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Africa and the changing face of the EU: Economic opportunity or threat?

by
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Global Insight covers areas of topical interest and is meant to provide the reader with an initiation to the subject and its policy implications. The analysis is meant to be simple yet elegant, and without sacrificing depth, useful to a broad policy community. We welcome and encourage comments and suggestions.

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Introduction

1 May 2004 marked the largest expansion yet of the European Union (EU) as an additional ten members were added to the existing 15. The new entrants, mostly erstwhile Soviet satellite states, were Poland, the Czech Republic, Hungary, Slovenia, Estonia, Latvia, Lithuania, Slovakia and the two island states of Cyprus and Malta. Commentators in the North mostly regard the accession as a formality without significant impact (Dauderstadt, 2002; Barysch, 2004). While enlarging the population of the EU by 75 million to 425 million, the new entrants only added 5 percent to the EU's gross domestic product (GDP) of US $10 trillion. Moreover, the new members have reoriented themselves to liberal democracy and capitalism since 1989. Economic integration has mostly been achieved with 95 percent of trade between old and new members being liberalised *before* accession.

However, the enlargement does have serious implications for the developing world and Africa in particular. The concern is that the new members – all represented on the EU Commission constituted in August 2004 -- will divert European attention and draw trade, investment, and aid away from Africa. Already the bill for the EU enlargement is pegged at a massive US $80 billion. Furthermore, there is concern about how these entrants will influence global power relations. Regarding trade and trade-distorting measures, the accession of these countries has increased agricultural land in the EU by 30 percent, translating into the inclusion of large agricultural constituencies, particularly in Poland. This is significant, as developing countries remain embroiled in efforts to transform the unfair global trade regime and, in particular, the agricultural subsidies persisting in the world. In particular, the new members may demand that the EU maintains its contested agricultural