



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat of the Council
to: COREPER/COUNCIL

Subject: Five years after European Union enlargement
- Draft Council Conclusions

Delegations will find attached draft Council conclusions on five years after European Union enlargement, as prepared by the Economic and Financial Committee.

Encl.:

**DRAFT COUNCIL CONCLUSIONS ON
5 YEARS AFTER EU ENLARGEMENT**

Marking the fifth anniversary of the largest recent enlargement, the Council WELCOMES the Commission report called “Five years of an enlarged EU: Economic achievements and challenges” and agrees with its overall assessment.

Enlargement has brought economic growth and increased prosperity

The Council (ECOFIN) EMPHASISES that the recent EU enlargement was not only a historic step in unifying a long-divided Europe but also a success from an economic point of view resulting in a win-win situation for the whole EU. Enlargement has brought about notable improvements in living standards and increased economic growth, which benefited from better trade, investment and employment opportunities, as well as stronger financial integration. The Council (ECOFIN) UNDERLINES that enlargement has contributed to the improved ability of the EU economy as a whole to respond to the challenges posed by the current economic and financial crisis as well as to those presented by globalisation.

There has been remarkable economic integration and real convergence of the recently acceded Member States. Therefore, the Council (ECOFIN) RECOGNISES that dividing the Member States between “old” and “new” has lost its meaning.

More steps needed to reap full benefits of the enlarged EU

The Council (ECOFIN) EMPHASISES that the current financial and economic crisis has confirmed the crucial importance of sound macroeconomic and structural policies. Central aspects include a proper institutional setup at domestic level, including sound fiscal frameworks, as well as the implementation of existing EU policy framework, such as the Single Market, the Stability and Growth Pact and the Lisbon Strategy. In addition, the enlargement has highlighted the role of the financial sector in the convergence process and the need for stronger cross-border cooperation in financial supervision and for a better monitoring of macro-financial risks to prevent the building up of vulnerabilities. The build up of significant imbalances and fundamental vulnerabilities, in some countries related to foreign currency indebtedness, have increased the sensitivity to external shocks. More generally, achievements have not been uniform and equally sustainable among countries. In this respect, the Council (ECOFIN) STRESSES the necessity to further strengthen domestic policies as well as the implementation of the EU policy frameworks and its prudential elements, re-energise structural reform efforts in line with the Lisbon Strategy, improve financial supervision and strengthen the effectiveness of multilateral surveillance and economic coordination at EU-level.

Moreover, the Council (ECOFIN) HIGHLIGHTS that reforms under the Lisbon agenda are crucial to underpin the economic recovery, strengthen resilience and fully exploit the potential of the enlarged internal market. The remaining barriers in the Single Market should be tackled and protectionist tendencies need to be rejected.