

EU enlargement essay

If the EU enlarges it will definitely have a large impact on the UK. If new members join, the whole EU will need to be revaluated, the income and spending of the EU budget will change significantly as new POORER countries enter. As the poorer countries enter the EU, this will mean the UK will have to be re-valued in terms of EU spending and payment to and from the UK, the UK will most likely to receive less as poorer countries enter.

The CAP will therefore need to be revaluated, the money will need to be evenly spread on all the countries, the poorer ones would most likely receive more as they are least developed. However, I think that this will be too costly for the EU to afford, and would be worse off if they gave all the money to the new countries, so they will probably give a smaller amount compared to the current members. But from the UK's point of view, if the CAP is re-valued the UK will be worse off, as it is a net-giver, which means it gives more to the EU than it receives – it will probably be given less by the EU budget. This would alter the UK policy; the UK as well as the EU would need to rearrange their spending patterns, which may result in a cut in spending – due to excess EU requirements for new members. This will probably mean that the UK will lose its £2billion rebate that it receives off the EU every year.

If Poland and the rest of the members join the EU, stats from the sources show that they will add 29% population, 54% land mass but only 5% total to EU income, which would mean a considerable loss in purchasing power. Other factors affecting the UK are that UK 'development' areas will receive relatively no income as the new EU members will require more 'upgrading' compared to the UK areas. The CAP will need to be rethought of very thoroughly – it will be tested to extreme lengths with the new members entering the EU.

The current agricultural sector in the EU is only 4%, however the average for the new members is 20%, which shows (from the source) that they are relatively poorer compared to the current countries.

Poland is the most extreme country that will join the EU, it has the largest land mass of over 120 000 square miles (1/10 the total size of the EU) with a population of 38.6 million (1/10 the total of EU population), which is quite large compared to the other countries. This is irrelevant considering the very small GDP per head of £1500 (EU average £13,500), which would mean that there would be a very small amount of income to the EU budget, a huge net-gainer to the EU. This is relatively a less economically developed country compared to the rest of the EU, which at first look is not entirely a good thing. But Poland seems to be linked to the EU countries in some way – through wars which is a good thing for Poland; it may give them a stronger decision on them joining.

There is also the problem of different languages and currencies etc, that may be difficult to trade and negotiate with, but that has not stopped trade before, so I doubt it will now, it is just another point that may make it more difficult for the UK and other members.

Another problem about them joining is that they (the new members) all have economies in transition from communism, which is good for these countries, as they will learn a new way of running their economy and benefit from the improvements.

The points that I have made are basically negative points of the suggested countries joining the EU, I will now try to look at the more positive side of them joining and help make the EU a greater entity than it is already.

Firstly, I feel that any country that joins the EU will be beneficial to the current members, as it is an increase in market size, which should be the main thing in joining the EU. The new members would boost the population of the EU close to ½ a billion people, which is a huge market for everyone and it is a giant single market. The single market is better and more beneficial for everyone, with it being a free trade area, with no internal tariffs quotas etc.

There is opportunity for economies of scale between the large amounts of countries that participate which means that they are charged less for more quantity (proportionally) transport costs and packing etc will stay the same even if more product is bought. Delivery costs may increase, but not 100%, only a fraction of the original cost. Another bonus of the huge single free market is specialisation. Specialisation means that the more efficient countries or countries that are comparatively more efficient get to trade over the free trade area without any problems.

From UK's point of view for all the new countries joining the EU, it will be a much larger market mainly with more people to trade with, which would be beneficial for the UK's economy. Every country needs to trade to survive, as most countries do not have every resource that they require on their land. There is also the option of cheaper labour, and more 'willing' workers – who will do the jobs that are not so appreciated by UK residents, for example road-cleaning. But the opposing option is that anyone could come into the country as there is free movement of labour (as in no-one can stop them moving) which could mean that they may swamp markets (this is going to be controlled by the EU).

So overall, enlargement could be both beneficial and disadvantageous for the EU members, the effects of Poland joining the EU on the UK I think will be overall not that much more than if they hadn't joined. This is because the UK has a large enough market without them in and the UK will just end up losing out on more money. If all the 12 countries joined –that would be beneficial for the UK as it is a significant increase in trading partners and the UK can justify the loss with lots of members joining. Even though there will be a loss in the size of the average GDP per person in the EU, this will only be in short term. In the longer term there it will be beneficial for the UK and the rest of the EU members as the new members would have developed considerably with the help of the current EU members and using their own initiative. This will make the countries in future years a more appealing co-member than now, but I feel that they will improve and flourish quickly and efficiently with the help of the EU. I think in the future that every country in the world will be part of a single market, most likely similar to the current EU. With specialisation countries will all perform more efficiently, using the best use of their resources with other countries.

So therefore I feel that over time enlargement will reduce income disparities between and within the countries as they will improve their economies and get more efficient with the

help of member countries and also the EU. Trading and allying in tasks with each other will be a different version of specialisation – using services instead of goods, will make the EU as a whole much more efficient and competitive abroad with the US and Japan markets.

To evaluate, I think that all the countries joining the EU is a good thing in the long run. In the short run with all the low GDPs and high population it makes them (new members) seem like LEDC's, which is not immediately good for the UK (and probably the rest of the EU) as they are a large negative affect –which are likely to 'suck' large quantities of money without giving much back.

Obviously if the UK and other members traded with the new countries (before enlargement), now all the barriers and trade regulations would be dropped and break down barriers to entry such as technical standards, complex documentation, which put up costs and caused delays at customs and other distorting factors such as different VAT rates (which have yet to be addressed by the EU) and subsidies. So, trade should be easier and involve less documentation, which in turn reduces costs for firms and encourages trade.

The eventual cross-over to the single currency will have benefits for the countries as they will see many new advantages such as a reduction in transaction costs as foreign currency payments, the transparency of prices so consumers can check real value and not be confused by exchange rate differences, the need to be efficient as competition will be harsh from companies based in other member states. These benefits will help all members and make it easier for the new members to 'settle' in with current members with the same currency and transparent prices across the states.

The new members as they develop will import more from the 'founder' members which is a main reason for increasing the EU's size,

The current plan to enlarge the EU causes some to be concerned because they point to the current standards of living of many of the countries soon to join. Some of the former Communist countries have low standards of living when compared with the older members of the Union. As such they will contribute little to the budget of the EU and will take out huge sums in regional aid. The re-distribution ideals of the EU will be tested by such enormous strains on the sums available. Already, the Polish farmers have had to accept only 25% of the CAP payments made to their older member counterparts. Critics point to some countries and note the ancient forms of agriculture still used in these economies. Opponents are also concerned by the ability of the agencies charged with managing the economy of even more nations. What will be a realistic and appropriate short-term interest rate for such a diverse group of nations. Will the Euro be able to stand alone in the international currency markets if a 'run' against its value arises? Socially some fear an influx of economic migrants who will be attracted by better living standards within what is, in theory a free area of movement. What final worry amongst some is the attitude of citizens of the richer member states towards paying the taxes needed to bring the poorer members nearer to the mean living standards of the EU.

The new members that are going to join will definitely boost the EU in world terms, getting over 500 million people making it 1 of the largest if not the largest market in the world with greatest economic significance. There are many factors that need to be overcome, economic, political, legal and social which need to be aligned with the EU ones and then integration can occur. The EU will benefit from more members joining and may also (in many years time) become the world's only market, where everyone is part of it.