



EU enlargement – Institutional aspects and the ECB's role

Part I

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With the accession of Croatia in July 2013, the European Union expanded to 28 Member States. A number of other countries are on a formal path towards EU membership or have been offered the prospect of joining in the future, subject to the fulfilment of certain criteria. This article describes the EU enlargement policy, the steps and criteria for EU accession as well as the role of the European Central Bank in the enlargement process. It also presents the current status of countries in the accession process. In Part II we will take stock of the recent economic and financial developments in EU candidate and potential candidate countries and discuss possible challenges remaining ahead on their road to EU membership.

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2 *The author would like to acknowledge the comments and suggestions made by Benjamin Vonessen and Ulrich Windischbauer. The article should not be reported as representing the views of Národná banka Slovenska (NBS) or the European Central Bank (ECB). The views expressed are those of the author and do not necessarily reflect those of NBS or the ECB.*

3 *Article 49 TEU also provides that the conditions of eligibility agreed upon by the European Council will be taken into account.*

4 *The European Commission has defined the *acquis* as the constantly evolving body of common rights and obligations that is binding on all EU Member States.*

LEGAL BASIS FOR EU ENLARGEMENT POLICY

The legal basis for EU enlargement policy is laid down in Article 49 of the Treaty on European Union (TEU). It states that any European state may apply to become a member of the European Union if it respects the values of the EU and is committed to promoting them. The values of the EU are laid down in Article 2 TEU and include the principles of human dignity, freedom, equality, democracy, respect for human rights, and the rule of law.

The conditions of accession are further specified in European Council decisions (Box 1).³ The key conditions are known as Copenhagen criteria and were established by the European Council at its June 1993 summit meeting in Copenhagen.

They refer to the stability of institutions, a functioning market economy and the ability to cope with market pressures within the EU as well as the ability of the candidate country to take on the obligations of membership. They were further clarified by subsequent European Council summits, e.g. with respect to the necessary adjustments of administrative structures in candidate countries in order to effectively implement the revised national legislation (Madrid, December 1995) or with respect to the EU's capacity to integrate new members (Brussels, December 2006).

All new EU Member States must enact legislation to bring their laws into line with all EU standards and rules, known as the *acquis* (or *Union acquis*).⁴ For the purpose of accession negotiations the *acquis* is divided into 35 different policy

Box 1

European Council conclusions on EU enlargement

Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union. (Copenhagen, June 1993.)

The European Council also confirms the need to make sound preparation for enlargement on the basis of the criteria established in Copenhagen ... ; that strategy will have to be intensified in order to create the conditions for the gradual, harmonious integration of those States, particularly through the development of the market economy, the adjustment of their administrative structures and the creation of a stable economic and monetary environment. (Madrid, December 1995.)

The European Council confirms that its objective remains the fullest possible integration of the countries of the region [Western Balkans] into the political and economic mainstream of Europe through the Stabilisation and Association process, political dialogue, liberalisation of trade and cooperation in Justice and Home Affairs. All the countries concerned are potential candidates for EU membership. (Santa Maria da Feira, June 2000.)

The European Council ... reiterated its determination to fully and effectively support the European perspective of the Western Balkan countries, which will become an integral part of the EU, once they meet the established criteria. (Thessaloniki, June 2003.)

The European Council agrees that the enlargement strategy based on consolidation, conditionality and communication, combined with the EU's capacity to integrate new members, forms the basis for a renewed consensus on enlargement. (Brussels, December 2006.)



Box 2

Chapters of the *acquis* related to central bank tasks

Chapter 3: Right of establishment and freedom to provide services

This chapter covers a wide range of fields, including financial services. The core piece of legislation in this area is Directive 2006/123/EC on services in the internal market which aims to achieve an internal market in services by removing legal and administrative barriers to the development of service activities between Member States.

Chapter 4: Free movement of capital

Under the Treaty on the Functioning of the European Union (TFEU, Articles 63-66), Member States must remove, with some exceptions, all restrictions on the movement of capital within the EU and between Member States and third parties. This chapter also covers rules concerning payments, in particular Directive 2007/64/EC on payment services in the internal market which provides the legal foundation for the creation of an EU-wide single market for payments and e-money Directive 2009/110/EC which refers to a single market in e-money services. Moreover, the chapter covers the fight against money laundering and terrorist financing (in particular Directive 2005/60/EC).

Chapter 9: Financial services

This chapter covers all rules for the authorisation, operation and supervision of financial institutions in the areas of banking, insurance, voluntary pensions, investment services and securities markets as well as with regard to financial market infrastructure. Several of the key EU financial market legislation set out in this chapter have recently been amended or are currently being revised.

Chapter 17: Economic and monetary policy

This chapter includes rules requiring the independence of central banks, prohibiting mone-

etary financing of the public sector by central banks or privileged access of the public sector to financial institutions. EU Member States are also expected to coordinate their economic policies and are subject to economic and financial surveillance. New Member States are also committed to adopt the euro in due course after accession (once they comply with the convergence criteria). Until then, they will participate in EMU as countries with a derogation and will treat their exchange rates as a matter of common concern.⁵

The *acquis* in this area is mainly Title VIII (Articles 119-144) of the TFEU and relevant implementing legislation. Moreover, as indicated in Article 131 TFEU, each Member State must ensure that its national legislation including the statutes of its national central bank is compatible with the TFEU and the Statute of the European System of Central Banks and of the European Central Bank.

Chapter 18: Statistics

The *acquis* in this chapter covers methodology, classifications and procedures for data collection in various areas, including macroeconomic and price statistics as well as external trade statistics. The majority of the *acquis* take the form of regulations, which are directly applicable in all Member States and do not require to be enacted in national legislation (transposition).

Chapter 28: Consumer and health protection

This area covers the safety of consumer goods as well as the protection of consumers' economic interests in a number of specific sectors, including financial services (Directive on distance marketing of financial services). Member States need to transpose the *acquis* into national law and to put in place independent administrative structures and enforcement powers.

⁵ In November 2000, the ECOFIN Council – bringing together the Economics and Finance ministers of the EU Member States – formally adopted the position that unilateral euroisation is not compatible with the Treaty (now the TFEU) and cannot be a way to bypass the convergence process for the adoption of the euro. Report by the (ECOFIN) Council to the European Council on the exchange rate aspects of enlargement (8 November 2000).

⁶ The Western Balkan countries are one example. They have been given the prospect of joining the EU once they are ready and have been recognised as potential candidates for EU membership in early 2000s. The notion Western Balkans referred then to Albania and the successor states of the former Federal Republic of Yugoslavia with the exception of Slovenia. Croatia has joined the European Union in July 2013, whereas the last section of this article describes the current status in the EU enlargement process of the remaining countries in the region.

fields (or chapters). Box 2 provides an overview of relevant chapters from a central bank perspective. The *acquis* is not negotiable and has to be accepted by candidate countries for accession to the EU. Only the conditions and timing of its adoption and implementation are discussed during the accession negotiations. As such, full compliance with the *acquis* is often achieved progressively subject to transitional measures and periods, in order to give new and existing Member States time to adapt. The detailed terms and conditions of membership, including all transitional arrangements and deadlines are cemented in the accession treaty, which is signed and ratified by the acceding country and every individual EU Member State.

THE EU ENLARGEMENT PROCESS FROM THE INSTITUTIONAL PERSPECTIVE

The accession process follows a series of formal steps (Chart 1). Although it officially starts with an application for membership, the EU often cooperates with the interested country beforehand via an association agreement. This is particularly used in the case where a country's application for EU membership would not be successful and the association agreement can help to prepare the country for candidacy.⁶ Once the application for EU membership has been accepted, a country is formally recognised as a candidate country. As a next step and subject to a unanimous decision by the European Council on the mandate (or framework) for negotiations, the country moves on to formal



7 Currently Mr Štefan Fülle, Commission for Enlargement and European Neighbourhood Policy.

8 European Commission's Directorate General for Economic and Financial Affairs

9 See e.g. Conclusions of the ministerial dialogue between the economy and finance ministers of the EU and the candidate countries of 9 July 2013 (no 12181/13)

membership negotiations. The accession negotiations represent the cornerstone of the accession process and cover adoption, implementation and application of the *acquis* by the applicant country. Last, when a candidate country has completed accession negotiations and signed an accession treaty, it is formally recognised as an EU acceding country. In other words, it is expected to become a full EU Member State on the date laid down in the accession treaty, provided it has been ratified (see above). During this period the acceding country benefits from certain special arrangements and is given "active observer" status, i.e. the right to speak but not to vote.

Different stakeholders, including the European Commission, the Council, the European Parliament and the individual EU Member States, have a role in the EU enlargement process (Chart 1). The EU membership application is addressed to the Council, which requests the European Commission to submit an opinion and notifies the European Parliament of the application. The Council takes – by unanimity – all decisions about any change in the country's status, including the opening or closing of any negotiation chapter or approval of the accession treaty.

The European Commission provides its opinion on the application; issues a recommendation on whether to open accession negotiations; carries out screening of the *acquis* and delivers a screening report for each of the 35 policy fields. It also conducts the negotiations and prepares draft negotiating positions for the EU Member States. Moreover, it monitors the EU candidate and potential candidate countries and provides an annual assessment of their progress towards fulfilling the accession criteria, as requested by the Council.

The European Parliament is formally involved once the negotiations on all chapters are completed, as it has to give its consent to the accession treaty between the EU Member States and the candidate country before the treaty can be signed and ratified. The European Parliament regularly exchanges views with the Commissioner responsible for EU enlargement policy⁷ and expresses its position in the form of annual resolutions on countries' progress. Furthermore, the Parliament has a significant role with respect to the financial aspects of accession, with a direct influence on the amounts allocated to the Instrument for Pre-accession Assistance (IPA), the financial instrument for the EU pre-accession process.

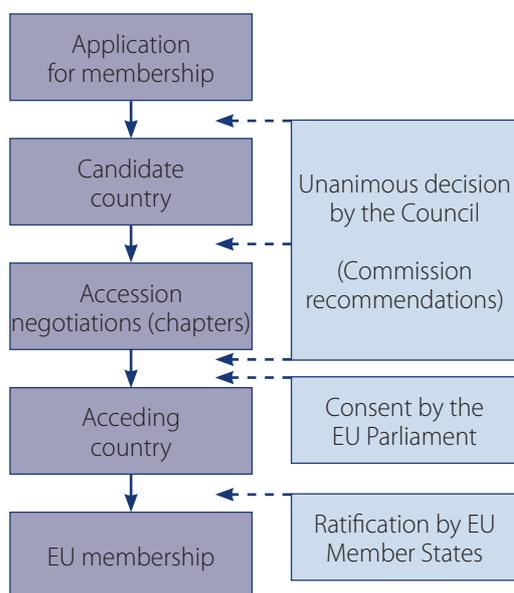
Although steered by the EU institutions, in practice the negotiations are conducted between the EU Member States and the candidate country. Moreover, the EU Member States have an important role to play up to the very last moment of the accession process. The accession treaty, after being signed by all contracting parties, is submitted for ratification to all EU Member States in accordance with their respective constitutional requirements.

THE ECB'S ROLE IN THE EU ENLARGEMENT PROCESS

The ECB closely monitors economic, financial and monetary developments in candidate and potential candidate countries. It is involved in the EU accession process in its areas of competence, notably with respect to monetary and exchange rate policies, financial stability and, in the near future, also with respect to banking supervision. The ECB has no formal role in the accession process and negotiations, for example, when it comes to providing its opinion on whether a country is eligible to move on to the next stage of the accession process. However, it carries out, in parallel to the DG ECFIN⁸ and in line with their respective mandates, an annual assessment of candidate countries' medium-term policies and priorities, the so-named pre-accession economic programmes. This pre-accession economic and fiscal surveillance procedure aims to prepare EU candidate countries for participation in the multilateral surveillance and economic policy coordination procedures that are in place in the EU as part of Economic and Monetary Union (EMU). The evaluations by the ECB and Commission are discussed at the Economic and Financial Committee and joint conclusions on the countries' economic strategies are adopted at a meeting between the economy and finance ministers of the EU and the candidate countries (the so-named Ministerial dialogue⁹). A slightly lighter procedure (with no ministerial meeting conclusions) has been established for potential candidate countries, where the countries submit a medium-term economic and fiscal programme.

Furthermore, the ECB provides its assessment of the economic situation in the countries also via other fora, e.g. the ECB representative to the Inter-

Chart 1 Sequence of formal steps in the EU enlargement process



Source: Author.



Chart 2 ECB-coordinated technical cooperation programmes with EU candidate and potential candidate countries

ECB-coordinated projects ¹⁾	Central bank function														ECB in cooperation with...				
	Banking supervision	Other financial sector supervision	Internal audit	Communication	Economic analysis and research	Financial stability	Statistics	Payment systems	EU integration	Monetary & FX policy & operations	Legal services	Information technology	FX reserves management	Human resources		Administration	Banknotes	Accounting and financial reporting	Financial services consumer protection
Bosnia and Herzegovina																			
Needs analysis (3-8/2007)	✓		✓		✓	✓	✓	✓		✓									
Implementation (4/2010-9/2011)					✓	✓	✓		✓		✓	✓							
Serbia																			
Needs analysis (9/2008-5/2009)	✓							✓		✓	✓							✓	✓
Implementation (2/2011-12/2013)	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓
FYR Macedonia																			
Needs analysis (10/2012-7/2013)			✓		✓		✓	✓		✓	✓	✓		✓		✓	✓		
Albania																			
Needs analysis (4-9/2014, ongoing)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓		
Kosovo																			
Needs analysis (10/2014-3/2015, forthcoming)	✓	✓			✓		✓	✓			✓					✓			
Regional (Western Balkans and Turkey)																			
Implementation + Training (1/2010-1/2013)	✓																		

1) All ECB-coordinated projects were funded by IPA, with the exception of the needs analysis in Bosnia and Herzegovina and Serbia that were funded by CARDS.

2) The projects in Albania and Kosovo (under UNSCR 1244/99)¹⁵ are part of the same contract with the EU, together with a project preparation in FYR Macedonia (not presented in Chart 2).

national Monetary Fund (IMF) presents the ECB's position at IMF Executive Board discussions on EU candidate countries (e.g. Article IV consultations). The ECB also organises a number of events at various levels aimed at establishing institutional relations and fostering dialogue with the possible future EU Member States. Two examples are the regular conference on central, eastern and south-eastern Europe and the statistical seminar organised by the ECB in cooperation with central banks from the Western Balkans.¹⁰ Furthermore, it has regular exchanges of views with the respective central banks and other national authorities from those countries, including an annual high-level policy dialogue with the national central banks of candidate countries that have begun accession negotiations. In line with the practice of other EU institutions, once a country signs an accession agreement, the representatives of its central bank are invited to attend, as observers, the meetings of the General Council of the ECB and of the committees of the European System of Central Banks (ESCB), as preparation for the country's accession.¹¹

Finally, the ECB engages in technical cooperation with the EU candidate and potential candidate countries.¹² Besides accommodating ad hoc requests for technical cooperation and accept-

ing experts from these countries at some of its training courses, the ECB has cooperated with the national central banks and national supervisory authorities of the region through EU-funded longer-term programmes. The main objective is to enhance the institutional capacity of the national authorities and to prepare them for eventual membership of the ESCB by helping them to align their central banks' core functions and policies with EU and internationally accepted central banking standards. The programmes are based on a contract and receive funding from the European Commission via existing EU financial instruments (currently the IPA, which replaced the CARDS assistance programme).¹³ These activities are coordinated by the ECB, but they largely draw on expertise of the partner national central banks of the Eurosystem/ESCB. Moreover, they benefit from the ECB's capacity to conclude a single financial agreement with the European Commission on behalf of a number of national central banks, using the inter-institutional framework agreement concluded between the ECB and the Commission for such projects.¹⁴

To date, the ECB has coordinated five country-specific technical cooperation projects with the central banks of Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Ser-

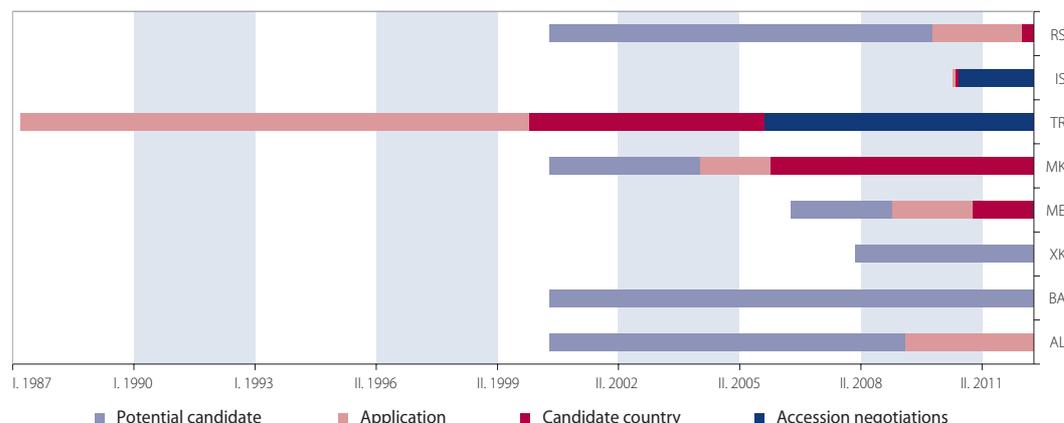
10 The last seminar was co-organised with the National Bank of the Republic of Macedonia in October 2013.

11 The ESCB comprises the ECB and the national central banks of all EU Member States whether or not they have adopted the euro. The Eurosystem comprises the ECB and the national central banks of those countries that have adopted the euro.

12 In 2013, the ECB marked 10 years of ECB-coordinated technical cooperation programmes (see the related ECB press release of 4 December 2013).

13 The CARDS stands for Community Assistance for Reconstruction, Development and Stabilisation and it was the main financial instrument to the Western Balkan countries in the period 2000-2006. From 2007 onwards, the IPA replaced CARDS and other EU financial instruments as the single channel of pre-accession assistance to EU candidate and potential candidate countries. The IPA regulation (Council Regulation 1085/2006) expired at end-2013 and new IPA regulation, the so-called IPAll, covering the financial perspective 2014-2020 is applicable from January 2014.

Chart 3 Timeline in the EU enlargement process of current candidate and potential candidate countries



Source: Author.

Notes: (AL) Albania; (BA) Bosnia and Herzegovina; (IS) Iceland; (ME) Montenegro; (MK) the former Yugoslav Republic of Macedonia; (RS) Serbia; (TR) Turkey; and (XK) Kosovo under UNSCR 1244/99.

14 The Inter-institutional Framework Agreement entered into force on 17 January 2012 and is applicable to all programmes administered by the ECB and financed or co-financed by the European Union in the field of technical assistance for EU's external actions.

15 This designation does not constitute a position on the status of this territory and is in line with UNSCR 1244/99 and the opinion issued by the International Court of Justice on Kosovo's declaration of independence.

16 The cooperation with the Central Bank of the Republic of Turkey is conducted under a Memorandum of Understanding, signed in July 2012 (similar cooperation exists also with the central banks of Russia and China). Furthermore, the ESCB national central banks have a long tradition of central bank cooperation via twinning projects, which are complementary to the ECB-coordinated projects with these countries.

17 This notion covers Albania, Bosnia and Herzegovina, The former Yugoslav Republic of Macedonia, Kosovo (under UN Security Resolution 1244/99), Montenegro and Serbia. With the exception of Albania, they were all a part of the former Federal Republic of Yugoslavia.

18 Refer to EU-facilitated Belgrade-Pristine dialogue and Brussels agreement signed on 19 April 2013.

19 See the 12 key priorities outlined in the Commission Opinion on Albania's application for membership of the European Union (COM/2010/0680 FIN, 9 November 2010). They refer to judicial, public administration and parliamentary reform measures as well as fight against corruption and organised crime.

bia. Another technical cooperation programme was launched in 2014, with focus on the central banks of Albania and Kosovo¹⁵ (under UN Security Resolution 1244/99) and the former Yugoslav Republic of Macedonia. Moreover, the ECB also coordinated a regional programme on macro- and micro-supervision for the central banks and banking supervisors of the Western Balkans and Turkey.¹⁶ Chart 2 gives an overview of all ECB-coordinated programmes.

The ECB has developed and applies a two-stage approach for its institution-specific programmes. During the first stage – a “needs analysis” project – the EU experts identify the existing gaps with respect to EU central banking standards and provide a report listing recommendations on necessary amendments to rules, regulations or practices, or the development of new ones, in order to meet these standards. The second project is a follow-up implementation or “capacity-building” project, where the experts support the staff of the beneficiary central bank in drafting new regulations and carrying out necessary reforms in order to close the gaps identified in the previous project. The central bank is thereby better prepared to join the ESCB in the event the country accedes to the EU.

THE CURRENT STATUS OF COUNTRIES IN THE EU ACCESSION PROCESS

The EU has undergone a series of seven enlargements so far, with Croatia becoming the 28th EU Member State in July 2013. Today, the EU enlargement policy covers the countries of the Western Balkans,¹⁷ Turkey and Iceland. These countries vary significantly with respect to the time horizon of their EU membership aspirations as well as in terms of progress in the enlargement agenda (Chart 3). Five are currently candidate countries and three others are recognised as potential candidates.

Relations with the Western Balkans are governed by the Stabilisation and Association Proc-

ess, officially launched in 1999 after the break-up of Yugoslavia and the secession wars of the nineties. During the European Council summit in June 2000, all countries in the Western Balkans were recognised as potential candidates for EU membership and three years later the European Council reiterated its support, giving them a clear perspective of EU membership once the criteria are met. Moreover, the EU is progressively establishing a free trade area with the Western Balkans under the stabilisation and association agreements (An interim agreement is in place for Bosnia and Herzegovina).

The EU integration process remains one of the main priorities for the Western Balkans although, as mentioned above, the countries are at different stages on the road to EU membership. Croatia joined the EU on 1 July 2013, becoming the second ex-Yugoslav republic to accede to the EU after Slovenia on 1 May 2004. The former Yugoslav Republic of Macedonia applied for EU membership in 2004 and was recognised as a candidate country a year later. However, the integration process came to a standstill owing to the unresolved dispute about the country's name, notwithstanding regular European Commission recommendations since 2009 that the Council open accession negotiations. Montenegro and Serbia each submitted their EU membership application in 2008 and 2009 respectively and received candidate status approximately two years later. Accession negotiations began with Montenegro in June 2012 and Serbia more recently in January 2014, following the normalisation of its relations with Kosovo.¹⁸

Out of the three potential candidates, Albania, Bosnia and Herzegovina and Kosovo, only Albania has submitted a formal application for EU membership (in 2009). The European Commission has twice recommended (in 2012 and 2013) granting EU candidate status to Albania, based on the progress made with respect to key measures, as detailed by the European Commission opinion.¹⁹ The European Council has agreed to



decide on the country's upgrade at its upcoming meeting in June 2014.²⁰ The EU membership process for Bosnia and Herzegovina has stalled in recent years. The country has been asked to amend certain aspects of its legislation to remove any discrimination based on nationality.²¹ This is regarded as a precondition for the entry into force of the stabilisation and association agreement and the credibility of the country's membership application. Moreover, given the complicated internal institutional structure, the country lacks a well-functioning coordination mechanism on EU matters, which led recently to the loss of IPA funds in 2013 and the postponement of discussions on future IPA funds. Following the Dayton Peace Agreement (The General Framework Agreement for Peace in Bosnia and Herzegovina, 1995), the EU continues to deploy considerable resources in the country and the EU Special Representative plays an active role in efforts to consolidate peace, stability and the rule of law in a multi-ethnic and united Bosnia and Herzegovina. Kosovo, which declared its independence from Serbia in 2008, began a process of closer cooperation with the EU following the normalisation of relations with Serbia. It is currently negotiating a stabilisation and association agreement, with the goal that it can be signed by summer 2014. Moreover, a visa liberalisation dialogue was launched in 2012.²²

Turkey and Iceland have a much longer experience of the EU integration process than the Western Balkan countries. Turkey was one of the first countries to seek closer cooperation in 1959 with what was then the European Economic Community (EEC). This was realised in the framework of an association agreement (Ankara Agreement, 1963), aiming at bringing Turkey into a custom unions (which came into force on 31 December

1995) and ultimately to membership. The country applied for EEC membership in 1987 and it was granted candidate status in 1999, after having been declared eligible to join the EU two years before. The accession negotiations were opened in October 2005. So far, 14 chapters have been opened (out of 35) and only one provisionally closed, owing to little progress in normalising bilateral relations with the Republic of Cyprus.²³ After a longer period with little progress, the EU launched a "positive agenda" in mid-2012, which led to the opening of a new chapter in end-2013.²⁴

Iceland applied for EU membership in July 2009, after being particularly hard hit by the financial crisis. Accession negotiations were opened only one year later, as Iceland already enjoys a high degree of integration with the EU through its membership of the European Economic Area, the Schengen Area and the European Free Trade Association (EFTA), as well as the North Atlantic Treaty Organization.²⁵ Out of the 35 negotiation chapters, 27 chapters have been opened and 11 of these provisionally closed. However, following the elections in April 2013, the Icelandic Government decided to suspend any further membership negotiations with the EU and the country is now considering withdrawing its EU membership application (A Government proposal on this issue was submitted to the Icelandic Parliament in February 2014). An applicant state is free to withdraw or freeze its application at any time and indeed two other EFTA members have done so in the past.²⁶

References

- ECB (2012), Recent Economic and Financial Developments in EU candidate countries, *ECB Monthly Bulletin*, November 2012
 ECB (2008), The Eurosystem as a provider of technical assistance to EU neighbouring region, *ECB Monthly Bulletin*, July 2008

- ²⁰ Refer to outcomes of the General Affairs Council meeting on 17 December 2013, which were endorsed by the European Council meeting of the following days and state that "in the light of encouraging progress made by Albania, the Council also looked forward to a decision on granting candidate status to Albania in June 2014..."
- ²¹ In the *Sejdic-Finci* case, the European Court of Human Rights ruled in 2009 that the Constitution of Bosnia and Herzegovina infringes the European Convention on Human Rights and its protocols since it provides that only Bosniaks, Serbs and Croats ("constituent peoples") can be elected members of the Presidency and the House of Peoples of the Parliamentary Assembly.
- ²² All other countries in the Western Balkans region benefit from a visa-free access to the Schengen Area, subject to certain conditions. Also, the visa liberalisation dialogue with Turkey was launched at end-2013.
- ²³ Turkey does not apply the Additional Protocol of the Ankara Agreement vis-à-vis Cyprus. Moreover, it continues to block its trade to vessels from Cyprus. From end-2006 onwards, the accession talks have been partially suspended on eight chapters.
- ²⁴ See the communication from the Council of the European Union from 22 October 2013 (press No. 15160/13)
- ²⁵ Iceland already participates in the Single Market through its membership of the EEA. It also participates in a number of EU agencies and programmes, albeit with no voting rights. As a member of the Schengen Area, its citizens benefit from freedom of movement between Iceland and the rest of the Area. Two-thirds of Iceland's foreign trade is with the EU.
- ²⁶ Norway, for example, has applied for the membership three times (in 1962, 1967 and 1992) and in the latter two times the EU membership was rejected by Norwegians in a referendum following the completion of accession negotiations.

