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**Abstract**  
Why is it that when economic sectors have strong preferences and mobilise politically on a national and international level one does not always find the respective policy outcomes as ‘demand side’ international political economic theory predicts? In concentrating on the role national and international institutions play in an open polity model I argue that states (governments) and international organisations (negotiations) and the strategies of actors occupying these institutions mediate societal interests according to what I call *the logic of destructive and constructive interference*. States and international organisations act as constraints upon societal preferences at the negotiating table when their interests are not aligned. This is ‘destructive interference’. Conversely, when societal interests and institutional preferences are aligned states and strategies sustain or amplify societal preferences at the negotiating table. This I refer to as ‘constructive interference’.

I apply this conjecture to the fifth EU enlargement process (1998-2004) and the negotiated exemptions to the EU accession treaties. First, I quantitatively compare the universe of cases, i.e. 47 economic sectors across the ten applicant states according to their trade, factor and asset specificity. Subsequently, I subject the theory to a qualitative analysis in three economic sectors, i.e. pharmaceuticals, basic iron and steel and the international road freight transport, across four applicant states, i.e. the Czech Republic, Hungary, Poland and Slovakia. The case studies have been based on sector and country-specific literature and 82 positional and structured interviews.

The theoretical framework on the demand side has been provided by insights from modern political economy. The study finds that enlargement had a redistributive influence on sectoral incomes that resulted in preference formation and political mobilisation along sectoral lines. On the supply side, veto players and negotiation theory, combined with assumptions about political preference formation, provided hypothetical guidance. It finds that governments observed sectoral interests when their demand for protection reduced government expenditure and did not damage popular support for EU entry. On an international level, government negotiators found it easier to extract concessions from the EU when constrained by at least one domestic veto player. The EU would extend these concessions to other countries under the banner of equality and reciprocity.