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Opinion of the European Economic and Social Committee

Potential challenges for the European single market arising from the future enlargement of the Union

(own-initiative opinion)

(C/2025/761)

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1. Conclusions and recommendations

1.1. The EESC believes that the enlargement of the EU is a success story and warmly welcomes the ongoing dynamics following the Council's Granada Declaration. Enlargement is not given the same level of priority across the EU, and the views on widening versus deepening the single market differ among the Member States. The incomplete single market led to 50 % less growth in GDP per capita in Europe compared to the US for the period from 1993 to 2022, which brings a sense of urgency and the need for rapid reforms, especially in financial services, energy, telecommunications and the environment. It is not just candidate states that must prepare for membership, the EU must also introduce the necessary regulatory changes before their accession.

1.2. The EESC regrets that the current fragmentation of the European financial market leads to capital outflows and represents a threat to European global competitiveness as well as one of the major obstacles for the future process of funding enlargement. With a population of around 60 million people (2023 data), the candidate countries represent significant potential for investments, economic opportunities and jobs. The proposed 'Savings and Investments Union' would mobilise private capital and strengthen Europe's competitiveness, and spur on growth and a higher absorption capacity. Enlargement also means greater access to critical raw materials, and therefore a more resilient and sovereign Europe.

1.3. Considering the different levels of preparation of the various candidate countries with regard to adaptation to the rules of the internal market and the impact that enlargement will create on the new trade flows across local economies, the EESC notes that the previous enlargement created a dynamic of winners and losers due to unbalanced economic opportunities for various company types, across different sectors. The EESC therefore urges the European Commission and candidate countries to consider and manage the impacts of enlargement to avoid recreating that same dynamic, and give specific attention to SMEs, both in the EU and in the candidate countries to properly spread out the benefits. With EU markets opening during the integration process, candidate countries should strictly comply with the EU standards to avoid creating potential disadvantages for the EU Member States' operators.

1.4. It is clear from the preliminary market analysis on the redirection of trade flows between the EU and the candidate countries that enlargement will bring a net benefit for EU exporters of industrial goods and services, while some sectors will be undercut by the lower production costs of some of the newcomers. Social realities vary widely across the candidate countries and these discrepancies could, in the short term, affect working conditions and trigger citizen dissatisfaction. The EESC calls for an inclusive consultation process dedicated to duly compensating for the potential social costs, because the process of enlargement is not only about aligning the policies.

1.5. Another crucial dimension is the existing free trade agreements between candidate countries and third countries, which can sometimes be competitors of the EU at global level, most notably for raw materials needed for specific sectors which are currently not fully integrated in the single market. The EESC stresses that the EU needs quick targeted measures to remove significant barriers and to unlock the full potential of the financial, telecommunications and energy sectors exposed to growing pressure from large multinational conglomerates and large financial markets. In order to ensure a comprehensive approach in safeguarding the single market's critical industries, infrastructure and technologies, the EESC recommends alignment with the EU framework for the screening of foreign direct investments (established under Regulation (EU) 2019/452) in enlargement countries.

1.6. The EESC considers that enlargement should be at the centre of the discussions regarding the next Multiannual Financial Framework (MFF); some positive initiatives have already been taken in this regard, especially in respect of support for reforms, but more should be done to make sure that EU financial tools fully support the pre-accession process.

1.7. Enlargement is challenging. The EESC therefore considers that a new dynamic for the process must be found in the context of exceptional current geopolitical circumstances and growing challenges, such as climate change and the energy and environmental transition. Experience from successive rounds of enlargement has shown that closer integration with the EU's single market and targeted financial support are not sufficient for achieving accelerated socio-economic convergence. The challenge of security and defence since Russia's aggression against Ukraine must be addressed comprehensively and must be taken into account in energy, financial, and cyber security policies. Given the impact on energy security, economic development, and the political stability of the Western Balkan economies, it has become a pressing need to advocate for a change in the approach to the EU accession process of the Western Balkans by offering a phased accession to the EU single market. The EESC considers that this more dynamic approach offers political upsides and could restore enthusiasm for a process that has been quite challenging in terms of timelines and advancement.

1.8. Last but not least, the EESC recommends that civil society be involved in the enlargement process, to contribute to deepening citizens' understanding of the reforms needed to meet the requirements of EU membership. This will help ensure that EU integration is based on genuine civic participation in the public debate. The EESC believes that enlargement should be an integral part of European solutions to global challenges. Democratisation and the rule of law are untouchable principles, as is the merit-based approach of the enlargement process, with no shortcuts. But, at the end of the day, people on both sides of the border must be reassured of the potential economic gains and the potential to spread prosperity for the next generation of Europeans.

1.9. Besides geostrategic importance, enlargement also means new business opportunities for European companies, a bigger market for businesses and consumers as well as greater access to critical raw materials, and therefore a more resilient and sovereign Europe.

2. **Background**

2.1. When Jacques Delors laid down the foundations of the single market (which were rooted in the four freedoms – the free movement of people, goods, services and capital – and based on 20th century theories and principles), the world was in a different geopolitical and economic situation. EU enlargement offers an opportunity to further develop the single market's potential, particularly in the underused services sector.

2.2. The single market was established to strengthen European integration by eliminating trade barriers, ensuring fair competition, promoting cooperation and solidarity among Member States and improving the lives of citizens. In addition, to guarantee that all regions could equally benefit from market opportunities, cohesion funds were introduced. A well-functioning single market is indispensable for incentivising more investment and innovation in Europe, financing social security, funding quality education, and taking additional measures for the climate.

2.3. Today, the single market continues to be a cornerstone of European integration and values, serving as a catalyst for growth, prosperity and solidarity, promoting the central role of industry and reinforcing social dialogue in achieving the net zero goals. However, the international scene has profoundly changed. Europe is losing its place in the world order and has dramatically lost ground, highlighting the need to develop a new single market. EU competitiveness has faded, and the US and China have already overtaken the EU on many indicators, just as decarbonisation and the digital transition were paving the way to the next era of prosperity.

2.4. Moreover, in view of the prospective future EU enlargement, in order to increase productivity, the cardinal points of the single market need to be updated and aligned with the single market's new role in a world that is undergoing structural transformations.

2.5. In order to ensure a credible accession process, organised civil society must be given a meaningful role to play – something that the EESC has directly supported through its 'enlargement candidate members' (ECMs) initiative ([1]).

2.6. As already stated in a previous opinion ([2]), the EESC considers that investment in social, economic and territorial cohesion is necessary for achieving economic growth and creating jobs in the Western Balkans. The EESC also recommends setting social and development-based outcome indicators for all measures included in the reform agendas.

3. **General comments**

3.1. ***Is the EU enlargement a geostrategic imperative?***

3.1.1. The 2022 invasion of Ukraine has fundamentally altered the strategic map of the continent. A hard dividing line now cuts across the continent, which in turn has reactivated the accession process for the six Western Balkan states currently in the EU accession waiting room. This means that the Union now needs to ready itself for the accession of up to nine new members, including Georgia.

3.1.2. In addition, there is the unresolved issue of Turkey. Although still a candidate country, its accession talks with the EU remain frozen, and its EU entry is not currently part of the political debate.

3.2. ***Political and institutional considerations***

3.2.1. Having more Member States will impact the relationships at the core of EU decision-making – between the Union and its Member States, between bigger and smaller countries, and between the EU institutions.

3.2.2. EU enlargement will certainly have an impact on the EU institutional framework and trigger shifts in political dynamics.

3.2.3. The benefits of veto power will have to be politically weighed against the EU's capacity to decide and act by qualified majority.

3.2.4. The EESC believes that Member States might have to consider how the Union will remain functional with nine additional members, and if it cannot remain functional what reforms would be needed.

3.2.5. The Lisbon Treaty can deal with future enlargements. No new treaty is needed to reduce the number of Commissioners to two thirds of the number of Member States, if the European Council decides to do so unanimously. Certain vetoes in the Council can be abolished by means of passerelle clauses that allow a shift from unanimity to qualified majority in the Council via a simplified Treaty amendment procedure. In addition, Article 48(7) TEU provides a general passerelle for abolishing some vetoes, for instance in foreign and security policies provided for under Article 31(3) TEU.

([1]) Paving the way to EU accession for the Western Balkans.
([2]) New growth plan and Reform and Growth Facility for the Western Balkans.

3.2.6. In addition to voting methods, the Treaties allow for Member States to integrate at different speeds, from enhanced cooperation (which is possible in areas of shared competence, like in the case of the European Public Prosecutor's Office) to 'opt-ins' and 'opt-outs', where so provided for in the Treaties.

3.2.7. As for the European Parliament, 31 of the United Kingdom's 73 vacated seats have been kept free for future enlargement and/or transnational lists. These would suffice for a few of the smaller candidate countries, but not for Ukraine, which would get a number of seats comparable to Poland (52) or Spain (59). However, here too the EESC believes that solutions can be found within the Lisbon Treaty.

3.2.8. Limited Treaty changes aiming to preserve the Union's ability to protect its values and interests post enlargement are conceivable. The EESC points out that during the euro crisis, slight amendments to the Treaty were adopted and ratified via a lighter procedure. This example offers a potential avenue for any important re-think of certain policies, if needed.

3.3. *The required full adhesion to Copenhagen criteria*

3.3.1. Since 1997, respect for the EU's founding values of freedom, democracy, and respect for human rights, dignity, fundamental freedoms and the rule of law have been a Treaty condition for successful adhesion to the EU.

3.3.2. The first of the Copenhagen criteria has obliged past applicants to reform their judiciary, rewrite their constitution and adopt legislation against corruption and organised crime before entry.

3.3.3. However, the EESC notes that these criteria do not work as a guarantee against future challenges to democracy and to the rule of law. Although the more recent (yet limited) link between EU funding and compliance with the rule of law gives the Union more leverage, the EESC regrets that violations of the independence of the judiciary and of the media still exist. As demonstrated by 2024 Nobel Prize laureates in economic sciences Daron Acemoglu, Simon Johnson and James Robinson, 'societies with a poor rule of law and institutions that exploit the population do not generate growth or change for the better'.

3.4. *A revised methodology based on lessons learnt from previous enlargements*

3.4.1. The EU has learnt lessons from previous enlargements and refined its enlargement policy through the 2020 revised enlargement methodology, which offers candidate countries and potential candidates enhanced avenues for gradual integration into selected EU policies (even before their accession) by frontloading certain benefits and obligations of EU membership.

3.4.2. Experience from successive rounds of enlargement has shown that closer integration with the EU's single market and targeted financial support are not sufficient for achieving accelerated socio-economic convergence. For the enlargement to be a success, more and comprehensive reforms are needed in order for the economies of candidate countries to cope with the competitive pressure of the single market, and to build competitive and sustainable businesses to attract private investments.

3.4.3. The EESC considers that any development of the single market must include a genuine social dimension that ensures social justice and cohesion, given that while the single market is a powerful engine for growth and prosperity, it can also be a source of inequality and poverty if its benefits are not widely shared or, worse, if it leads to a race to the bottom in social standards. A strong social dimension in the EU single market will promote inclusive prosperity, ensuring fair opportunities, workers' rights and social protection, while contributing to growth.

3.4.4. The EESC believes that the revised methodology should be merit-based and reversible, in line with the conclusions of the European Council of 23-24 June 2022. The possibilities offered by a gradual integration should be exploited, with EU membership remaining the final objective.

3.4.5. To this end, many of the candidate countries are already associated with relevant EU internal market programmes, giving them similar opportunities to those of EU Member States.

3.4.6. The EESC believes that a successful enlargement will also require the EU and the candidate countries to effectively communicate the accession process to their populations and engage in constructive debates with their citizens on the strategic importance and benefits of accession.

3.4.7. Candidate countries already participate – often as observers – in preparatory work on EU legislation and policies. The EESC is proud to take an active role in this new methodology. Their participation in the work of certain EU decentralised agencies is intended to integrate EU standards into their systems at an early stage.

3.4.8. The EESC also believes that Serbia and Kosovo ([3]) should normalise their relations as a pre-condition to accession.

4. **Specific comments**

4.1. ***A nuanced/gradual approach***

4.1.1. The tools and framework that already govern the relations between the EU and the candidate countries (such as the Stabilisation and Association Agreement with the Western Balkans, and the Association Agreements and related Deep and Comprehensive Free Trade Areas (DCFTAs) with Ukraine, Moldova and Georgia) already offer major opportunities to ensure a progressive transition towards EU membership, including gradual integration into specific areas of the single market.

4.1.2. Early and gradual access to the single market will also allow economic operators in candidate countries to further integrate into European value chains. To this end, strategic partnerships in industrial ecosystems of mutual interest (e.g. raw materials, batteries, tourism, circular economy, machinery) could be established.

4.1.3. Taking over the *acquis* of the single market is at the core of any EU accession. The EESC believes that it raises the issue of how to further develop gradual access to the single market before accession, both in terms of determining target areas and the conditions for it.

4.1.4. To operationalise this approach effectively, the Western Balkan countries should agree on the automatic extension of EU rules in a specific area within the Common Regional Market once a particular country achieves and confirms EU alignment. This strategic move would eliminate the need for an additional intermediary procedure for the same rules within the region, and thereby not only constitute a proactive approach that reduces redundancy, but also guarantee a more successful implementation of both the Common Regional Market and EU single market processes.

4.1.5. The EESC believes that the EU institutions will need to decide whether gradually granting access to enhanced internal market integration would create directly enforceable rights and obligations in the legal order of the Union and of the candidate countries.

4.1.6. The EESC is uncertain about which safeguards will be required (in terms of uniform interpretation, application and enforcement of the EU *acquis*), and what possibilities the Union will have to react in case a candidate country does not comply with its obligations. This is a grey area that should be very carefully scrutinised. It concerns legal certainty and trust for businesses.

4.1.7. The association agreements are complemented by additional initiatives.

— The priority action plan under the deep and comprehensive free trade area (DCFTA) with Ukraine, which aims to provide the country with access to areas of the single market ahead of accession by including Ukraine in the EU's Roam Like at Home; by preparing access to the single euro payments area, in accordance with the relevant procedures and requirements; and by allowing the free circulation of certain industrial goods. A similar plan also exists for Moldova, and another is being put in place for Georgia.

([3]) The International Court of Justice (ICJ) held that the declaration of independence of Kosovo, unilaterally proclaimed on 17 February 2008, had 'not violated international law'.

— The growth plan for the Western Balkans incentivises the region to prepare for EU membership and accelerate the necessary socio-economic and fundamental reforms, notably by bringing forward some of the benefits of access to the single market. This initiative is undertaken in parallel with the Western Balkans Common Regional Market which, based on EU rules and standards, aims to ensure economic integration of the region.

— These gradual integration processes are also supported financially by the proposed Reform and Growth Facility for the Western Balkans, the Ukraine Facility and the EU Support Package for Moldova.

— One of objectives of the New Growth Plan and Facility is to accelerate regional economic integration as a stepping stone for Western Balkans economies to better integrate into European value chains and improve their competitiveness. This will consequently help Western Balkans countries for smooth integration into the EU single market.

— Increased intra-regional economic cooperation and trade based on EU standards, will unleash the untapped economic potential of the region, increase competitiveness of companies by fostering cross border production chains and leverage regional comparative advantages, create new jobs, be beneficial to consumers and attract investors to benefit from a bigger market.

4.1.8. The EESC welcomes the fact that early and gradual access to the single market will also allow economic operators, social partners and civil society in candidate countries to further integrate into European value chains. However, in order to become more efficient, strategic partnerships in industrial ecosystems of mutual interest should be established.

4.2. ***The need to re-design the current external and technical assistance instruments***

4.2.1. The EESC believes that the ex-ante conditionality implies a new enlargement approach requiring a new design instrument that is different from the currently available external and technical assistance instruments. This methodology is not feasible under the existing Instrument for Pre-accession Assistance (IPA III).

4.2.2. The new external and technical assistance instrument should reinforce the current financial assistance under IPA III with Interreg cooperation programmes under the EU's cohesion policy, and should involve the Western Balkans. The EESC emphasises the importance of gradually aligning support for candidate countries with Member States' financial instruments for a seamless transition to membership.

4.2.3. The new Reform and Growth Facility for the Western Balkans is intended to support the implementation of the new growth plan and its four pillars through significantly increased financial assistance. The EESC welcomes the fact that the payments will be subject to strict conditions in terms of key reforms, as set out under the reform agenda.

4.2.4. The proposed facility would cover the 2024-2027 period. It would provide financial support in the form of loans (up to EUR 4 billion) non-repayable support (up to EUR 2 billion), and through direct disbursements to the national budgets or as capital investment financing through the Western Balkans Investment Framework.

4.2.5. The financial impact of the facility, combined with the funds still available under IPA III for the remainder of the MFF 2021-2027 is intended to provide the Western Balkans with the same aid intensity per inhabitant as cohesion policy does on average in the EU.

4.2.6. This unprecedented budget reinforcement should respond to calls from the region for stronger socio-economic convergence and reinforce the message that the benefits of closer integration with the EU can be felt before accession.

Brussels, 4 December 2024.

The President
of the European Economic and Social Committee
Oliver RÖPKE