



## Bulgaria and Rumania in the EU: Game Over or Stumbling Blocks Ahead?

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**Theme:** On 1 January 2007 the European Union will have two new members: Bulgaria and Rumania. The question is, are they prepared?

**Summary:** On 1 January 2007 Bulgaria and Rumania are expected to join the EU. Thus, they will become the latest –26<sup>th</sup> and 27<sup>th</sup>– members of the Union. Some people have rightly worried that the inclusion of such a large number of small, relatively poor and post-autocratic countries during the fifth enlargement would be too much of a burden for the unreformed institutional structure of the EU. The concern has been particularly serious in the case of Bulgaria and Rumania –the allegedly least prepared of the CEE former communist states–. This paper tries to shed light on the issue whether the two South-East European countries would be ready to assume the responsibilities of membership, as well as whether their inclusion in the Union would create too many problems for the current member states. Moreover, although the present analysis deals primarily with the pre-accession phase, it also casts a glance at the post-accession situation of Bulgaria and Rumania when, presumably, limited conditionality and international monitoring of selected policy areas could also be applied. Finally, the experience of both South-East European countries talks directly to candidate and potential member states aspiring to join the Union in the not-so-distant future.

### Analysis:

#### *Introduction*

On 1 January 2007 the European Union will have two new members – Bulgaria and Rumania. In this way, the EU fifth enlargement will finally be completed, while the number of member states will rise to 27. Although the accession of the two relatively peripheral and economically small Balkan countries has not created a big stir in the Western press and among the political elites, there have been people both inside and outside Bulgaria and Rumania who have rightly worried about the two countries' preparedness to accede to the Union. The relevance of the issue of whether Bulgaria and Rumania are ready to join the EU at the beginning of 2007 also goes beyond the framework of the current enlargement round. Supposedly, it might have considerable implications for future and potential member states, such as the Western Balkan countries, Turkey and some other states from the Union's close neighbourhood. For instance, the EU institutions, and the European Commission in particular, have been closely monitoring the path to accession and the development of the eight post-communist states that joined the EU on 1 May 2004, plus Bulgaria and Rumania. The analysis of the effects of the recent enlargement round has been carried out with the purpose of not only adapting the supranational decision-making structures and various EU policies to the new realities (the so-called 'absorption capacity'), but also to devise possible strategies for future enlargements that

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could, for example, include new forms of conditionality and update the *acquis communautaire*, which must, in turn, be adhered to and fully implemented by the future entrants (ie, 'integration capacity').

#### *The EU's Fifth Enlargement Unravelled*

Before one tries to answer the question of whether Bulgaria and Rumania will truly be able to assume the responsibility of membership when they become part of the Union on 1 January, it is worth introducing the specific context and scope of the EU's fifth enlargement first.

Nowadays, hardly anyone would deny that, compared with the previous four enlargement rounds, the fifth expansion of the Union has been rather extraordinary. The most recent enlargement has been different from its previous editions both quantitatively and qualitatively. Not only twelve new countries have acceded to the Union between 2004 and 2007, but also the majority of them have been Eastern European former communist states. If previous enlargement rounds had attempted to include new members in a 'piecemeal fashion' –in order not to upset the institutional balance and change the decision-making style at the supranational level too much– this time the UNion's 'big bang' expansion has spurred widespread debates about the way the EU will be run in the future. Moreover, if the preceding four enlargements had contributed to the geopolitical fulfilment of the European integration project in its western, southern and northern dimensions, the fifth expansion to the east, and partly to the south, has edged into new territories and peoples that would potentially become part of the Union sometime in the future or would never do so. As a result, the eastward and southward European borders have remained 'blurred,' while the future of the EU as a type of political unit has become increasingly uncertain.

The inclusion of twelve new countries during the fifth enlargement round will raise the number of member states by more than two-thirds (from the previous 15 members). This would also translate into an increase in the Union's territory by approximately one-third and of its population by a quarter –to almost half a billion people–. However, as the size of their combined economic weight is only about 5% of the total European economy, the 12 new member states will increase the share of the EU in the global economy by less than 1%. Nonetheless, some commentators have argued that because of their relatively more liberal and less protected market economies, combined with their much lower salary levels, the new member states, especially those from Eastern Europe, would increase the overall competitiveness of the European economy. Indeed, the recent discussions about restructuring and modernising the agricultural sector in Europe, as well as liberalising services, have arguably been catalysed by the actual or potential membership of new countries from the East and South. It is also worth noting that the last few years the EU economy's improved –although still rather unimpressive– average growth rates have been predominantly due to the high GDP growth registered in the new member states.

#### *Bulgaria and Rumania: The Path to EU Accession*

When reflecting about the particular case of the accession of Bulgaria and Rumania, one should not forget their initial positions, backgrounds and intervening processes that characterised their road to fully-fledged EU membership. Arguably, both countries have benefited from the fact that at the time of the collapse of their respective communist regimes (at the end of 1989) and immediately after that, they managed to preserve their state institutions and borders. In fact, Bulgaria and Rumania were among the five (out of 25) post-communist states in Eastern Europe that did not have to create their statehood anew and re-establish their national identity as many of the other polities, emerging out of the rapidly disintegrating socialist federations, had to. Furthermore, although both countries have not always been considered as the most advanced in their democratic and socio-economic transformation, they have always been seen as being part of the same

group of so-called 'new European democracies' together with the East-Central European and Baltic states. For instance, during the early 1990s, substantial EC/EU financial and expert assistance (via the PHARE and other European programmes) was extended to them shortly after having been provided to Poland, Hungary and Czechoslovakia, and before the Baltic States. Meanwhile, the two Balkan countries signed association agreements with the EU at the same time as their central European counterparts, while they joined NATO together with the three Baltic States, Slovakia and Slovenia. On the negative side, however, both Bulgaria and Rumania had previously been dominated by harsh forms of communist dictatorships, personified by Todor Zhivkov in Bulgaria and Nicolae Ceausescu in Rumania. This arguably had a largely negative impact on the modality and pace of the political transformations there. Neither were their economies in an enviable state after the fall of communism. Foreign debt, unemployment, poor infrastructures, low salaries and perennial shortages of various goods and services plagued the everyday life of Bulgarians and Rumanians during the early period of transition. Both countries have sizeable ethnic minorities as well. The Turks in Bulgaria and Hungarians in Rumania, but especially the Roma in both countries, have consistently required additional efforts on the part of the central and local authorities to integrate them in social and political life. Neither has the external environment of the two countries been peaceful or stable. The ethnic conflicts in the Former Yugoslavia created serious security concerns in Bulgaria and Rumania, as well as among the rest of their neighbours, while the image of the Balkans as being part of a unified and tolerant Europe has been tarnished for a considerable period of time. The nearby civil wars and bombardments interrupted the export routes to Europe and led to a scarcity of foreign direct investment during most of the 1990s. Thus, the severe security and economic problems in parts of South-Eastern Europe negatively affected the prospects of Bulgaria and Rumania for a much more rapid integration into the EU's structures than had earlier been expected.

The accession of Bulgaria and Rumania to the EU has taken approximately fourteen years to complete. The two countries signed Association Agreements, known as 'Europe Agreements,' in the early spring of 1993. During the June Copenhagen Council (21-22 June, 1993), the EU Heads of State decided to streamline the application process for membership of the Union by devising a number of political, economic and 'administrative/integration' criteria.<sup>1</sup> Upon the ratification and entering into force of their 'Association Agreements' in the first half of 1995, both Bulgaria and Rumania immediately applied to join the EU. It was evident already during the mid-1990s that EU membership had become a prime strategic goal for both countries' foreign policies. Unfortunately, because of the delayed political –but particularly economic and administrative transformations– the December 1997 Luxembourg EU Summit placed Bulgaria and Rumania in the 'second wave' of countries aspiring to join the Union, alongside Latvia, Lithuania and Slovakia. A turning moment for both countries' bilateral relations with the EU was the post-Kosovo war Helsinki Council (10-11 December 1999). The latter decided to merge the two waves of applicant states, thus paving the way for accession talks with all of them simultaneously. Many commentators have argued that the specific cases of Bulgaria and Rumania to become accession states were aided to a great extent by their loyalty to NATO and the rest of the Western allies during the military campaign against the

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<sup>1</sup> The *official* criteria for membership are: (1) stable institutions guaranteeing democracy, the rule of law, human rights and the protection of minorities; (2) the existence of a functional market economy as well as the capacity to cope with competitive pressures and market forces within the Union; and (3) the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union (European Council, Copenhagen, 21-22 June 1993, Conclusions of the Presidency, SN 180/93). However, there seem to be a much broader set of often *informal* criteria, including the full transposition of the *Acquis Communautaire* in national legislation (as provided by the 1995 Madrid European Council), as well as the possibility of calling for a delay of enlargement because of 'absorption capacity' problems on behalf of the current member states. See José I. Torreblanca, 'To Enlarge or Not to Enlarge the Union: This is *Not* the Question', ARI 67/2006, Real Instituto Elcano, 4 July 2006, especially p. 4.

Federal Republic of Yugoslavia earlier in the year (March-June 1999).<sup>2</sup> Although the two Balkan countries were apparently moving at a much slower pace than their East-Central European and Baltic counterparts, the Nice European Summit (1-2 February 2000) sealed their position among the EU fifth-enlargement states. In expectation of their prospective membership, both Bulgaria and Rumania were formally allocated a precise number of votes in the Council and seats in the European Parliament, while enhanced financial assistance was also provided to them for different pre-accession reforms.

*The Problematic 'Endgame' before 1 January 2007: More Hurdles to Overcome?*

Once the EU admitted ten new member states on 1 May 2004, the attention of the Brussels officials and diplomats responsible for enlargement shifted towards Bulgaria and Rumania, as well as towards Turkey and Croatia. Many European Commission experts who had previously worked on a relatively large number of acceding countries were moved to the Turkish and Western Balkan sections of DG Enlargement, or to other DGs (such as DG Relex), while those staying behind undertook the task of scrutinising the performances of Bulgaria and Rumania with a little more time and resources.<sup>3</sup> However, the negotiations on the relevant *acquis* chapters were already at an advanced stage at that time, and the accession talks with both countries were technically completed by the end of 2004. Even though the EU had formally concluded the negotiations and signed an Accession Treaty with Bulgaria and Rumania on 25 June 2005, the stalled ratification of the Draft European Constitution, following the results of the popular referenda in France and the Netherlands one month before that, radically changed the political mood in most EU capitals with respect to much closer European integration, including further enlargements. Although most West European leaders have rarely mentioned Bulgaria and Rumania as problematic cases for inclusion in the Union –as opposed to Turkey, for instance– the 'collateral damage' incurred by the 'no vote' in France and the Netherlands was already a fact. Comments about a growing 'enlargement fatigue' and postponed negotiations with official applicant states, such as some of the Western Balkan states and especially Turkey, have often been heard since then. So, the spectre of a delayed accession by one year (ie, from 2007 to 2008) and the possibility of imposing safeguard clauses against Bulgaria and Rumania in a number of difficult policy areas became quite real in the summer of 2005.

Did the EU officials and some of the member states' representatives have the right to put the preparedness of both acceding countries into question? In fact, they probably did, and their position was also supported by many people living in the two countries as well.<sup>4</sup> As the membership date got closer, but was still not fully confirmed, it became clear that the tense situation surrounding the final stages of the accession of Bulgaria and Rumania to the Union was not only due to external constraints and contextual factors, but also to the internal problems of both countries' governments. The new Durão Barroso Commission, and especially Enlargement Commissioner Olli Rehn, chose a tougher approach towards the future entrants by insisting that EU-related legislation should not only be adopted but also implemented. Governance and governability were also emphasised as both Bulgaria

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<sup>2</sup> Tom Gallagher, 'Europe Opens the Door to an Unreformed Rumania', *The Financial Times*, 1 October 2006; Gergana Noutcheva and Dimitar Bechev, 'The Successful Laggards. Bulgaria and Rumania on the Road to EU Membership', *East European Politics and Societies*, forthcoming, 2007.

<sup>3</sup> This was confirmed by some DG Enlargement and DG Relex officials (the latter being responsible for EU-Western Balkan relations at that time), whom the author interviewed on a different project in May 2005. See Svetlozat Andreev and Dimitar Bechev, 'Top-Down vs. Bottom-Up Aspects of the EU Institution Building Strategies in the Western Balkans', South East European Studies Programme at Oxford University, occasional paper nr 3/2005, [http://www.sant.ox.ac.uk/esc/esc-lectures/bechev\\_andreev.pdf](http://www.sant.ox.ac.uk/esc/esc-lectures/bechev_andreev.pdf).

<sup>4</sup> Open Society Institute, *Report on the Implementation of Commitments in the Areas of Serious Concern of Bulgaria's Preparation for Membership in the EU*, 15 March 2006; European Institute, Sofia, 'Bulgarians Are More Critical than Olli Rehn', an e-survey available at [www.europe.bg](http://www.europe.bg), 22 May 2006. See also *Eurobarometer 65. Public Opinion in the EU*, Autumn 2006, [http://ec.europa.eu/public\\_opinion/archives/eb/eb65/eb65\\_bg](http://ec.europa.eu/public_opinion/archives/eb/eb65/eb65_bg) (or ro) .exec.pdf.

and Rumania had an unenviable record of fighting corruption, human trafficking and organised crime. In a series of official Commission Reports (October 2005, February 2006, June 2006 and September 2006), evaluating the readiness of Bulgaria and Rumania to assume the obligations of membership, it turned out that both countries had encountered substantial difficulties in the following three areas: (1) Justice and Home Affairs, (2) Competition and (3) Consumer and Health Protection. Bulgaria has particularly encountered problems in controlling organised crime and corruption, while the Judiciary was mostly in a state of chaos until early 2006 when the conservative former Prosecutor General Nikola Filchev was finally replaced after his seven-year-long mandate had expired. Rumania has also been struggling with corruption during the last seventeen years, while public subsidies have customarily been disbursed to keep a number of strategic industries going. Both acceding countries had relatively low levels of consumer protection standards, which temporarily benefited the undercapitalised and underdeveloped small- and medium-size enterprises before their entry into the Union. Other areas, such as Agriculture and Cohesion and Structural Policies suffered from a poor administrative capacity and the absence of technical resources, while the expensive Environmental policy was far removed from the EU's general standards.

However, the failure to enact key policy reforms in the wake of EU enlargement should not be fully attributed to the economic and structural deficiencies of the two countries (ie, limited financial resources, an inadequate legal basis, lack of knowledge and administrative inertia), but also to the absence of political will and the occasional blocking of key decisions related to European integration. Rumania had experienced serious problems in advancing with enlargement reforms during a streak of social-democratic and expert-led governments from the late 1990s till December 2004, when Calin Tariceanu's centre-right cabinet came to power. Bulgaria, on its part, considerably slowed down its preparations for EU membership during the last, arguably electoral, year of ex-Bulgarian King Simeon II's government and until the broad coalition cabinet of the Socialist PM Sergej Stanishev was constituted (15 August 2005). In fact, what could be drawn as a conclusion from the negative experience of both countries with European integration, is that (a) clear-majority governments, supported by a pro-European parliament, stand higher chances of progressing with accession reforms, and (b) personalities matter, as with those heading the executive, occupying leading positions in parliament or their respective parties, and those dealing directly with EU enlargement issues (eg, the Chief Negotiator, the Foreign Minister and other relevant ministers). Moreover, it should be pointed out that once Bulgaria and Rumania had experienced relative delays on their way to full EU membership, the efforts of dynamic and courageous individuals, such as the Rumanian Minister of Justice Monica Macovei and the new Bulgarian Prosecutor General Boris Velchev, to reform the judicial system and combat corruption were widely recognised by Brussels and the majority of EU member states.<sup>5</sup>

Finally, bearing this in mind, it might be presumed that there are several challenges, some more serious than other, lying ahead for both countries. For the sake of clarity these challenges could tentatively be divided into short- and medium-term, on the one hand, and long-term, on the other. Since it is hard to imagine that, over time, these challenges will affect Bulgaria and Rumania in the same way, or even that some critical events will take place –if at all– roughly in the same order for both countries, what is presented here is just an approximation of the intricate tasks to be completed in several key policy areas:

- Short- and medium-term challenges. In Justice and Home Affairs: border and migration control, continuing reform of the judiciary, accelerating the fight against high-level corruption, reform of the police and secret services and accession to the

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<sup>5</sup> See European Commission, *Monitoring Report on the Preparedness for EU Membership of Bulgaria and Rumania*, COM(2006) 549 final, Brussels, 26 September 2006.

Schengen Zone; in Economic and Monetary Policy: curbing the budgetary deficit, sustaining growth and joining the EMU; in Common Agricultural Policy and Regional Policy: effective absorption of EU funds and building modern infrastructure; in Food Safety and Consumer Protection: enhancing the controlling capacity of inspectorates and creating additional legal mechanisms for consumer protection; in Environment: implementing the existing legislation and assisting the conversion programmes of polluting industries.

- Long-term challenges. In Social Policy and Employment: tackling the impending demographic crisis (especially in Bulgaria) and fighting unemployment; in Regional Policy: modernising rural areas and reviving city infrastructures; in Education and Culture: propping up the educational systems of both countries and integrating their minority populations; in Transport Policy: concentrating on building trans-European corridors and highways to help the emerging tourist industries and transport hubs in Bulgaria and Rumania.

**Conclusions:** On 1 January 2007 Bulgaria and Rumania will join the EU to become the 26<sup>th</sup> and 27<sup>th</sup> members of this unique regional alliance. However, their road to accession has not been easy. This has mainly been due to the domestic problems encountered during their transition from communist rule, as well as to the complex international security environment in the Balkans and the nearby Middle East during most of the 1990s and early 2000s. Nonetheless, being part of a large group of applicant states during the EU's fifth enlargement, Bulgaria and Rumania managed to learn from the experience of their more advanced Eastern and Central European counterparts, which joined the Union in May 2004. Moreover, because of the growing 'enlargement fatigue' in most of the EU's member states, Bulgaria and Rumania were additionally pressured to complete key pre-accession reforms before joining. Although the overall, but superficial, impression might be that the European Commission has 'graced' Bulgaria and Rumania in its 26 September 2006 *Monitoring Report*, by not proposing postponement of their membership by one year or any suspension clauses, both countries have completed or have been close to completing comprehensive transformations in order to meet the tough accession criteria. An additional factor that should be taken into account is that the Bulgarian and Rumanian reform and convergence processes will be monitored after they become members of the Union.<sup>6</sup> In such a way enlargement conditionality will be extended to them not only *ex ante*, but also *ex post* their accession to the EU.

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<sup>6</sup> The announcement that a special monitoring mechanism had already been discussed with the two acceding countries and would be applied in the near future was made by the Enlargement Commissioner Olli Rehn's spokesperson Christina Nagy on 20 November 2006. See 'On the EU Doorstep: Brussels Ready with Monitoring Mechanism on Sofia and Bucharest', Monday 20 November 2006, [www.novinite.com](http://www.novinite.com).