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THE NEXT EU ENLARGEMENT: THE MEDITERRANEAN ENIGMA

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I. Introduction

The 1990s is the decade of the most remarkable political and economic changes in Europe. Fifteen years ago, it would not have been possible to predict the end of Europe's division into West and East. Moreover, Western Europe was divided economically into an intergovernmental EFTA and a European Economic Community that was struggling to achieve a supranational level of governance.

In the 1980s, the Mediterranean enlargement of the European Community towards Greece, Spain and Portugal, the military intervention in Turkey and the situation in Cyprus were the most significant events that marked the EU-Mediterranean relations. On the one hand, the Community accepted three Mediterranean states despite their economic difficulties, and on the other hand, the prospect of Turkey, Cyprus and Malta, which was governed by an anti-EU government, joining the EC was not on the agenda of the Commission.¹

Historically, the Mediterranean basin has been the main area of cultural expansion of Muslims, Jewish and Christians, from East to West. Thus, it gained strategic importance as a basin that was connecting three continents, Europe, Asia, and Africa. It is astonishing that one region includes countries that are quite different as far as culture is concerned, but allies within a security framework provided by the European Union and NATO. There is also no doubt that the Mediterranean has an economic importance since it is the principal sea of trade routes and interaction between different countries. There are energy resources that attract the interest of all the Mediterranean states and link North and South as well as East and West.

¹ Redmond, 1994, p.3.

The political importance of the region is reflected in the diversity one finds in governments and political systems. Finally, it is worth mentioning the military importance of the Mediterranean due to its maritime nature. Control of this area involves participation in military operations across the Mediterranean shores.²

This paper examines the prospect of an enlargement of the European Union towards three Mediterranean countries, Turkey, Cyprus and Malta. Such a step seems to be crucial for the future of integration of the Union because it is closely linked to the evolution of the EU Mediterranean Policy as well as the economic and political unity of the EU member states. Furthermore, there is the aspect that the Mediterranean receives less attention than other regions of Europe, therefore, the possibility of welcoming Turkey, Cyprus and Malta seems to be underestimated. However, the three Mediterranean candidates have caused a dilemma within the EU as to whether the latter is prepared to open its doors to more members. For many, this is an enigma because in each case, the EU member states are faced with enormous difficulties when they come to decide on the candidature of Turkey, Cyprus and Malta. There are dangers hidden in the prospect of another Mediterranean expansion and the European Union is asked to take them into account.

II. The Importance of the Mediterranean.

Today's relations between the European Union and the Mediterranean countries are based on two factors: On the one hand, Europe has a security interest in the Mediterranean region although it does not depend on it economically except for part of its oil supplies. On the other hand, there is a high degree of economic

² European Brief, p.22.

dependence of the Mediterranean countries on Europe although, as far as security is concerned, the latter is “neither a threat nor a prospective protector”.³

There are two characteristics in the Mediterranean that affect its development and relations with the EU. First of all, there are people with different historical backgrounds, cultures, and civilization. Relations among societies vary and their development is not of the same level. Secondly, there is strong foreign military competition for control of the area as a whole due to the interests of big powers as far as the security issue is concerned.

It is worth mentioning the statement of the Lisbon European Council of 1992 that “the Southern shores of the Mediterranean as well as the Middle East are geographical areas in relation to which the Union has strong interests in terms of security and social stability”.⁴ The interest of the EU member states in the development of the Mediterranean can be explained by looking not only at the trade relations with this area but also at the threats for Europe as a whole. These threats come from the rise of fundamentalism, especially in Turkey, Algeria and Egypt, and cause fear of massive migration to Europe, terrorism etc. Many believe that the future prosperity and stability in an integrated Europe can be threatened by such factors, therefore, a close relation between the Mediterranean and the EU could prevent disastrous consequences.

From the point of view of the Mediterranean candidates for EU membership, the European Union has been magnetizing their interest in having special relations with its members for various reasons. First of all, there is a political component. Turkey, Cyprus and Malta expect that by joining the EU, their position in the international

³ Pomfret, p.31.

⁴ European Brief, p.21.

arena will be improved. Furthermore, these countries could feel more secure within the framework of a large community. There is no doubt that the EU's position as a primary actor in Europe has been established. In the future, the EU will remain in a dominant position.⁵ The second factor is economic. The European Union is a huge market as far as exports are concerned. The most significant problem for the Mediterranean candidates has been how to secure market access to all the EU member states. There are no alternatives but full membership.⁶ In addition, these countries are aware of the fact that the EU can provide them with technology as well as foreign investment. However, non-EU membership excludes countries from influencing external decisions of the EU. There is the sense that "any loss of sovereignty implied by joining the EU has clearly to be offset by the ever-increasing loss of sovereignty implied by not joining".⁷ Nevertheless, the European Union is in the process of a transition period and there is no doubt that there are still changes to take place. The EU member states are faced with both political and economic problems that cannot be resolved in the short term due to their large number. There is the argument that the EU expansion towards Greece, Spain and Portugal brought about problems of identity of the Union. In other words, the member states were asked to identify the borders of the Union, its internal structure, its role in Europe as a whole. Thus, one can find reasons for the EU to avoid discussing a further enlargement.

From the point of view of the European Union, the Mediterranean is not simply a region where different interests intersect. Signs of instability and long term problems throughout the Mediterranean are obvious to every member of the Union. Many

⁵ Redmond, 1994, p.3.

⁶ *ibid.*, p.4.

⁷ *ibid.*, p.5.

believe that the Mediterranean receives less attention than other parts of Europe such as Central and Eastern Europe. The reason is that in the East there are momentous political and economic transitions that involve political and institutional changes as well as economic revolutions. Such changes do not take place in the Mediterranean countries that are candidates for EU membership. However, it seems that they deserve special attention due to the variety of interests that characterize the Mediterranean region as a whole. It is not easy for the Mediterranean countries to find common views due to their differences in their respective geo-strategic, geo-economic, cultural and religious beliefs.⁸ These idiosyncrasies are reflected in conflicts such as the Greek-Turkish, Arab-Israeli as well as the Turkish-Syrian that show the difficulty in implementing a long term planning for conflict resolutions.

For the EU, the Mediterranean countries represent an area of conflicts due to the above mentioned differences. There are three factors that lead to conflicts. First of all, there are economic inequalities. In 1992, the GDP of the Third Mediterranean Countries⁹ was one twentieth of the GDP of the EU states. Secondly, there is the problem of demographic growth. Finally, there are historical memories that affect the inter-Mediterranean relations.

Although there are unsolved problems and risks throughout the Mediterranean region, the European Union shows an interest in the three Mediterranean candidates for EU membership. The EU cannot ignore these countries because they are part of its identity although there is still the question of Turkey's European orientation. In addition, a close relation with them would contribute to the establishment of security and peaceful resolution of conflicts in the Mediterranean as a whole. On the one hand,

⁸ The International Spectator, p.5-8.

⁹ Third Mediterranean Countries are the non-EU Mediterranean states.

Europe does not feel secure if the Mediterranean feels insecure. On the other hand, the EU is not prepared to find itself in the middle of armed conflicts.

III. The Next Mediterranean Enlargement: The Enigma.

Before examining the prospect of enlargement of the European Union towards three Mediterranean states, it is worth recalling the past experience of expanding the European Economic Community towards three other Mediterranean countries: Greece, Spain and Portugal. The Southern EU enlargement of the 1980s created a series of problems for the EC, especially for its Mediterranean Policy that had to be renewed and adjusted to new challenges. There were two phases of enlargement: First, Greece became a member in January 1981. Spain and Portugal joined the Community five years later. The entrance of Greece did not reduce the problems Southern Europe was facing at that time. It only foreshadowed the problems that were about to come with the entry of Spain and Portugal. The EEC had to offer Greece special financial assistance in order to keep it bound to Western Europe and as a result, the socialist government of Greece was able to secure increased aid in the areas of agriculture, regional funding and other types of assistance in order to boost development in the country.

At that time there were two reasons for anxiety within the Community. First of all, there was the impression that Greece, Spain and Portugal should be given preference over other Mediterranean countries that used to have equal treatment. As a result, the interests of non-candidate countries of the Mediterranean were harmed and the Community was confronted with security issues and economic instability in its Mediterranean neighbors.

The second reason for anxiety within the Community was a fear that the main consequence of the Mediterranean enlargement in the 1980s would be an increased demand for protection by sectors, such as agriculture, that felt threatened within the Community. On the one hand, the Southern European member states saw their economic interests being threatened, and on the other hand, the Northern European member states felt threatened by the prospective loss of export markets in the Mediterranean.

The EEC had three options: The first was to force the Southern Mediterranean states to assimilate the loss of trade preferences that followed the accession of Greece, Spain and Portugal. The second option was to compensate the loss of trade preferences that Mediterranean countries suffered by offering financial assistance and more preferences. The final option was to modify the Mediterranean Policy by allowing the economies of Southern Mediterranean to integrate into the EC. The second choice was what the European Commission adopted.

The above mentioned difficulties represent only a small example of the lessons the Commission has learnt from previous experiences. Today, the EU seems to be more demanding and cautious when it is asked to review applications by prospective members.

Turkey, Cyprus and Malta have to prove to the fifteen EU member states that they satisfy certain prerequisites before joining the Union. First of all, they have to be European although the Treaty of Rome states that any European country can apply for membership, not that a country must be European in order to apply. Turkey will have the most difficult task because its European orientation is not persuasive. Furthermore, a prospective member must have stable democratic institutions and good

records as far as respect for human rights is concerned. The Acquis Communautaire and Acquis Politique are also basic elements for EU membership. The first refers to the existing EU legislation and the latter to the Common Foreign and Defence Policy. Both of them must be accepted by the three Mediterranean countries. Another principle is the existence of a market economy that can function and compete according to EU regulations and standards. Moreover, each applicant must show that it is in a position to accomplish EU policies by having a reliable administrative regularity both in the public and private sector. Another important element is that Turkey, Cyprus and Malta must prove that they will support the long term objectives of the European Union, the so called Finalités Politiques. Finally, the EU is not prepared to accept countries that produce tensions or confrontations with EU members and this is related to the Turkish and Cypriot applications.¹⁰ As far as the economic prerequisites are concerned, it is not clear what the EU means by poor or rich country. Today, there are both rich and relatively poor member states, however, can it include too many poor ones?¹¹

The prospect of a future enlargement of the European Union towards the Mediterranean is an enigma or a challenge for the existing member states. They have to make sure that their efforts for deepening and widening can take place successfully so that both old and new members enjoy the benefits of membership. There is no longer a choice between deepening and widening. On the one hand, a further enlargement could lead to “dilution and dissipation of effectiveness”.¹² On the other

¹⁰ Michalski & Wallace, p.8.

¹¹ *ibid.*, p.9.

¹² *ibid.*, p.1.

hand, deepening without accepting more members could cause problems to European countries which already shape their policies based on EU regulations and legislation.

In any case, the European Union is confronted with a series of issues that concern its future policies and institutional reforms. The fifteen members are faced with major problems in terms of the structure of the EU itself. The next Mediterranean enlargement could threaten the economic and political construction of the EU because it is such that it would not be able to sustain more members without reforming its own design.¹³

The EU has been offering alternatives to membership to various states that for many, are the first step towards full accession. In the case of the Mediterranean candidates, association agreements have been signed. However, an association agreement should be seen neither as an equal status to membership nor as a step closer to the Union. It is a secondary position in the Union for many reasons. First of all, an associate country cannot play any role in the EU decision making process. Its relations with the member states are subject to regulations that restrict, in many cases, its exports to the Union. Secondly, an associate cannot avoid elimination as far as funding is concerned. Finally, the process of negotiating and implementing an association agreement has proved to be complex.

Another alternative to EU membership is the Customs Union which offers an even more inferior position to the aspiring members. A country which is bound to the EU by a Customs Union suffers strong competition from within the EU, loss of sovereignty due to customs tariffs, no participation in the EU decision making, no benefits from the EU structural reserves, and no agricultural subsidies. Therefore, this

¹³ *ibid.*, p.2.

kind of association is for countries about which the EU has distrust and scepticism.¹⁴ Turkey is a good example of a country that signed a Customs Union with the EU. Its government saw it as an evidence of its European orientation, but ignored the economic disadvantages from such an association. In addition, one can see in the Turkish case the actual use of a Customs Union which is “a device to stall those aspiring members about which the EU has doubts.”¹⁵

In the case of Cyprus, one can see again that its Association Agreement with the Community reflects the relationship of a former colony of an EU member state, the United Kingdom, with the Union, therefore, it does not represent a step towards full EU membership. For this reason, the agreement did not include the possibility of enlargement towards this Mediterranean island. Finally, in the case of Malta, the Association Agreement did not succeed due to the EU’s protection measures and unfair treatment of the Maltese agricultural products.¹⁶

The above mentioned elements are not the only reasons for being confronted with the Mediterranean enigma as far as the future Mediterranean enlargement is concerned. There are many areas in the enlargement problem that make negotiations and debates very intricate. For instance, there is the aspect that the next enlargement will be similar to previous ones in terms of eligibility, negotiations, and interests. This is a serious miscalculation because the circumstances during previous rounds of enlargement were completely different from what one finds in Turkey, Cyprus and Malta today. Moreover, the Mediterranean candidate states seem to believe that EU membership would provide them with instant solutions to their problems and it can be

¹⁴ Redmond, 1994, p.7-8.

¹⁵ *ibid.*, p.9.

¹⁶ *ibid.*

achieved quickly. In this case, they neglect difficulties in terms of adjustment and integration in a wider Union. Finally, there is the aspect that the European Union can be expanded towards other states endlessly. One should keep in mind the lessons from the past and not underestimate that the EU's structure is not well prepared yet in terms of economic, political and institutional framework, to bear a large group of members.¹⁷ Furthermore, the three Mediterranean countries consider Europe and the European Union to be synonymous. This is a misinterpretation because a country does not become European by joining the EU.

A further enlargement towards the Mediterranean hides risks unless the current fifteen member states are convinced that Turkey, Cyprus and Malta can contribute to the integration of the EU by going through all the obstacles that the EU states have been experiencing, therefore, these countries must not join the Union only because of the results of integration.¹⁸

More analytically, the EU is faced with policy dilemmas that make the Mediterranean enigma even more complicated. For instance, problems could emerge in the area of EMU and CFSP. As far as the EMU project is concerned, if the Mediterranean enlargement takes place, more countries will not be able to meet the convergence criteria. It would not bring about problems only if the EU member states decide to delay the implementation of a single currency. The Common, Foreign and Security Policy will be threatened by two factors. First of all, are the EU member states prepared to offer Turkey the position of such a close ally, especially when the latter seems to avoid to include the issue of CFSP to the membership debate?

¹⁷ Michalski & Wallace, p.4.

¹⁸ *ibid.*, p.17.

Furthermore, there is the issue of whether a larger European Union will be able to function effectively and achieve consensus on its decisions.

Another issue in the enlargement debate is the possibility that the EU states draw a line between their domestic policies and what is decided by the EU collectively. The European Union is heterogeneous, therefore, a larger Union may bring about even greater diversity.¹⁹

When examining the roots of the Mediterranean enigma, one should consider two more factors that threaten the prospect of a larger European Union: First of all, there is the question of security in Southern Europe and secondly, agriculture has been an important problem that must be taken into consideration.

As far as the security question is concerned, Europe's concerns will be increased if the EU is enlarged towards the Mediterranean. There will be a higher degree of heterogeneity between different states and societies and if one takes into account other differences such as in religion and culture, it is obvious that consensus on decision making will become even more difficult. The European Union plays an active role in a serious conflict between Greece and Turkey. Enlargement will produce not only a greater potential for conflict but also involvement in other conflicts such as in the Middle East that affect European security. For this reason, something between EU membership and Association would be the ideal solution for the EU-Turkish relations.²⁰

Agriculture is a sensitive sector that has created a series of difficulties for the EU decision making especially after the accession of Greece, Spain and Portugal. The most important problem is that a further enlargement of the EU will bring about a high

¹⁹ *ibid.*, p.18-21.

²⁰ Dettke, p.50-52.

degree of self-sufficiency in most Mediterranean products, therefore, there will be export surpluses and a declining demand for imported goods.

There is no doubt that for both geographical and historical reasons, there have been created important agricultural infrastructures throughout the Mediterranean. Thus, today there is a “Mediterranean type agriculture” which reflects high rural population, small size firms and low labor productivity. In addition, the agricultural sector is very important for the economies of the Mediterranean countries since a high percentage of their exports to Western Europe is based on agricultural products. For these reasons, agriculture represents the most important link between the Mediterranean candidates for EU membership and the European Union.²¹

IV. Turkey: A Problematic Candidate.

Turkey presents two completely different faces to Western Europe. On the one hand, it is a modern country which is growing fast. New roads, modern factories, nice buildings, and most importantly, there is a dynamic young generation. It is worth mentioning that half of Turkey’s population is under 25. The other side of Turkey can be seen near its Eastern border where one sees a completely dissimilar picture: Poor people, civil war and emergency law.

Turkey’s state has proved to be strong in contrast to its most recent governments that have been unstable. In Turkey’s eyes, Europe represents “the golden apple that lies where the sun goes down”.²² The golden apple means better life, therefore, if Turkey finds it, it will be modernised or Europeanised. This golden apple is Turkey’s accession to the European Union. The way to membership seems to be a long way off. There are political and economic reasons that keep Turkey out of the

²¹ Rosenthal, p.44.

²² The Economist, p.3.

team. In addition, the human rights records of the Turkish governments have been a serious obstacle. However, there is one more element on the agenda of the EU member states: the religious argument. Turkey is a secular state and 99% of its population is considered Muslim. The Kurdish revolt has added one more obstacle to Turkey's application. This is not only a military problem for the Turkish government since it is impossible to estimate how many Kurds exactly live in Turkey.

It is not an easy task to describe Turkey's image as either a European or an Islamic country. On the one hand, there are Westernized elements that bring Turkey closer to the EU. On the other hand, there are Turkish nationalists who prefer to see their country closer to other Islamic states. It seems there is lack of common identity since there are different groups that wish to follow a separate channel.²³ There are two worlds in Turkey with no bridge connecting them.

On the 14th of June, 1987, Turkey applied formally for EEC membership. The Community was confronted for the first time with a series of dilemmas that affected its future relations with Turkey. There were two basic issues on the agenda. First of all, is Turkey a European country? Secondly, does it have a stable democracy? These questions made the Turkish application look unrealistic.

More analytically, today there are four main areas of controversy. The first is the level of development of the Turkish economy in relation to fluctuating economic indicators. For example, many believe that Turkey's involvement in Europe's integration will have negative results due to the fact that the exchange rates of this country have been "spiralling downwards". Furthermore, its inflation rate is too high compared to current EU member states and its foreign debt is worsening. Finally, if

²³ *ibid.*, p.18.

Turkey became a member, the EU would face a large wave of migrant workers since the EU's borders would be open.

The EU is also concerned about the budgetary implications from a Turkish accession and this seems to be the bottom line of the economic difficulties for the EU countries in accepting Turkey's application for membership.²⁴

As far as politics is concerned, there is no doubt that the most significant issue is the Greek-Turkish dispute. The Cyprus question, the issue of sovereignty of the Aegean Sea, the dispute over territorial waters, the continental shelf and air space above the Aegean Sea are the most crucial elements of the Greek-Turkish agenda.²⁵

Another political issue that affects the Turkish application is the question of whether there is democracy and respect for human rights. There have been incidents of banning political parties, death sentences, control of trade unions, police cruelty, and arrests of journalists. Finally, the role and influence of the military forces is questioned due to their intervention in the political life of Turkey in the 1980s.

The strategic importance of Turkey in the Mediterranean seems to be the only positive element of Turkey's application. Both its geographical position in Eastern Mediterranean and its NATO membership strengthen its role in the developments in the region as far as security is concerned. However, Turkey's membership in NATO used to be an exercise against the mighty USSR which no longer exists, therefore, Turkey's membership is not as important as it used to be.

²⁴ Redmond, 1993, p.31-38.

²⁵ *ibid.*, p.41.

The cultural divisions in Turkey are focused on the religion issue. There is a fear in Europe that Turkey is influenced by Islamic Fundamentalism which is based on a historical conflict between Europe and the Ottoman Empire.²⁶

In 1989, the European Commission stated in its Opinion that neither the Community nor Turkey was prepared to negotiate an enlargement towards the latter. Two factors were principal in that declaration. First of all, Turkey's size would create institutional problems for the Community. Also, its population has been growing fast in the past two decades. With 60 million inhabitants, Turkey is the largest candidate. Secondly, the economic and political situation in Turkey played a major role in the Opinion. Democracy was found to be insufficiently developed and there were signs of human rights violations. Another political issue was the continuous conflict with an existing EEC member, Greece. In other words, the Cyprus question was a negative indicator for the Turkish application. It is also worth mentioning that the Commission was concerned about the budgetary implications of a Turkish accession that, as it was mentioned earlier, would affect the CAP as well as structural funds because Turkey's economic development was far from the EC average.²⁷

There is no doubt that the EU is also concerned about the agricultural sector of Turkey which normally has a surplus of \$1.5 billion per year in its trade. Therefore, Turkish accession would lead to a further growth of the EU's crop surpluses. In the EU member states' eyes there is one more potential consequence of Turkey's accession. Free movement of labor is one of the most fundamental elements of an

²⁶ *ibid.*, p.42.

²⁷ Michalski & Wallace, p.120-121.

integrated EU, however, the latter is not prepared to offer such a privilege to the large Turkish labor force.²⁸

As far as the European identity of Turkey is concerned, it is worth mentioning the most recent remarks of Germany's Chancellor Helmut Kohl, that Turkey cannot be part of the EU which is based on a Christian cultural identity. Furthermore, in March 1997, Klaus Kinkel, Germany's Minister of Foreign Affairs, visited Turkey and provoked a turmoil with his statement that Turkey will not join the EU in the near future.

V. Cyprus: A Desperate Candidate.

In December 1972, the EEC and Cyprus signed an Association Agreement in order to secure a Customs Union between the two sides. Cyprus had an interest in ensuring access for its exports mainly to the United Kingdom, its main trading partner. Accession was not on the agenda.

In July 1990, Cyprus applied for full EU membership and for the first time the Cypriot government indicated its interest in a closer relationship with the EU. Accession would open Cyprus' market to the EU, give it access to structural funds, agricultural benefits and other financial advantages that current EU member states enjoy. Another factor for the Cypriot application was the security issue. There is the argument that accession would contribute to the resolution of the division of the island whose Northern part has been occupied since 1974 by Turkish military forces.

One of the main arguments of the Cypriot government for supporting the application for accession is related to the recent economic development of Cyprus. There is no doubt that the Cypriot economy has achieved impressive levels of growth.

²⁸ Halle, p.113-120.

GDP has grown at above 5% in almost every year since the late 1970s and GDP per capita is above that of Greece, Spain and Portugal. Furthermore, unemployment is much lower than in the rest of the EU member states and inflation rates meet the Maastricht criteria.²⁹

However, the road to full EU membership does not seem to be easier than for Turkey. There are several factors that delay the Cypriot application. First of all, the “Cyprus problem” is still on the agenda of the EU. When the European Commission published its Opinion on Cyprus’ application, it was mentioned in paragraph 48 that the Community should be positive to Cyprus’ accession but “as soon as the prospect of a settlement is surer, the Community is ready to start the process with Cyprus which should eventually lead to its accession”. Therefore, the division of the island is the most fundamental political difficulty in the membership debate. The Cypriot government is seeking solution to this division through EU membership, which makes the Cypriot application look “desperate” for accession.

Another difficulty in the Cypriot case is the small size of population. The EU is faced with institutional reforms in order to ensure fair representation of small countries. The EU is confronted with a big dilemma. Are the EU member states prepared to see a small country like Cyprus being able to exercise its veto right and possibly block legislation which has been agreed by the rest? Furthermore, there is the question of whether such a small country would be able to hold the EU presidency.

Cyprus is a relatively isolated island. Very often, the Cypriot government relies on Greece for promoting its willingness to join the EU.³⁰ It is worth mentioning that it applied for membership during the Greek Presidency of the EU in 1990.

²⁹ CEPS, p.4.

³⁰ *ibid.*, p.8.

The case of Cyprus' application for full EU membership is unique. It is a divided island and the complications from accession would be even more severe if one takes into account the maintenance of a Turkish military force of occupation in the Northern part of the island which has not been recognized by the international community as an independent state. For this reason, the application of Cyprus is linked to the one of Turkey. However, the division of Cyprus has not only political but also economic dimensions. The level of development between the South and the North is not the same as far as economic growth is concerned. Therefore, EU accession would create difficulties for Cyprus which would not be able to survive the EU competition. At the same time, there would be problems for the EU which would have to assist Cyprus with increased funding through its structural funds in order to close the economic gap between the developed South and the poor North if Cyprus gains accession as a united state.

Another difficulty in the Cypriot case is the possibility that once it becomes a full EU member, there would be cultural problems due to the existence of an Islamic minority which might wish to separate itself from the rest of the country's population on religious grounds.³¹

Moreover, the Greek Cypriots would not be able to convince the Turkish Cypriots to accept any kind of association with the EU, therefore, if the island remains divided, free movement of people in Cyprus would be limited and the complications for the Cypriot application would be severe.

The small size of firms is one more difficulty on the agenda of the Cypriot-EU relations. As a consequence, Cyprus is confronted with two problems. First of all, it

³¹ Redmond, 1993, p.62-63.

lacks specialization and, secondly, there is labor shortage in terms of quantity and quality.³²

The EU is concerned about the economy of Cyprus if the latter is to become a member. The future of Economic and Monetary Union is on top of the issues the EU is faced with when examining the prospect of a Mediterranean enlargement. There are many obstacles in the case of Cyprus that put its application in a disadvantageous position. For example, experts agree that the financial system of Cyprus has an inadequate structure. There are establishments that are engaged in banking activities, however, they are not controlled by the Central Bank of Cyprus. In addition, many find that the economy of Cyprus is moving towards the wrong direction and not meeting the EU convergence criteria. In other words, there is a danger that Cyprus' developed economy and labor shortage combined with the government's intention for large expenditures, will lead to unsuccessful efforts to keep the inflation or the budget deficit at low levels.³³

As far as the agricultural sector of Cyprus is concerned, it seems that there is a serious decline according to figures that show declining employment quantity and restrained growth of production. There is a high degree of dependency on agriculture although there is a limited range of products. For example, potatoes and citrus fruits represent 90% of raw agricultural exports. Furthermore, economies of scale cannot be realized due to the fragmented and small size land properties. As far as labor in this sector is concerned, costs are high and the farm population is aged. As a result, the prospect of a better future for the Cypriot agricultural sector, especially within the European Union, does not look positive.

³² *ibid.*, p.83-85.

³³ *ibid.*, p.86.

VI. Malta: The Smallest Candidate.

Malta signed an Association Agreement with the EEC in 1970 that provided the basis for a future Customs Union, however, such a Union never took place. In July 1990, it applied for full EU membership, a week after Cyprus.

There are many arguments and concerns related to the Maltese case. For example, there would be institutional complications for the EU if such a small state joined the Union. The argument is similar to the one analyzed earlier for Cyprus. The efficiency of a larger European Union may be influenced negatively by a country of 350,000 inhabitants. Moreover, the EU is concerned about two characteristics of the Maltese foreign policy. First, Malta has close relations with Libya and second, it has a “status of non-alignment”, therefore, it could be difficult to apply the EU *Acquis Communautaire* and *Politique* to Malta’s policy making.³⁴

Malta’s application for membership is a unique case for the EU and it differs from Turkey and Cyprus although many intend to connect the three candidates. One of the main characteristics of the Maltese case is lack of domestic consensus on full EU membership. There is no doubt that although it is such a small state, it meets the criterion of being European since its European identity has been recognized. However, its size is both an advantage and disadvantage. On the one hand, most of the country’s direct investment is from the EU and the latter is estimated to represent three quarters of Malta’s trade. On the other hand, the economic outcome of welcoming Malta to the EU could be negative if one takes into account the weak infrastructure in terms of investment and import controls. Other economic issues are the phenomena of small scale activity of small enterprises, lack of variety as far as output is concerned and low

³⁴ Michalski & Wallace, p.126.

productivity.³⁵ Furthermore, employment is concentrated on a limited number of domains and the public sector is large. Another problem is Malta's fear that EU membership would lead to free movement of goods and labor, therefore, the existence of foreign workers could increase the very low rate of unemployment.

In terms of political obstacles, Malta's size raises issues similar to the Cypriot case, such as the ability of a small country to handle the EU presidency. Moreover, Malta's accession would mean that there would be one more Commissioner, therefore, there is concern in the EU that a small state might block legislation that finds the rest of the Union united. The neutrality of Malta, which is mentioned in its constitution, could also cause problems within the EU as far as the EU Foreign and Defence Policy is concerned.³⁶

Another problem the EU faces is the question of democracy and human rights violations. The Maltese government's actions from 1971 to 1987 were characterized by political violence, restrictions to the opposition's voice, and control of the country's media.

One can find many common elements between Malta and Cyprus. For example, they are both small in size and population. Furthermore, Malta seems to be isolated but in a different way. As it was mentioned before, Cyprus has to rely on the Greeks. Malta "has friends but no champions".³⁷

The results of the elections of November 1996 indicated the importance of the polarization between the two principal parties. This has been a feature of domestic politics in Malta since its independence. The Labour party that won the elections

³⁵ Redmond, 1993, p.118.

³⁶ *ibid.*, p.100.

³⁷ CEPS, p.8.

remains opposed to EU membership and this is certainly a serious complication for the EU-Maltese relations. It is still not clarified which direction the Maltese government will follow. Many believe that it will seek only a trade agreement with the European Union.

There is no doubt that the case of Malta is not less complicated than the one of Cyprus, another small island. They share a number of common problems, however, these two applicants should be seen as two separate cases. The fact that the new Maltese government is not committed to EU membership does not affect the Cypriot application which has its own features. Thus, there is no link between the two Mediterranean islands in terms of eligibility for EU accession.

VII. Concluding Remarks.

The Mediterranean enigma has not been resolved yet. The EU is confronted with a series of dilemmas that affect both the process of widening and deepening. Widening increases the number of members and as a result, there are complications for the deepening process because it would be more difficult to reach consensus. In other words, the larger the EU, the greater its diversity, therefore, new members will not necessarily be committed to deepening.

Turkey is not only the largest Mediterranean candidate for full EU membership but also the one who has been waiting the longest. There is evidence that the European Union is not prepared to offer to this country the privileges that current members enjoy. The Customs Union was a solution for the EU in order to keep Turkey as close as possible to Europe. The latter needs Turkey due to its geographical position in terms of trade and security. It is an important ally to the EU and it must remain so. The Turkish government believes that the Customs Union was the first step

towards accession. That was a misconception. Turkey is not ready for joining the EU for both economic and political reasons. The EU avoids to give a negative answer to the Turkish application and as a result, it keeps delaying the membership negotiations by offering other alternatives. This seems to be the ideal solution for the Turkish case. A permanent association with the EU would keep this country close to Europe. At the same time, Turkey would benefit from a wider cooperation with the EU especially in terms of economic growth. A solid partnership between the two parts would profit the Mediterranean basin as a whole.

Cyprus cannot become a member of the EU as long as it is divided. It is a mistake to believe that accession would contribute to the resolution of the Cyprus question. The European Union can be involved in such a conflict in order to assist the two sides, Cyprus and Turkey, to find a compromise, but it would not accept to find itself in the middle of this dispute by accepting a divided Cyprus as a full member. Therefore, the reunification of the island is a prerequisite for EU membership negotiations. However, Cyprus is not an ideal candidate for EU membership. Its size and economic infrastructure would cause institutional and financial obstacles within a larger European Union.

Malta is a small island with its own political and economic particularities. There is no doubt that according to the evidence presented above, neither the EU nor Malta is well prepared for starting negotiations. The need for consensus on EU membership within Malta is the most fundamental requirement for the EU member states.

The prospect of a future Mediterranean enlargement is an enigma that hides a number of dangers for the current EU member states. Based on the analysis of this

paper, Turkey, Cyprus and Malta cannot become full members of the EU in the short term. The Union is committed to the completion of its political and economic integration and it would not jeopardize its deepening process in order to accept countries for which it has doubts. EU membership is not the only means to come closer to the EU. Close relations between the European Union and the three Mediterranean candidates can be achieved by negotiating association agreements that would promote development and prosperity in these states. The task of the European Union is to prevent enlargement consequences that might jeopardize its future progression. The next Mediterranean enlargement is not unrealistic in the long term but it does have limitations and consequences.

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