

## Summary Document of CBI's Commentary on EU Enlargement

*The following extracts on Enlargement are taken from the CBI's recently published report "Our Global Future: A Business Vision for a Reformed EU" (2013). <http://www.cbi.org.uk/global-future/>*

"The trade boost to other EU states as a result of UK membership, particularly the accession countries of Eastern Europe, has an indirect benefit to the UK of increasing prosperity in key export markets for UK firms. This, in turn, can increase demand for UK goods and services" - p60

"Just as specific EU programmes like broadband funding have benefitted specific sectors of the UK economy, EU programmes have contributed to significant economic development in the accession countries through infrastructure investment and regional funding. In turn, this is creating stronger markets for UK products in those other EU countries. For example, the EU's recent funding drive to boost broadband capacity and uptake in Central and Eastern Europe has played a role in creating a new market for internet shopping in the region. Tesco has recently launched online shopping services in Hungary, Slovakia, Poland and the Czech Republic, highlighting one of the indirect benefits that EU funding can bring for UK businesses." - p75

"[The UK] drove the establishment of a Single Market to bring down internal protectionist barriers, pushed an external posture that is predicated on a free trade agenda, and spearheaded an enlargement process that widens rather than deepens the EU." - p95

"The significant increase in net immigration following EU enlargement has led to perceptions of a strain being put on some services in localised areas of the UK. Some believe that rapid immigration has put pressure on social infrastructure. Although there is strong evidence that immigration has an overall net positive fiscal impact, localised pressures and delays in redeploying resources can occur. A Home Office report has documented some of these pressures, although non-economic migrants such as asylum seekers were found to place a greater burden on infrastructure than economic migrants who account for the vast majority of movement within the EU. This has been especially concentrated in some local areas and has given rise to legitimate concerns about the ability of some areas to absorb and integrate a population influx." - p67

"Moreover, especially in Europe, growth rates are by no means uniform across developed markets. Within the European Union itself, there is considerable scope for further catch-up growth among the accession countries, where GDP per head is, for example, 79% of the EU average in the Czech Republic, 66% in Poland and 47% in Bulgaria. Over the ten years to 2012, these three economies grew by annual averages of 2.9%, 4.3% and 3.4% respectively, despite the impact of the financial and Eurozone crises. Currently, the UK takes little advantage of new trading opportunities with the 13 countries that joined the EU between 2004 and 2013 - together they accounted for only a 3.1% share of exports, highlighting the continuing opportunities in developed markets for UK firms." - p36

"Kingfisher: While EU demand as a whole has suffered from the economic crisis, new markets within the EU are showing great promise. Eastern enlargement of the EU has opened up new opportunities for UK companies through the expansion of the Single Market. For example, Romania's DIY market has trebled in size since 2005 to around \$1bn (2011), and Kingfisher PLC, who own B&Q and Screwfix, expanded into Romania in 2013, acquiring 15 large stores." - p36

"Furthermore, expansion of the EU has made it an increasingly diverse trading bloc: parts of the eastern EU are growing more rapidly and represent an under-exploited trading opportunity. The countries that have acceded to the EU since 2004 have a combined economy the size of Spain and are forecast to grow faster than the EU average. The UK's exports to the 13 accession countries account for 6.8% of its total exports to the EU and EFTA, against their 8.8% share of the region's GDP (excluding the UK)." - p43