On the slide you can see the 6 waves of the EU enlargement, a process that started in 1957 as the European Economic Community and the European Atomic Energy Community with 6 members: Belgium, France, Germany, Italy, Luxemburg and the Netherlands

The EU's first enlargement took place in 1973 when Denmark, Ireland, and the United Kingdom joined the community.

Mediterranean Enlargement of 1981 and 1986 – Greece became the 10th member state of the EU in 1981, followed by Spain and Portugal in 1986. These accessions extended the EU's influence to Southern Europe and reflected the community's commitment to promoting democracy and stability in the region.

In 1995, the EU experienced a significant enlargement with the accession of Austria, Finland, and Sweden. This expansion coincided with the establishment of the EU's single market, which aimed to remove trade barriers and foster economic integration among member states.

The most significant wave of EU enlargement occurred in the 2000s, with the admission of several Central and Eastern European countries. In 2004, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia joined the EU. Bulgaria and Romania followed suit in 2007, and Croatia became the EU's 28th member state in 2013.

Western Balkans Enlargement (Ongoing): Candidate status has been granted to Albania, Montenegro, North Macedonia, and Serbia, while Bosnia and Herzegovina and Kosovo are potential candidates. The accession process for these countries is ongoing.

The EU remains open to further enlargement, although the criteria for accession have become more rigorous. Potential candidate countries such as Turkey and Iceland have expressed their interest in joining the EU, but progress towards membership has been slow and complex.

COSTS AND BENEFITS OF EASTERN ENLARGEMENT

1.1. Political Benefits

According to Baldwin, political and security guarantees are the driving force of enlargement yet they are vague, since they are based on fears of future developments. EU-membership is expected to serve as a security guarantee in the broad sense, which includes political, economic, social and environmental stability, since instability in regions of the EU interest (CE and Balkans) would have significant spillover effects on the West.

The EU serves as a 'modernisation anchor' and the prospect of membership serves as a 'commitment device' for M and Cs. The tasks to be fulfilled for entry by the governments keep them on the path of democratic and market reforms. The promise of eventual accession helps to secure social acceptance of painful reforms and to safeguard by increasing the costs of deviating from the reform path. Thus integration aids the processes of démocratisation and modernisation bringing economic and political predictability and stability in the region.

1.2. Economic Benefits

Several influential studies claim that the economic benefits of eastern enlargement to the EU are small, whereas those to CEECs are big and although the asymmetry in terms of economic weight between CEECs and the EU is evident as the CEECs would only add 7% to the EU's GDP the importance of economic gains to the EU is often underestimated. The main reason for this is the gains from trade liberalisation because since the EU has significantly improved its trade balance with CEECs during the 1990s despite the asymmetric nature of liberalisation favouring the applicants. Moreover, approximately 0.27% of the EU's yearly growth can be attributed to growth of CEE markets and the trade potential of CEECs has by far not been exhausted yet. The growth in foreign direct investment will increase CEE growth, which will stimulate demand for imports from the EU, especially the demand for capital goods and services in which the CEECs are relatively underdeveloped. Economic modernisation in CEECs, increase in consumers' purchasing power due to the revaluation of national currencies and growth in real wages will further enhance demand for imports as well as generating new investment opportunities, and making investment projects more profitable.

The enlarged Single Market, the complete liberalisation of trade and the extension of investment opportunities all contribute to the increased competitiveness of the EU in the world.

2. Costs

2.1. Political Costs

The text discusses three main political concerns regarding EU enlargement. The first concern is related to the costs of reforming EU institutions and redistribution mechanisms. The fear of smaller countries about the changing balance of power within the EU.
The second concern involves foreign policy issues, with claims that admitting Central and Eastern European countries (CEECs) could isolate Russia and increase instability at the EU's eastern borders.
The third concern is that expanding the EU might hinder further integration and dilute the sense of community. These concerns are seen as potential risks rather than actual costs. With proper handling and an appropriate enlargement strategy, they can be turned into benefits. Enlargement can serve as a catalyst for reforms, enhance Europe-wide stability, and improve relations between EU members and neighboring countries. Previous rounds of accession have shown that widening can contribute to deepening integration. Therefore, although these arguments present potential dangers, they are categorized as risk factors rather than definite costs associated with enlargement.

2.2. Economic costs

2.2.1. Budgetary costs

Earlier analyses of the implications of enlargement and the political and public debate have tended to concentrate predominantly on the budgetary costs for the EU. Retrospectively it seems clear that most of these calculations overestimated the budgetary costs of extending the CAP and the Structural

Funds to CEECs (e.g. Anderson-Tyers: 1993, Courchene: 1993, Baldwin: 1994, Dresdner Bank: 2001). Baldwin (1994) calculated the budgetary costs of a hypothetical 1999 Visegrád 43 enlargement to 74% of the EU's budget. There are two main reasons for the overly high estimations of costs: First, most of the early - and even some recent - calculations were based on the as sumption that the present rules of redistribution will be extended to CEECs. Second, estimates were calculated with the level of development of CEECs registered in the early 1990s, not taking into account the substantial growth they have and are likely to experience prior to accession (Kiss: 1997).
CEECs taken together are four times more agriculturally intensive than the EU if we consider the share of the sector in the GDP (6.8%), and even more so if we consider the share of the agricultural workers in the total workforce (21.2%, EC: 1998). The average GDP per capita of the region is 39% of the EU-average on purchasing power parity basis (EC: 1998). These indicators clearly demonstrate that extending CAP and the Structural Funds under the current rules to all CEECs would indeed be costly for the EU.
The EU has faced three clear-cut alternatives of financing enlargement. First, increasing the EU-budget substantially to include new members under current rules would be supported by both current net-beneficiaries and CEECs, but it is opposed by net-payer countries. Second, redistributing

transfers from current recipients to accession countries would gain the support of net-payers and CEECs, but it is opposed by current beneficiaries. Third, keeping the current system for the incumbents, while excluding CEECs from a majority of the transfers is the alternative that would not hurt the interests of present net—payers and net-recipients, but it is highly undesirable for CEECs. Out of the three actors it is only the CEECs that have no formal voting power on the outcome. Therefore it is not surprising that the Agenda 2000 proposal was a compromise solution in many ways closest to the third alternative: Net-payers do not have to pay more, net-recipients can keep most of their transfers, whereas accession countries - although their transfers increase gradually - are not included under the current system of redistribution. Thus the adoption of the 2000-2006 financial perspective undermined the direct validity of the earliest cost estimations. The total expenditure allocated to applicants and new member-states in 2000-2006 is 67 billion EUR in 1999 prices - i.e. less than 10% of the EU's budget or approximately 1% of the EU-GDP over 7 years - which is a much lower amount than those projected by earlier cost calculations (Grabbe: 2001). Even including the Phare-aid allocated to CEECs up to 2000 - a total of 10 billion Euros for 13 countries - would not substantially increase the total budgetary costs of enlargement for the EU.

Concerning the Structural Funds, the reform ensuring the limitation of transfers to future member-states was the introduction of the absorption capacity criteria (EC: 1997). Limiting the transfers of less developed countries to 4% of their GDP helps to solve absorption issues and increases the efficiency of transfers, but contradicts the goal of decreasing disparities by giving richer cohesion countries more transfers than their poorer counterparts (Grabbe-Hughes: 1998b). Despite the fact that almost the entire area of CEECs would qualify for Objective 1 and that after the 1999 reform of Structural Funds 69.7% of the total allocation is earmarked for this objective, CEECs were allocated a maximum of 16-17% of the total funds for Structural Operation. Transfers to CEECs are usually considered to be pure costs to net-payers and pure benefits to recipients. 'Participation in the Union's distributional schemes is a clear case of a zero-sum game. The incumbents lose what the new members gain' (Bofinger: 1995: 10). Arguments such as this ignore the previous experiences of the Structural Funds. Upward convergence enhances EU-wide economic growth, thus indirectly benefiting net-payer countries as well. Transfers, through the already mentioned leakage effect, give a direct boost to the economies of net-payer countries. Without the boost from economic growth from transfers the CEECs may not be able to maintain the level of imports from the EU-15, which has led to a significant trade surplus benefiting the EU.

Concerning the CAP, Agenda 2000 proposed the continuation of replacing price subsidies with income subsidies. There is, however, no reference to phasing out income subsidies. The reform idea for limiting the transfers of fu ture members is the argument that income support is a compensation for the loss of price support, and therefore will not be paid to CEE farmers who have never benefited from price support. This solution would be clearly harmful for the financially weak and internationally inexperienced CEE farmers who would have to compete in the Single Market with much more competitive and experienced EU farmers that are unilaterally strengthened by EU-subsidies. Under the current financial perspective accession countries and new member -states are allocated a maximum of 16 billion EUR under the CAP or a mere 4-5% of the total CAP budget.

2.2.2. Non-budgetary costs

Some specific fears concerning the accession of CEECs occupy at least as important a place in the enlargement debate as the budgetary costs. At closer analysis most of these fears - although seemingly motivated by economic considerations - turn out to be politically highly sensitive issues with little economic rationale.

The most politicised and sensitive among these concerns is the question of potential mass labour migration from CEECs to the EU after accession.

The fear that CEE workers will migrate in large masses to EU countries after enlargement proved to be strong enough to justify a 7-year transition period limiting the free movement of CEE workers after accession. Nevertheless, statistical analysis and expert projections indicate that no mass migration is likely to happen after enlargement. A recent analysis based on a model using long time-series data (Boeri-Brucker: 2000) estimates the long-run migration potential of the ten CEECs to be around 1% of the population of the EU15. The initial net immigration is projected to number around 335,000 people; the peak is expected to be reached in 30 years when the stock of CEE migrants in the EU will have reached 3.9 million people. After this peak, return migra tion will be higher than immigration, i.e. net migration reaches negative val ues. The study also concludes that migrants will not significantly affect the wages and the employment in host countries. Besides these expert projec tions, the extremely low intra-country mobility registered in CEECs, the existence istence of language, psychological and cultural barriers and the experience of earlier enlargements also disprove the fears concerning mass migration. After a transition period was imposed on Spanish and Portuguese labour, Spain and Portugal - instead of the expected massive outflow of workers - experienced net immigration as new employment opportunities created by accession at tracted earlier migrants back. Since it is mainly the highly educated and young that have the highest migration potential, the modest migration flow that is likely to happen would contribute to alleviating pressures on EU pen sion systems and skill-shortages without posing financial burdens on the host countries.

Arguments about growing unemployment due to relocation of indus tries and concerns about CEE wage competition also seem unfounded. New investments are likely to be prompted by the additional demand of new

markets. CEE production locations are usually not alternatives to keeping production in the EU, instead they are located in other low cost regions (Mayhew: 1998). Liberalisation, growth of trade, increasing specialisation and the labour cost advantages of CEECs - through increasing the global competitiveness of the EU - are more likely to create jobs in the EU (Inotai: 1999). Contrary to existing fears, Austrian and German calculations show that the opening towards the east has increased net employment in these countries (WIFO: 1997; German Institute for Economic Research: 1997).
A calculation by the Centre for European Reform (2001) estimates that en largement will create 300,000 jobs in incumbent member-states. Part of the reason behind the fears of competition is the significant wage differences be tween CEE and the EU-average, particularly the neighbouring Austria and Germany. A big portion of this 1:10 wage gap, however, is due to produc tivity differentials and exchange rates (Grabbe: 2001). Also existing sub stantial wage differentials between EU-countries (1:5 between Portugal and Denmark) have failed to result in significant wage competition through labour migration in current member-states.
Other fears sometimes associated with enlargement include the worry about increasing environmental pollution and growing organised crime. These dangers are independent of the enlargement and are much easier to combat in the framework of an enlarged EU