The enlargement of the European Union to include 10 new countries in May 2004 represents a political, economic and social event that is in many respects without equivalent. On 1 May 2004, the EU was enlarged to 25 member states by the addition of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Of unprecedented proportions in terms of population, this integration mainly involves the central and eastern European countries (CEECs), whose level of development is distinctly lower than that of the EU 15. Hence, this enlargement raises numerous questions about the newcomers. They relate to the flexibility of their labour markets, the reform of their pension systems, the exchange rate policies, including the possible adoption of the euro, the financing of the EU, the proposals for the reform of the SGP and of the European system of central banks and finally the economic geography of the EU.

The presence of eight central and eastern European countries among the new members must be underlined. These countries have had to make considerable efforts in a relatively short period of time to evolve from a socialist system of centralised planning to one of market economy. Accession to the EU therefore comes as a legitimate reward for countries that have undertaken such a profound transformation of their economic and political structures.

Their accession to the EU was agreed upon through the ‘Copenhagen criteria’ established in 1993, namely:

1. Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
2. The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
3. The ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The political agenda for joining the EU was then especially demanding for these countries of the old socialist bloc in which markets were practically nonexistent, where administered prices had been the rule for so long, where commercial and financial trade was highly centralised and regulated, and where the incentives were generally directed towards following the objectives defined in the Plan.

Despite substantial progress, the majority of the CEECs are still in their transition phase towards a market economy. For example, controlled prices, although reduced in number, still represent a significant fraction of the retail price index in a country such as Hungary. In addition, notwithstanding their good performance, the GDP per head of the CEECs remains well below that of the EU 15. To draw a comparison, in Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia, the GDP per head is well below that of Portugal and Greece at the time of their entry into what was then called the European Economic Community (EEC).

This new enlargement, the fifth since the creation of the EEC, is therefore different from preceding ones in many respects. First, it is on a grand scale: the population and surface area of the EU have increased by 20% and 25%, respectively, something that has never occurred before.

Second, expressed in terms of the wealth produced, the GDP of the EU will grow by scarcely 5% with the enlargement. The difference in GDP per head between the new members and the EU 15 is therefore a challenge for the former to rapidly catch up with the latter. This poses the question of the means, especially financial, to be implemented in order to try to accelerate the convergence process.

Third, respecting the totality of the EU legislation (the so-called acquis communautaire) is an extremely difficult task. It should be recalled that it was not so complex when countries such as Ireland, Greece, Spain and Portugal were preparing to join. Respect for European legislation can also be costly. Not only do some local industries need to be restructured in order to be more competitive, but they must also contribute to the improvement of the environment, through less polluting activities or production technologies. It should, however, be noted that in the course of the negotiations for joining, the future member states negotiated on a case-by-case basis timescales allowing them, temporarily, to break the community law. This was notably in such sectors where the necessary restructuring required the retention of state aid; this was for example the