

This paper reviews the pros and cons of an early EU enlargement that includes the Central and Eastern European countries (CEECs). The analysis of Maastricht criteria and real convergence enables us to distinguish the subset of transition countries that have succeeded in stabilizing and restoring economic growth from a second subset that failed to do so. For the former group, business cycles symmetry is an important issue. Using the Kalman filter, we compute the time varying correlation of demand and supply shocks in Ireland, Portugal, Spain and eight CEECs, namely the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. Our results emphasize an ongoing process of convergence of demand shocks, but divergence of supply shocks.