption efforts, and the fight against organized crime; such chapters will now be opened early in the negotiation process and closed only at the very end to allow sufficient time for candidate countries to implement EU standards in these areas.

¹⁷ In 2004, as EU enlargement pushed the Union’s borders farther east and south, the EU launched its European Neighborhood Policy (ENP), aimed at developing deeper political and economic relations with a “ring of friends,” or countries in close proximity to an enlarged Union. The ENP was proposed to 10 southern Mediterranean countries, and to 6 on the EU’s eastern periphery (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine). In 2009, the EU launched the Eastern Partnership (EaP), a complementary program with these same six eastern neighbors designed to offer more concrete EU support in exchange for democratic and market-oriented reforms; EU cooperation with the government of Belarus, however, is largely frozen because of continuing state repression and human rights problems. The EU considers Russia to be a “strategic partner,” but Russia does not participate in the ENP or in the EaP.

Some analysts suggest that U.S. policymakers have also been keen to promote EU enlargement because they have viewed it as a way to decrease U.S.-EU tensions given that many of the newer members are often regarded as more pro-American. Moreover, many U.S. officials hoped that with the EU's enlargement to the east and the transformation of the continent nearly complete, the EU would turn its attention outward and be a more capable partner for the United States in tackling a range of global challenges. U.S. business and commercial interests have also generally favored EU enlargement, believing that it would provide access to a larger, more integrated European market, and that it would help further reforms of the EU's regulatory regime and common agricultural policy, frequent sources of U.S.-EU trade conflicts.

Over the years, the only significant U.S. criticism of the EU's enlargement process has been that the Union was moving too slowly, especially with respect to Turkey. Successive U.S. Administrations and many Members of Congress have long advocated EU membership for Turkey, viewing it as a vital, strategic ally that should be anchored firmly to Europe. At times, Washington has played an active, albeit small, role in Turkey's EU accession path; in 1999, for example, the Clinton Administration reportedly lobbied Ankara to accept the EU's offer to recognize Turkey as an official EU candidate, despite Ankara's unhappiness that the EU had not set out a timetable for accession talks. Periodically, however, U.S. pressure to promote Turkey's EU accession prospects has generated tensions with the EU. The United States continues to support Turkey's EU membership bid, as well as the EU aspirations of the Western Balkans, but in recent years, U.S. officials appear to have accepted that EU enlargement moves at its own pace, and that Turkey's potential EU accession is still many years away. Some U.S. officials remain concerned that "enlargement fatigue," as well as the EU's current financial crisis, could hinder additional EU expansion.

Other commentators argue that EU enlargement could have some negative implications for U.S. interests. Even with EU institutional reforms, some assert that EU decision-making remains cumbersome and that enlargement has done little to make the EU a more coherent actor on the world stage. For example, they contend that the addition of the Central and Eastern European countries has created more divisions on certain issues, such as EU policy toward Russia, and that the EU is largely still preoccupied with its own internal problems. On the other hand, some pundits worry that despite the EU's current financial difficulties, a larger EU—with an economic output roughly equivalent to that of the United States and growing political clout—could ultimately rival U.S. power and prestige in the longer term.

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