

THE EUROPEAN NEIGHBOURHOOD POLICY:

Challenges and Prospects

EDITED BY

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// FOREWORD by Jacek Saryusz-Wolski

Chairman of the Committee for Foreign Affairs of the European Parliament, Member of the Board of TEPSA

As Chairman of the European Parliament's Committee for Foreign Affairs, I am particularly pleased to see the publication of this book, which is a result of the very fruitful cooperation between the European Parliament and the Trans European Policy Studies Association.

In September 2007, the European Parliament requested from TEPSA a series of briefings in view of an overall assessment of the European Neighbourhood Policy and in preparation of the Initiative Report "Strengthening the European Neighbourhood Policy", drafted by Charles Tannock and Raimon Obiols, MEPs, and adopted on 3 October 2007.

This important report calls for a fresh momentum for the European Neighbourhood Policy, which covers the EU's political, economic and cultural relations with 16 countries and aims to establish around the EU a common area of peace, stability, security, respect for human rights, democracy, the rule of law and prosperity.

The external expertise provided by TEPSA has been highly useful in informing and focusing discussions of Members of the European Parliament on such a wide range of issues. Consequently, I am convinced that TEPSA's initiative to publish the results of these studies in an edited volume will further contribute to a well-informed public debate among European citizens and their neighbours, and will enable practitioners to get a concise overview of the current challenges and achievements of the European Neighbourhood Policy.

Jacek SARYUSZ-WOLSKI

// THE EUROPEAN NEIGHBOURHOOD POLICY: A VIEW BY THE EUROPEAN PARLIAMENT Ewa Mahr/ Eva Palatova

The European Union needs to have good and strong relations with its neighbours as much as our neighbours need close ties with us. We need to work together and together face the new, shared challenges, which don't know borders - climate change, globalisation, pollution, to name just a few. This is how the European Neighbourhood Policy was born in 2004 - out of necessity and willingness to build a common framework, to be able to work closely together on these issues.

We should be clear that the European Neighbourhood Policy is not the same as the enlargement and these two policies remain distinct from each other. However, the ENP at the same time doesn't close the way to the membership - being a «neighbour» in no way means that one day in the future a country could not become a Member State of the European Union. Of course this perspective is only open for the Eastern neighbours, which are clearly identifiable as European countries.

No policy is perfect and there is always room for improvement. To start with, the European Parliament has on several occasions expressed doubts about ENP's geographic scope, as it involves countries which geographically are European together with the Mediterranean non-European countries. We don't see the possibility to change this framework in the short term but we would like to see what the policy respects the different conditions and differing identities of the regions and countries and, as a result, diversifies the policies towards them. We should also be aware of the very simple fact their our neighbours are not all the same, have various history, culture, aspirations and we should develop our policies accordingly, giving them the most appropriate and tangible incentives for reform, modernisation and cooperation with the EU.

The EP attaches great importance to human rights and fundamental freedoms. It is absolutely vital that the ENP should support these values as they are the basis on which the EU is built. We should of course cooperate with the governments of our partner countries and have a deep political dialogue on these matters, as difficult as it might sometimes be, but this on its own is not sufficient. The civil society should also be strongly supported, as it is crucial in the process of democratisation and it should actively participate in this process. The assistance to the civil society actors should be at the core of the ENP and sufficient funding should be given to this priority.

We also need to make more efforts to bring our societies closer and help them to better understand each other. People-to-people contacts are the key to this, so we should intensify them, starting with more student, cultural and research exchanges. Visa facilitation agreement would greatly facilitate these activities so we should conclude them with the neighbouring countries as soon as possible.

The studies included in this volume have been commissioned by the European Parliament to give us insights into the potential of the ENP to expand the EU's relations with our neighbours, the challenges and the possible improvements to the policy. We should not forget that the ENP, although already a fully fledged policy of the EU, is still quite young as it only started in 2004. Therefore, there is a lot of potential to develop it further, modifying its activities if necessary. Moreover, the ENP is not operating in the vacuum - in the South it is complimented by the multilateral Barcelona Process, in the East the regional dimension is also strengthened, with new initiatives, to name only the Black Sea cooperation. The new developments continue to shape the ENP - the Union for Mediterranean might also have impact on the bilateral relations with our Southern neighbours, the same counts for the latest Polish-Swedish proposal to boost the regional cooperation with the East. Therefore, the European Parliament closely monitors the developments and gives its input into the discussions on the direction the policy should follow. It's a continuous process and we will continue to be engaged in it, particularly in the light of the mid-term review of the European Neighbourhood and Partnership Instrument, which the Commission is planning for 2009, and the review of the Financial Frameworks 2007-2013.

// INTRODUCTION Yvonne Nasshoven

When in 2003 the idea of a European Neighbourhood Policy (ENP) was born, the European Commission described its goal as “to share the benefits of the EU’s 2004 enlargement with neighbouring countries in strengthening stability, security and well-being for all concerned.[...]” (COM 2004/373 final). Especially the danger of establishing a new ‘curtain’ after the “Reuniting of Europe” (Torreblanca, 2001) should be prevented. At the same time the states should be supported in their individual transition process and take on parts of the *acquis communautaire* – without mentioning the possibility of membership in the European Union in relation to ENP. The aims of ENP should furthermore be achieved by a threefold strategy: joint ownership, differentiation and added value. The mechanisms may thus be summarised as the offer of an enhanced relationship that would be ‘as close to the Union as can be without being a member’ and the use of instruments derived from the pre-accession process, including Action Plans with agreed reform targets and a strong element of conditionality.

Looking now back at four years of European Neighbourhood Policy, it is worth revisiting the objectives set out at an earlier stage and analyzing which progress has been made in “promoting a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean” (European Security Strategy, 2003). Up to May 2008 Action Plans had been concluded and are being implemented with 12 countries: Israel, Morocco, Jordan, Moldova, Ukraine, Tunisia, Occupied Palestinian Authority (since 2005), and Armenia, Azerbaijan, Georgia, Lebanon, Egypt (since 2006/2007). Still awaiting are Belarus, Algeria, Libya and Syria.

Consequently, the countries taking part in ENP can roughly be clustered into two categories: those with, and those without a concluded action plan. Among those with an action plan one can differentiate the “willing” and the “passive”, and among those without an action plan the “reluctant” and the “excluded” (Emerson; Noutcheva; Popescu: 2007). But criticism on the effectiveness of concluding and implementing action plans not only refers to the willingness of the countries addressed: as researchers, politicians and EU administrators have over the past years remarked an “enlargement fatigue”, the term has now found a compatriot with the so-called “ENP fatigue” (Barbé; Johansson-Nogués: 2008). The failure to make clear that the European Neighbourhood Policy provides a positive-sum game for both the European Union and the states addressed by this policy is therefore often referred to as a reason for insufficient implementation.

A heterogeneous picture in an ambitious policy

Many reasons can be identified for the perceived failure to clearly identify the added value of ENP for the European Union and the countries:

First, European perspective and current needs of the 16 countries are manifold and heterogeneous. This observation calls for flexible instruments, but coherent measures:

whereas for some of the Eastern European countries membership in ENP could possibly lead at some point to candidate status for membership of the European Union, the Southern countries are excluded for geographical reasons. The European Commission already made clear in 1987 that it did not consider Morocco a European country, when the state applied for membership. With the Barcelona Process in place and the “Barcelona Process: Union for the Mediterranean” decided by the European Council in March 2008, even more challenges are put to the coherency of the different policies of the EU towards the South.

Second, challenges persist concerning the principle of joint ownership. From a methodological point of view, the tool of conditionality used by the European Union for ENP is similar to the approach applied in the Eastern enlargement of the European Union. To some extent, this is due also to the personnel policy in the European Commission, where administrators who before had prepared the Eastern enlargement were asked to develop the framework of ENP. Still, this strategy of conditionality has been subject to criticism and review by the academic community (e.g. Raik, 2006). The EU here needs to find the balance between determining priorities and negotiating them jointly with the states in order to obtain a common understanding on goals and strategies.

Thirdly, the European Neighbourhood Policy has a “marketing problem” vis-à-vis the citizens. According to figures of EUROBAROMETER, only 18 per cent of EU nationals have ever heard of ENP, 45 per cent even think that promoting reforms in the countries could endanger the EU’s own peace and stability. Nevertheless, assisting countries, contributing to peace and prosperity and thus ensuring close contacts to the EU’s neighbouring countries is generally seen as valuable goal.

For the Neighbourhood countries surprisingly no such surveys exist. It would – both from a practitioner’s and scientific point of view – be extremely interesting to see how citizens in ENP countries answer the same questions and, possibly contribute to an enhanced perception of ENP in these states.

This catalogue of course is non-inclusive, but demonstrates the wide picture in which ENP is located: Whereas enlargement and the need to find a new approach towards the EU’s Eastern and Southern neighbours as the borders of the European Union have moved eastwards have been identified as a main rationale for establishing ENP, the policy can also be looked at as part of the foreign policy of the EU. To add even more complexity, also the points of view of Russia – which is eligible for the European Neighbourhood Policy Instrument – and Turkey, which has opted to not be a member of ENP referring to its status as candidate country, have to be taken into account.

The Commission Communication of April 2008 has now taken account of some of the shortcomings of ENP and stated that “The EU must now continue its approach of 1) intensifying the policy and its delivery so that it brings clearer benefits, 2) pursuing a gradualist, performance-based and differentiated course and 3) showing willingness to dee-

pen relations with selected partners where this is warranted and sought by the countries concerned." (COM (2008) 164, 3 April 2008). This of course would also imply to internally negotiate a clearly defined timeline for future enlargements and their conditions.

Structure of the book

The articles in this volume are derived from briefings requested by the European Parliament. They look at the European Neighbourhood Policy from different perspectives, but aim at answering one common question: What has ENP achieved so far, and how can it be improved, or, to put it another way, what are the prospects, what the challenges for a successful European Neighbourhood Policy?

First, Krassimir Nikolov outlines the principle of ownership through the example of the Eastern Neighbourhood. The article aims at conceptualizing this principle in three perspectives: from the viewpoint of EU foreign policy, in the transition stage between EU enlargement policy and European Neighbourhood Policy, and taking into consideration the different attitudes of the actors. He classifies the concept of joint ownership as a follow-up to Eastern enlargement, and even a guiding principle of EU foreign policy. On the basis of the exercise of drafting the countries' action plans, their content and implementation, the author draws conclusions on how to enhance the concept of joint ownership in the ENP context.

Looking at the cost-benefit balance for the ENP countries, two contributions address the Eastern and the Southern dimension individually.

For the East, the contribution of Petr Kratochvil and Barbara Lippert looks at political, economic and social costs. It takes account of the Eastern countries by analysing their specific expectations towards ENP, i.e. the resolution of frozen conflicts, and the role of Russia, which might be conceptualised as an intervening variable in the ENP policy. The article then turns to the strategy of conditionality and concludes that a clearer incentive structure outlining offers and demands can be achieved.

For the Southern dimension, Michelle Comelli and Maria Cristina Paciello identify as main shortcoming the lack of positive outcomes that are also visible to the citizens and not limited to political, economic and social elites. The authors identify incentives which might upgrade the European Neighbourhood Policy with a view to turning it into a positive sum-game for both Southern partners and European Union.

With their article on "The Eastern EU neighbourhood - an area of competing policies: Shared neighbourhood between the EU and Russia" Piret Ehin and Graham Avery look at Russia's political and economic relations with the Eastern Partners of ENP, and delineate the main policy areas that are controversially discussed between the European Union and Russia: Democracy and Human Rights, Energy, Regional cooperation, the settling of frozen conflicts and trade. The contribution closes with proposals on how to enhance the concept of 'shared neighbourhood' between the EU and Russia.

Finally, Annegret Bendiek in her study “The ENP: Visibility and Perceptions in the Partner Countries” clusters the participating countries in four groups and operationalizes the abstract terms of visibility and perception by using measurable indicators. The author points to the main challenges and shortcomings of the ENP and makes concrete policy recommendations to address them.

Naturally, the European Neighbourhood Policy is still evolving. The contributions in this volume therefore address overarching and basic features of the ENP and wish to provide background information as well as stimulate the debate on how to improve this relatively young EU policy.

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// UNDERSTANDING OUR PARTNERS: The Joint Ownership Principle and Its Implementation in the Eastern EU Neighbourhood Krassimir Y.Nikolov

11 Introduction

The concept of joint ownership applied to the European Neighbourhood Policy (ENP) can be traced through practically all important policy documents of the Commission. According to the Strategy Paper of 2004, “joint ownership of the process, based on the awareness of shared values and common interests, is essential. The EU does not seek to impose priorities or conditions on its partners.” (Commission, 2004a) Even earlier, the Commission pointed at the need to develop policy instruments (benchmarks) “in close cooperation with the partner countries themselves, in order to ensure national ownership and commitment” (Commission, 2003). Action Plans and Progress Reports for all Eastern EU neighbours take this principle as a point of departure. One of the main conclusions from the big international conference on the ENP organized by the Commission in Brussels on 3 September 2007, which Commissioner Ferrero-Waldner (2007b) formulated in her report to the European Parliament, was that “many participants underlined the need to further develop the sense of shared ownership”.

Despite the frequent reappearance of the notion of joint ownership in political discourse in an ENP context, it is not sufficiently studied. This paper aims to conceptualise it from several perspectives: in an EU foreign policy setting, in the transition between enlargement policy and the ENP, and from different viewpoints (the EU’s and its partners’) on this very policy. Further on, it analyses how the concept is applied to the ENP process and content. An essential feature of joint ownership – its focus on specific actors within nation states, such as civil society – is considered with special interest in the case of the Eastern EU neighbourhood. The paper concludes about the prospects of future development of this principle and its implementation in the case of the ENP.

21 Conceptualising Joint Ownership in an ENP Context

As a basic approach to designing and practicing the ENP, joint ownership should be viewed from the perspective of the development of this EU policy as a follow-up of the Eastern enlargement. More generally, this concept should be placed in the context of the broad spectrum of principles, approaches and instruments used by international actors in pursuing their foreign policy goals.

2.1 EU goals in the neighbourhood: joint ownership between transformation and cooperation

The complex character of the EU as a post-Westphalian international actor is well displayed by the Eastern dimension of the ENP. On the one hand, the enlarged Union aims at transforming its international environment by exporting its governance regime - i.e. it pursues “milieu goals”. On the other hand, it aims at promoting more specific interests in terms of scope of action (e.g. separate sectors of economy), subjects (member states) or duration – it pursues “possession

goals” (for a definition see Wolters, 1962). Unlike traditional foreign policy actors who conduct their policies mainly on the basis of security concerns, the EU has developed a recognizable external profile over several decades, which has been broadly described as civilian, normative, or transformative power. The “oscillation” (Lavenex; Schimmelfennig, 2006: 144) between the EU’s milieu goals and possession goals is made more acute by its multi-cephalous character as an international actor: While the “Union” as such is seen to be a normative power, its (mostly bigger) member states are perceived as flag-bearers of strategic possession goals.

In the EU’s relations with its Eastern neighbours, problems with these two types of goals appear where and when they compete or even contradict – at given moments in time or in specific settings. The latter is driven by two different logics of policy. Milieu goals design the environment of “tomorrow”; they focus on transforming the object of external action to fit in the design. Possession goals, on the contrary, presume cooperation with this object in securing EU interests; they try to make the best out of “today”. The desire to minimize such inherent tension between change and status-quo in the neighbourhood brings joint ownership and shared responsibility in the picture. Since the launch of the ENP this approach implied placing (most of) the burden of transformation on the EU’s neighbours. By proclaiming the voluntary character of these partners’ engagement with the Union, joint ownership is a key part of “the new external governance mechanisms” (Barbe, 2008).

The growing preeminence of security concerns, such as terrorism and organized crime, migration and borders, energy supply, etc., and the ensuing dependence of the EU on some of its neighbours, has prompted questioning of the validity of “normative power Europe” see Manners 2002, 2004): In many cases, as Tocci (2006: 11) puts it, “if faced with a choice, EU actors often prioritise possession over milieu goals”. Within the span of almost five years, the ENP philosophy appears to have gradually shifted from transformation towards cooperation. The comparison is striking: In December 2002 there were the “Copenhagen proximity criteria” proposed by Prodi (2002). In September 2007, the speeches of Barroso and Ferrero-Waldner at the big ENP conference in Brussels made no reference to democracy promotion and human rights protection. In such a context, the discourse about shared ownership and responsibility serves the purpose of covering up this evolution.

2.2 Joint ownership and the “post-enlargement” EU policy to its Eastern neighbours

The second framework for considering joint ownership is that of the adaptation of the enlargement policy experience to (the Eastern dimension of) the ENP. It is generally accepted as commonsensical that the ENP is a development and adaptation of enlargement policy (within Richard Rose’s definition for policy adaptation¹). Comparisons between both EU policies and conclusions made in a growing volume of literature concern:

- discourse (the Copenhagen accession criteria, the “Copenhagen proximity criteria” and shared values),

1. For Richard Rose, policy adaptation is the process by which “a programme in effect elsewhere [becomes] the starting point for the design of a new programme allowing differences in institutions, culture and historical specifics. Adaptation rejects copying every detail of a programme; instead, it uses particular measure as a guide to what can be done.” (Rose, 1993:31, quoted in Tulmets, 2004: 54).

- policy design (basic principles, policy modes and approaches, such as the notion of conditionality complemented by – or replaced by – the philosophy of joint ownership, partnership, differentiation, participation, deconcentration/ decentralisation and benchmarking), and instruments (legal, political, administrative and financial).

Such parallels lack a temporal perspective and thus fail to fully explain the ENP's complexity. Analysis of the applicability of joint ownership should be made in full awareness that the late enlargement policy is being compared to an early ENP. The late, pre-accession phase (1997-2004/07) of the process of the EU's Eastern enlargement is distinct from its earlier, association phase (up to 1997). In the context of enlargement, pre-accession was characterized by ever stricter conditionality (esp. in 2003-2006 towards Bulgaria and Romania), by the candidates' obligation to adopt 80 thousand pages of the *acquis*, and by substantive accession-driven financial support. On the contrary, the early "rapprochement" phase of the Fifth enlargement process (1989-1997) did not offer the countries from Central Europe a firm EU commitment to membership (in what it shares one major feature with the ENP of today), it supported demand-driven political and economic reforms, and, before fully instrumentalising the Copenhagen criteria, it emphasized softer methods of exporting EU governance, such as the many forms of socialization – structured political dialogue and the multilateral relationship formulated in Essen in 1994 (Nikolov, 1998). Kratochvil (2006: 16-18) implicitly shows awareness of the need to compare the ENP to two distinct sets of enlargement experience by offering an interpretation of the ENP, which he calls "pre-enlargement policy". On the basis of such a distinction, it seems imperative to evaluate the ENP's potential to prepare the Eastern EU neighbours for membership, nor simply to precede a true enlargement policy for these countries, as the term "pre-enlargement policy" would suggest.

A comparison with the whole process of the Fifth EU enlargement could better explain the hybrid character of the ENP. Principles, approaches and instruments of both enlargement phases seem to have been selected and merged into one package. The classical conditionality approach has been complemented by several elements based on deliberation (twinning, reporting, benchmarks, peer pressure, etc.) aimed at socializing the EU's neighbours by exposing them to Union norms, values and standards and pointing at the same time to their own responsibility for domestic reform. Assembling this package of policy tools has led to the ENP being perceived as what Barbe (2008) calls a sort of "bargain policy", about which already the 2003 policy paper of the Commission was quite explicit. This process of adaptation of the enlargement experience to the realities of the enlarged EU's neighbourhood is seen to have formed an "overarching method" of a more flexible "negotiated conditionality" (Tulmets, 2006: 41-42). The joint ownership approach, with its consultations, the desirability of reaching an agreement on common goals and agendas, the involvement of societal actors in policy dialogues, the social learning process during monitoring and reporting, stands central in this specific ENP design as a bridge between traditional conditionality and traditional socialization.

2.3 Eastern partners' views: process but also content

The concept of joint ownership is usually viewed as a deliberative instrument for policy export (Gstöhl, 2007: 22). As such, it is understood as appropriate for promoting acceptance and internalisation of European norms and values through the processes of learning, socialisation and persuasion, and is placed alongside with other positive instruments as twinning, political dialogue, TAIEX, people-to-people exchanges, or with negative ones as peer pressure, "naming and shaming", etc. By touching on the behavioural aspects of bilateral relations this concept tries to play down the fact that, in essence, success in the ENP is conditioned on the "good behaviour" of the partners, not of the EU itself (Smith, M., 2007: 5). On the other hand, substantive incentives and sanctions are seen as a separate group of policy instruments, also in the ENP context – preferential trade, financial aid, participation in conflict resolution, suspension of bilateral arrangements, etc. Such an approach to joint ownership focuses only on process-related aspects of bilateral EU relations with ENP partners – shared agenda setting, monitoring, consultations and dialogue, etc.

Limiting the notion of joint ownership only to procedure is far from satisfactory for the Eastern ENP partner countries. When touching this topic, their public discourse does indeed offer either support for or criticism to the process of ENP making and implementation (depending on the specific policy field), but it also tends to quickly step beyond procedure and dwell into the content of relations. Political debates invoke also other notions - e.g. (im)balance of commitments, matching incentives and rewards, gaps between commitments and delivery, etc. – which the EU's Eastern partners find essential for substantiating the ownership concept. Therefore, further analysis of joint ownership takes account of both process- and content-related problems and opportunities.

3 Joint Ownership and the ENP Process

Considering joint ownership from a process perspective is essential in itself in view of the deliberative character of this approach. Moreover, this is exactly the aspect that is consistently emphasised by EU actors (Commission and member states) in an effort to assert universal validity of this interpretation.

The process of launching and carrying out the ENP in the Eastern EU neighbourhood was influenced by a set of factors, such as power inequality (with the EU being obviously the stronger player, even in relations with Ukraine), the blueprint of the EU's enlargement policy, geopolitical challenges. The rigidity and complexity of EU procedures had their impact on the application of the philosophy of partnership, ownership and participation with various shortcomings (Tulmets, 2006: 38).

3.1 Action Plan negotiations

Negotiations between the EU and its Eastern neighbours took place between January and June 2004 (with Moldova and Ukraine) and between November 2005 and May 2006 (with Georgia, Armenia and Azerbaijan). When assessing this stage of the ENP in retrospect, virtually all observers agree that the Union's capacities of an influential actor were unchallenged "despite the lack of convincing sticks or carrots" (Helly, 2007: 111) for the partner countries.

Views on the application of shared ownership are not so unanimous. The Commission claims to have kept its promise: its official papers of December 2006 stated that the Action Plans had been “fully negotiated and mutually agreed at political level” (Commission, 2006g, see also 2006e, 2006f). Some analysts disagree and refer to the rigidity of the Action Plans framework (Popescu, 2006: 8). They note that the first series of Action Plans, in particular, was “but little negotiated” (Helly, 2007: 105) and that only negotiations with Egypt served as a break-point (Israel being a special case). Others, by contrast, admit that even at the initial stage, when memories from enlargement were still fresh in the minds of Commission officials, the first Action Plans (with Moldova and Ukraine) were “individually negotiated and jointly agreed” (Buscaneanu, 2006: 15). A more detailed assessment would need to consider the Commission’s responsiveness to partners’ initiatives and the dynamics of negotiations.

Commission responses to partners’ draft Action Plans

Practically all five Eastern ENP partners had developed their national strategies on European integration before Action Plan negotiations started. On the basis of such a concept document, it became a challenge for Moldova’s negotiating team to develop the country’s priorities in the format that would exactly fit the design of the Action Plan. The country’s Foreign Minister Andrei Stratan committed himself and his team “to prioritise the actions to be taken and come up with its own vision of the document (ADEPT 2004:24) only after holding the first negotiation round on the Action Plan. Armenia and Georgia drafted their own “Framework Proposals for Action Plan” in June 2005 - a trimester before the start of their negotiations (Stritecky, 2006: 66).

Declarations about joint ownership failed to materialize at the opening of talks. In the view of Georgian negotiators, the Commission delegation was shocked that Georgia had dared to propose its draft and put it aside. Commission officials claimed that “this is our document!”² and insisted that the EU Action Plan structure be accepted as a basis of further talks. Earlier experience of Commission staff with Accession Partnerships, which had been written “almost by ourselves”, set a very difficult pattern of negotiations with the Eastern ENP partners, which were “sovereign states” without a membership perspective.³

The tempo of negotiations: impact on differentiation and joint ownership

Additional rounds of talks

Negotiations were structured to take place in three rounds of talks. That was the pattern foreseen in advance, and that became the established practice during the “second wave” of Action Plans preparation with ENP partners in the South Caucasus. What helped confirm this pattern was the steep learning curve at the initial stage (the first series of Action Plans). Moldova’s example is telling. Out of four working groups preparing this country’s Action Plan - on political dialogue and regional cooperation, on economic development, on infrastructure, education and environment, and on justice and home affairs - all except the first managed to conclude their work during the third round of talks (ADEPT 2004:32). The demand of Moldova to obtain EU commitments for a pro-active role in the settlement of the Transnistrian conflict - which occupied the bulk of time of negotiations under

2. Interviews at the Mission of Georgia to the EU, September 2007, Brussels.

3. Commission staff retrospective views are based on an interview at DG “Relex” in February 2006, quoted in Tulmets (2006: 44).

the political dialogue and regional cooperation section - necessitated an additional round of talks in June 2004, while the rest of the text had already been finalized and agreed.

Short deadlines: impact on quality and ownership

The difficulty of applying the “joint ownership” principle in the Moldovan case arose from (a) the very short deadlines for response set by the Commission, and (b) the absence of sufficient English language knowledge among key civil servants, mostly in line ministries, which necessitated two-way translations of draft texts and thus limited time available for generating substantive input (Gheorghiu, 2005b: 10).

Looking back at the negotiation stage, the EU’s partners in the East emphasise that joint ownership can be fostered if the EU/Commission treats its interlocutors within the ENP as respectful partners and if it avoids sending documents for approval within 48 hours, which makes inter-ministerial coordination very inefficient, if not impossible.⁴ Short deadlines have proven particularly problematic for diplomats from Ukraine and Moldova in the process of alignment to EU declarations and positions under CFSP. Their colleagues from the South Caucasus are likely to go through the same process. Previous experience within the accession process cannot be very encouraging for ENP partners, as it suggests that this is standard Commission practice: imposing extremely short deadlines on partners while protracting its own deadlines for reaction.

Negotiation delays: hostages of parallel talks

The tempo of negotiations was slowed down not only by the Commission as an on-site negotiator, but also by the member states. Since at both stages (first and second “wave”) talks were conducted with all selected ENP partners on the East and on the South, individual bilateral problems between one/some EU member states and one single partner country blocked the whole process. This occurred:

- In-between negotiating rounds: Moldova had a gap of 3½ months from the 2nd to the 3rd round of talks because EU member states wanted to “review negotiation outcomes with all neighbouring countries [...] so as to determine future actions” (ADEPT 2004:27).
- After the whole text of the Action Plan with the respective ENP partner was agreed. This happened both at the first and at the second stage.
 - Action Plans with Ukraine and Moldova were ready by the end of June 2004, their signature was expected in July 2004, so that they become effective by September of the same year (Stratan, quoted in Buscaneanu 2006:20). However, stalemate in EU negotiations with Israel blocked all seven documents, and the whole package was launched by the Commission only in December 2004.
 - Although the texts of Action Plans with Georgia and Armenia had been agreed by the summer of 2006, these negotiations became hostage to the blockage of talks with Azerbaijan, which had been complicated by a completely unrelated conflict with Cyprus over a charter flight from Baku to the “Republic of Northern Cyprus”. In that case, too, signature of all three documents was delayed till November 2006 (Stritecky, 2006: 66; Helly, 2007: 105).

4. Interviews at the Mission of Moldova to the EU, September 2007, Brussels.

Failures of differentiation and impact on ownership

The two cases above can be regarded as proofs that “the EU is bad at differentiation” (Popescu, 2006: 8). This basic principle of the ENP, which implies direct dependence of the intensity, level and dynamism of bilateral relations on the commitment of the respective ENP partner to the agenda of political and economic reforms, has been repeatedly emphasized in Commission policy papers and in public speeches of EU leaders (from EU institutions and EU Presidencies alike). It is directly related to the joint ownership approach, insofar as it encourages the initiative of the EU’s partners and their decisiveness in taking their own responsibilities in moving the ENP forward. Thus, the joint ownership of the Action Plans is viewed as “the second aspect of differentiation” (Tulmets, 2006: 35).

The EU’s failure to apply the principle of differentiation gives the impression of the ENP being based on a “one-size fits all approach” (Tulmets, 2006: 50). In consequence, it has had the effect of de-motivating political elites and the civil service in the Eastern EU neighbourhood to advance with painful domestic reforms. The examples given above of confronting principle with practice have seriously undermined the joint ownership aspect of bilateral relations under the ENP (Gheorghiu, 2005b: 10).

Action Plan negotiations as a learning process

Action Plan negotiations can be viewed as social learning. According to Tocci (2006: 13) they are the first phase of a mutual learning process, which involves both sides of the ENP dialogue. If successful, such a learning process can set the stage for cooperative and comprehensive contacts of various stakeholders in the neighbours and EU actors. That, in turn, serves the purpose of reaching “cognitive convergence between the various actors [...] through socialisation and persuasion” (Tulmets, 2006: 41-42), and could induce transformation, which, being voluntary, has the potential of becoming deeper and long-lasting.

For the Eastern EU partners, the generally low level of understanding for the ways and means of EU decision making and legislation can be taken for granted. On the EU side, preoccupation with the Eastern enlargement and the fact that the ENP had to be developed, roughly speaking, by the staff of DG “Enlargement” of the Commission, led to lack of sufficient expertise in the EU negotiating teams on the Eastern partners. The respective country reports – which serve as a knowledge base – were presented by the Commission several months after the initial versions of the first series of Action Plans (including Moldova and Ukraine). This gap was the reason why some analysts saw these initial drafts as “not very well prepared” (Gheorghiu, 2005b: 3). In the Moldovan case, for example, the speed of talks was negatively affected by the “reciprocal lack of knowledge of the EU about the policy developments in Moldova and of the latter about EU policies, programmes and standards. During the negotiations the EU had to rely much upon the information provided by the Moldovan Government, while the latter had to wait for the EU feedback as regards its standards and requirements.” (Buscaneanu, 2006: 21) Another observer notes that, towards the end, “bottom-up lesson learning from the field to the capitals and to Brussels has increased levels of both field-informed and EU knowledge among EU staff” (Helly, 2007: 110). In sum, mutual dependence on information provided by the other side on the basis of insufficient expertise has become a specific expression of joint ownership and shared responsibility at the initial stages of the ENP. It is still too early to judge if, while ENP implementation advances, the two sides have developed a relationship of interdependence based on growing mutual trust.

3.2 Action Plan implementation and monitoring

Institutions and deliberative mechanisms

From the outset, the ENP refrained from developing legal frameworks between the enlarged Union and its neighbours to the East and the South, although the European Economic Area (which is anchored in international law by the respective agreement) had been briefly considered as an end goal. The bilateral agreements of the Community and each ENP partner – the Partnership and Cooperation Agreements (PCAs) on the East – remain the legal basis for this policy. In terms of institutions there are no novelties either – the traditional setup for EU external relations is applied. The existing bodies under the PCAs – the respective bilateral Council (ministerial level), Committee (level of senior officials) and sub-committees (expert level) – are meant to contribute to policy monitoring.

Although the PCA Council is seen to have some say – e.g. it approves the Action Plans, it participates in monitoring – in reality its role is modest. Thus, it acts only after the Council of the EU has given its approval for the Action Plans, and it is hardly realistic to expect that the PCA Council (i.e. the EU foreign ministers and the foreign minister of the given ENP partner country) will act differently from the EU Council.

The role of the Commission

As regards policy implementation, the PCA Council (a bilateral body) has been overshadowed by the Commission. In fact, “the European Commission acts as the ENP’s secretariat” (Pardo, 2005: 254) and plays a central role by profiting from its major power inside the EU – that of “holding the pen” in initiating all policy documents relevant for monitoring, evaluation and forward planning. The role of the Commission’s DG “Relex” cannot be overstated. The management of the ENP through policy coordination is sometimes likened to the well-known intra-EU phenomenon of “governance by committee” (Tulmets, 2006: 44). However, the role of the Commission in this case, as a mediator between the ENP partner and the EU member states, seems to be more prominent as compared to its traditional function in intra-EU committee governance. What could potentially question this central role in the future (also in view of the debate on the “strengthening of the ENP”), is the tendency to spread the scope of policy to include fields of action (e.g. more serious involvement in conflict settlement), which do not “fall within the remit of the Commission, let alone DG “Relex”” (Missiroli, 2007).

The use of deliberation

Deliberative mechanisms have been regarded as essential in the ENP design from the perspective of joint ownership. Yet, with hindsight to the first years of policy implementation, some observers conclude that “deliberative procedures remain rather limited” (Tulmets, 2006: 45). Some analysts recommend that partners should request more regular feedback from the Commission (Popescu, 2006: 12). At state level, Moldova has indeed requested additional deliberative instruments for strengthening Action Plan implementation: more sub-committees, more frequent meetings with a more focused agenda, a higher degree of the Commission’s responsiveness for ad hoc meetings. By way of comparison, high-ranking Moldovan officials claim that they received more assistance from new EU member states than from the Commission.⁵

5. Trilateral consultation formats (Moldova plus a new EU member state to provide expertise and an “old” EU member state to provide funding from national sources) were especially useful. (Interviews at the Mission of Moldova to the EU, September 2007, Brussels).

There are less critical accounts of the importance and usefulness of such communication, as well. Thus, Georgian civil society assesses positively the EU's responsiveness in the process of approving the country's Action Plan Implementation Tool.⁶ As 2007 was a pilot year for the implementation of the Action Plan, the EU "considered most of [Georgia's] comments and made it easier for Georgia to implement responsibilities described in the document" (OSF-Georgia, 2007: 15). On the other hand, internal bureaucratic procedures in the Commission are seen to cause delays of EU assistance in Action Plan implementation (Popescu, 2006: 9).

Disagreement on reporting: whose ownership?

Reporting rests entirely in the hands of the Commission, "in close cooperation with the Secretary-General/High Representative, as appropriate" (Commission, 2004b, 2004c, 2006e, 2006f, 2006g.). This is the case for both mid-term reports (to be prepared on the 2nd year, for Ukraine and Moldova, or on the 3rd year, for Georgia, Armenia and Azerbaijan, after launching the Action Plans) and final reports evaluating progress achieved (to be drawn up after 3 years or 5 years for each group of Eastern ENP partners). The EU has been strongly criticised by partners – most notably by Ukraine – for not allowing joint reporting and joint evaluation of progress in Action Plan implementation to be done by the same body as for the adoption of the Action Plans (the PCA Council). Although the Action Plan envisages that the partner country will provide information for the Commission report, the Ukrainian has voiced dissatisfaction that its information was not taken into account by "Brussels". Joint ownership was exactly the argument used by the partner countries in order to justify the claim for assessing progress together with the EU: shared responsibility, in their view, should be applied to implementation, as well as to evaluation.⁷

Before this disagreement with ENP partners arose, there had been internal consultations in the Commission about applying the method of joint reporting – elaborate one report by the Commission and the respective partner country.⁸ However, these ideas didn't fare well, and the Commission adopted the approach of parallel independent reporting: the partner country prepares its report (if it wishes to do so), and the Commission prepares its progress report. This decision was adopted basically on the grounds of effectiveness. The Commission felt that joint reporting would have led to much more effort and energy being spent/wasted on agreeing about the wording in the report, rather than on Action Plan implementation proper. The report prepared by the partner country is considered by the Commission, alongside with all other sources of information, which the Commission uses – EC delegations, PCA sub-committees, NGOs, etc.

In this debate about reporting, the effectiveness argument has outweighed the claim for joint ownership. The reporting model, which was established for Moldova and Ukraine, is applied also for Georgia, Armenia and Azerbaijan. It would be unrealistic that the Commission drops the power of assessment. Yet, as of mid-2007, an authoritative Georgian civil society paper shares the expectation that the evaluation of performance and quality of activities under the Action Plans will be done by a joint group of EU and Georgian experts (OSF-Georgia, 2007: 15).

6. The "Implementation Tools" are documents meant to assist the implementation of bilateral Action Plans under the ENP by providing more specific benchmarks (quantitative or qualitative goals to attain, deadlines, etc.) in order to assess progress made in carrying out various Action Plan provisions.

7. Interviews at the Mission of Ukraine to the EU, September 2007, Brussels.

8. Interviews at DG "Relex" of the European Commission, September 2007, Brussels.

Guidelines on reporting: can they be jointly owned?

The first reports of Ukraine and Moldova on Action Plan implementation were made public in September 2005, and became the target of criticism for their low quality – observers assessed them as too long and descriptive, insufficiently focused and “self-laudatory” (Popescu, 2006: 6). The quality of reporting was a key issue at stake both on the East and on the South. One reason for this, among others, is the lack of clarity on the monitoring process. For example, the initial Action Plan Implementation Tool sent to Tbilisi “did not have performance/progress indicators and specific monitoring instruments” (OSF-Georgia, 2007: 15).

These problems have encouraged active ENP partners (e.g. Jordan) to ask guidelines from the EU on reporting in order to improve the quality and increase the compatibility of their own reporting with that of the Commission. DG “Relex” has developed such guidelines for reporting, which would be valid for Commission services in order to make reports more detailed and comprehensive and capable of ensuring quality control.⁹ Such guidelines serve as a good methodological tool if they are exhaustive and precise.¹⁰ A much more important yet difficult and politically sensitive decision for the Commission to make is to further refine and specify the toolbox of benchmarks to be used for assessment and reporting.

The partners’ demand for reporting guidelines from the EU is a perfect case for joint ownership. It raises the question about the possibility and desirability of making them public.¹¹ Their primary addressees should remain the same – Commission services and delegations. They will be made available to the ENP partner countries, but will not be imposed on them. They can be useful with their methodological focus. Moreover, if they contribute to clarifying benchmarks in the various chapters of the Action Plan, as some partners have continuously demanded, they can become a reference grid or a “soft tool” of policy implementation. The successful application of reporting guidelines will be essential for the management of the Governance Facility, which is proposed in the Commission’s paper on strengthening the ENP (Commission, 2006g) in order to provide additional financial assistance for the countries that advance most with domestic reforms. Their publication could become a “pull factor” towards more compatibility between approaches to reporting adopted by the EU and the partner countries, and towards more predictability and transparency of the ENP process.

4I Joint Ownership Action Plans Content

A focus on the substance of Action Plans from the perspective of joint ownership is triggered by the understanding shared by ENP partner countries that this approach is not only about process but also about content, as argued under 2.3. above. The text below examines:

9. Interviews at DG “Relex” of the European Commission, September 2007, Brussels.

10. Reporting guidelines logically cover such methodological issues as: diversify and cross-check information sources; distinguish activity from activism; avoid subjective opinions; report factually, not prescriptively; balance progress and shortcomings; exhaust fields and sub-fields; write conclusions accessible to non-specialised readers.

11. Partial publication can also be considered, either because parts therein might concern technicalities (the Commission’s internal administrative procedures), or because that might lead to disclosing information sources, which would open the door to lobbyist pressures or could harm sources.

- explicit references to joint ownership in the content of the Action Plans;
- the application of this principle in designing the structure (and the priority lists) of the Action Plans;
- the degree to which key ENP fields (for the EU, as well as for partners) are treated on the basis of this principle;
- the selective interpretation of the content of Action Plans from a joint ownership perspective; and finally
- temporal and spatial incentives and disincentives for applying joint ownership.

4.1 Explicit references to joint ownership

Explicit references to joint ownership in basic EU documents are important to trace at two stages – of promise (the five Action Plans signed with Eastern EU neighbours) and of evaluation (the two Progress Reports published in December 2006).

Taking as a point of departure the Commission policy papers on the ENP (Commission, 2003, 2004a), all five Action Plans contain almost identical references to the principles of joint ownership and differentiation, to the respective country's commitment to "jointly agreed priorities," etc. Since policy papers provide sufficient justification, the brevity of the Action Plans on the substance of these principles is understandable. Commitment to joint activities is promised in several specific sectors (fields of action): legislative rapprochement in industry, trade relations, research, etc.

At the stage of evaluation, anchoring to joint ownership remains loose, be it with respect to Action Plan negotiations, interim reporting, and, what is more important, joint implementation in specific policies:

- The Progress Reports on Ukraine and Moldova offer only one brief reference to the principle of joint ownership being applied in preparing the Action Plans.
- The two documents make clear that, while implementing the Action Plans, the interim progress reports (in November 2005 and March 2006) were developed by the Commission and were "shared with the Ukrainian/Moldovan side" (Commission, 2006d: 2, 2006e: 2).
- Sector-focused analysis in the Progress Report for Ukraine implicitly opens the possibility for applying joint ownership during the Action Plan's implementation in just one sphere of activity in Ukraine, which in the EU remains mostly a national competence and lies mostly outside the *acquis communautaire* – scientific cooperation. There, the Commission not only speaks of developing "closer and coordinated implementation tools," but also admits the possibility of more pro-active Ukrainian involvement in "joint decision shaping" and "creating progressively common research agendas" (Commission, 2006d: 16).

4.2 Action Plans' structure and priority lists

The structure of the five Action Plans gives evidence of the limited degree of application of joint ownership. The design of these documents has followed the blueprint of enlargement policy, and more specifically of the Accession Partnerships for the (then) Central European candidates, and has undergone but few structural modifications. The general power imbalance

between the EU and the respective ENP partner country has also contributed to an EU-centric perspective of the agreements reached in the various fields of action. This has resulted in priority lists where only a few of the common objectives and joint actions are authored by the partners, and they are pushed to the top of the agenda on even rarer occasions.

Common features

All five Action Plans share two common features. First, their general structure is in conformity with the Copenhagen criteria: (a) political reforms (democracy, human rights, rule of law, etc.), (b) economic reforms (restructuring and strengthening market principles, business climate improvements, etc.), (c) legislative harmonisation and cooperation in a number of policy fields (internal market regulations, some sectoral policies, justice and home affairs cooperation, foreign and security policy, etc.). The fact that the accession criteria have served as a point of departure is assessed positively by scholars from the region (Gheorghiu, 2005b: 3). Second, in many fields that are subject to cooperation, the exact formulation of priorities in all five Action Plans is almost identical – be it in trade, in economic restructuring or in several sectors.

In sum, the priority lists form a tight package, which seems difficult to break. A compact assessment of these lists shows that (based on Balfour, Missiroli 2007:36):

- 4 priorities are common to all 5 Action Plans: democracy development, investment/business climate development, fight against corruption, conflict resolution);
- 6 priorities are present in 4 out of 5 Action Plans: freedom, security and justice, energy sector development, cooperation in border management, judicial reform, regional cooperation (security related), socio-economic development / poverty reduction;
- 4 priorities are present in 3 out of 5 Action Plans: promotion of human rights and fundamental freedoms, rule of law, convergence of economic legislation, environmental concerns and promotion of sustainable development.

Distinction between “first and second wave” Action Plans

At a lower level of organisation, the five Action Plans with the Eastern EU neighbours can be split in two groups, chronologically and geographically – Ukraine and Moldova on the one hand, and Georgia, Armenia and Azerbaijan, on the other. Such a sub-regional grouping, however, is much more a product of EU-centric strategic views about bilateral relations with each ENP partner, rather than the result of a concerted group effort by the partner countries.

- The Action Plans for Moldova and Ukraine have two priority lists, which the South Caucasian partners lack. Apart from the elaborate description of the order of priorities, these two documents contain a “short list” of common objectives and tasks, to which “particular attention should be given” (Commission, 2004b: 3-4, 2004c: 3-4). These are very diverse lists comprising specific sub-sectors of policy (e.g. disarmament and non-proliferation) and even concrete short-term tasks (e.g. holding parliamentary elections in 2005). On the other hand, a number of bullet points on these “short lists” demonstrate the EU’s responsiveness to include issues that are of high importance for the partner country and, in this way, to show some degree of flexibility about applying the enlargement process blueprint. That is where the Transnistrian conflict – a matter of national security for Moldova

- stands at the top of the list, and EU-Ukrainian consultations on crisis management are explicitly mentioned. The Action Plans with the South Caucasian countries do not offer such “short lists” and just follow the general pattern of elaboration of the texts, without structural novelties.
- Issues related to people-to-people contacts (including science, education, culture, civil society, etc.) are treated differently in the two sub-groups. This package of objectives is singled out as a separate priority in the Action Plans for Moldova and Ukraine. On the contrary, the other three documents only envisage separate activities from this package placed in other contexts.
- The 2+3 Eastern partners’ distinction is instrumental also in exemplifying the EU’s reflex to support regional cooperation in more distant locations while showing reticence to do so on its doorsteps (Smith, K., 2005). In the case of the Eastern EU neighbours, what should be a priority for the three is not so for the two. The South Caucasian Action Plans contain a special emphasis on promoting regional cooperation among Georgia, Armenia and Azerbaijan. While there is almost no regional cooperation to promote (yet), the challenge for the EU will be to support broader and less conflicting formats for cooperation involving these three states.¹² This urge towards regional cooperation in the Caucasus is in contrast with the EU’s reluctance to respond positively to Moldova’s geopolitical gravitation towards South Eastern Europe.¹³

A test case: frozen conflicts in the priority lists

Perhaps the single issue that could be a test case for the relevance of joint ownership is the priority accorded to conflict resolution. In a region where four out of five partner countries suffer from frozen conflicts, they have grown into a matter of national security. In general, there is a strong perception that the success of the ENP on the East “is conditioned by more active involvement in conflict prevention and resolution” (Stritecky, 2006: 64). The success of joint ownership to help ENP partners push a conflict up the Action Plan priority list varies.

- Moldova has managed to place the Transnistrian issue on the top of the agenda (2nd place in the elaborate description and 1st place in the “short list”).
- Azerbaijan has convinced the EU, as well, to place Nagorno Karabakh at the highest place in the Action Plan.
- Armenia, departing from a different position, has been more reserved at the start, but has also displayed activism to include Nagorno Karabakh in its priority list, as soon as it realised that its rival (Baku) lobbied with the EU about that.¹⁴

12. Georgian NGOs point at the inability of the South Caucasus to constitute itself as a region, due to numerous conflictual issues that remain unsettled among the three countries and to the influence of great powers, and they call upon Europe to stimulate cooperation between the three countries by means of involving them in broader regional frameworks, such as the Black Sea. (OSF-Georgia, 2005: 4).

13. The text of objective 15 of the Action Plan admits “Moldova’s targeted cooperation under activities of the Stability Pact for South Eastern Europe”, although sees such cooperation strictly as “complementary” to the ENP framework. (See Commission, 2004c: 11). Such EU insistence on the centrality of the ENP framework for Moldova is based on the Union’s unwillingness to tacitly give a “membership promise” to an ENP country by letting it enter the group of countries in South Eastern Europe who already have obtained such a promise.

14. Interviews at the Mission of Armenia to the EU, September 2007, Brussels.

- Georgia, on the other hand, had “the highest expectations and subsequent words of dissatisfaction” (Stritecky, 2006: 64). In Tbilisi they were very disappointed not to have obtained a high level of commitment from the EU on this issue (6th place in the Action Plan), although its secessionist regions Abkhazia and South Ossetia represent a major challenge to its territorial integrity and its lobbying efforts have been considerable.¹⁵

Partners’ assessments of achievement on the ownership of priority lists are not always realistic. Moldova’s Foreign Minister claimed that his delegation “managed to prove of being able to achieve all the objectives set” (ADEPT 2004:26). However, a detailed evaluation shows that, out of four specific issues, which Moldova insisted to be included in the Action Plan, one (a separate chapter on Transnistria) was achieved as a general objective, albeit with a prudent wording of EU involvement, one (the opening of EU programmes and communication networks for Moldova) was partially realized, and on the remaining two (preferential visa regime and asymmetric trade agreement) EU commitments were made in very elusive wording. On a rather more realistic note, Georgian negotiators admit that Georgia managed to insert “below 50% of its priorities” in the text of the Action Plan during the later stages of negotiations.¹⁶

4.3 Perceived problems about EU commitments

The content of policy, as reflected in the ENP Action Plans, raises questions among external observers and stakeholders alike about several types of problems related to the principles of joint ownership and shared responsibility: vague provisions in the texts, imbalance of commitments and even the perception of non-fulfilment of commitments already made.

Vagueness

Some observers (Buscaneanu, 2006: 27) express concern that there are cases where the formulation of specific objectives in the text of the Action Plan does not make clear which side – the EU or the partner country – should be in charge of implementation. Instead of displaying shared responsibility, this might result in blurred responsibility, which would most likely lead to diverging interpretations and tension at the stage of evaluation.¹⁷ Think tanks also note with concern in their reports the lack of concreteness in the various ENP-related documents – the Action Plan itself, the Implementation Tool and the government’s implementation strategy for 2007 (OSF-Georgia, 2007: 17). Each actor in the institutional chain taking part in the joint ENP exercise (line ministries – government – European Commission) is tempted to shift responsibility for the lack of concreteness in “its” document to the same defect of the previous document. This is a general problem of implementation that might block progress on the ground and, in consequence, to not very encouraging evaluation later, when progress reports will attract public attention. Politically, joint responsibility might have its negative equivalent – laying the blame of failure on the other actor. Strategically, such failures will impact on the prospects for upgrading relations with the EU.

15. Interviews at the Mission of Armenia to the EU, September 2007, Brussels.

16. Interviews at the Mission of Georgia to the EU, September 2007, Brussels.

17. Interviews at the Mission of Georgia to the EU, September 2007, Brussels. The examples given for such less-than-clear formulations – research and technological development – are, fortunately, not among those with a substantive volume of *acquis communautaire* that would be expected to be harmonized.

Imbalance between the commitments of the EU and those of its partners

The rhetoric of joint ownership has stimulated debates in ENP partners about Action Plan implementation,¹⁸ in which efforts by both the respective partner country and the EU itself are placed in parallel and of commensurate significance and political weight. Thus, while the partners are expected to undertake a package of political and economic reforms, the EU is generally expected (a) to become seriously involved in finding viable solutions to frozen conflicts, (b) to contribute to more dynamic people-to-people contacts by means of enhancing work on visa facilitation, (c) to undertake steps towards full involvement of the partner countries in EU programmes, and (d) pending a positive evaluation of the implementation of the Action Plans at the end of their duration, to make a firm political commitment about the launch of negotiations on upgrading the legal basis of bilateral relations – the conclusion of a new agreement (Gheorghiu, 2005a: 9).

In expert circles from the “first wave” ENP partners in the East, both civil servants who have been directly involved in implementation and independent analysts (Buscaneanu, 2006: 26) point at the imbalance between (a) objectives and actions referred to Ukraine and Moldova (most of them, in their view), (b) those referred jointly to Moldova/Ukraine and the EU, and (c) yet rare ones that refer only to the Union. Given the limited number of commitments made by the EU, some observers question the Action Plan’s reciprocal and bilateral character (Gheorghiu, 2005b). Irrespective of the features of the process (Action Plan negotiations), an assessment of the results (the text of the Action Plan) discloses an important dose of self-interest on behalf of the EU and strong centre-periphery characteristics being more or less commanding (Smith, K. 2005; Stetter 2005). Such imbalances make it imperative, according to civil society experts from the region, that “the EU must get involved in the implementation of the document (including with technical and financial assistance in accordance with its complexity) beyond the monitoring [because] it holds economic and political resources” to assist successful Action Plan implementation (ExpertGroup and Adept, 2006: 11).

Despite all criticisms described above, experts remind that the current commitments of the Union vis-à-vis its ENP partners should be compared to those made in the PCA framework. On such a background, they conclude, “the overall EU engagement through the Action Plan seems more visible and participative” (Buscaneanu, 2006: 32).

Partners’ perception: EU commitments not met

Apart from the problems of vagueness and reluctance to make promises, there are examples where the EU has managed – willingly or not, correctly or not – to consolidate the perception among its Eastern partners of not meeting commitments already made. As joint ownership is, in essence, a deliberative approach, perceptions are important and should not be disregarded.

EU-Ukrainian cooperation in the field of crisis management in an ESDP framework might offer an example.¹⁹ The Union has used Ukrainian transport aircraft for its missions in the world on a case-by-case basis. Yet the EU’s commitment – as seen from Kiev – to reach a long-term agreement with Ukraine

18. Interviews at the Mission of Ukraine to the EU, September 2007, Brussels.

19. This case is presented on the basis of interviews at the Mission of Ukraine to the EU, September 2007, Brussels.

on the use of long-haul aviation for EU peacekeeping missions is still not met. Ukraine claims to have submitted a proposal, which has remained unanswered. The Union's only reply was that "it had not yet defined its needs." Ukraine emphasizes the two-fold importance of this agreement: First, from a political point of view, it would mean stepping up bilateral cooperation in ESDP. Second, from a practical/economic point of view, it would avoid an intermediary role of Russian companies in the business of offering long-haul aviation services (re-lending), which makes the service more expensive and makes both the EU and Ukraine lose. A positive precedent could be the agreement signed by Ukraine with NATO on the same subject. However, it seems that some big EU member states block the agreement with the hope (as it is seen by Ukraine) to develop their own capacities for providing such services.²⁰

4.4 Some key ENP fields of action relevant for joint ownership

The degree, to which the EU's ENP partners on the East have espoused the principle of joint ownership, can be tested in three important domains: (a) at general level – commitment to undertaking political and economic reforms at home as a whole as a response to the ENP offer; (b) selected from the top of the EU priority list – commitment to democracy promotion, human rights protection and the rule of law; (c) selected from the top of the partners' priority list – commitment to conflict resolution.

Commitment to domestic reforms in general

Commitment to reforms at political level in the partner countries is crucial for the success of ENP Action Plans implementation. Despite the short "biography" of the ENP, it is likely to become a major transformational resource to be used by political elites in the five Eastern EU neighbours – albeit to a different degree in each of them. In the view of Armenia's foreign minister, political and economic reforms are "our only resource" capable of "strengthening and empowering our society" (Armenia's MFA press-release, 2006.10.02). Georgia's foreign minister, in his turn, qualifies closer alignment with EU standards as a "self-disciplining process" of the government and public administration, as well as of civil society (Bezhushvili, 2007a). Such views are shared by civil society organizations in several ENP partner countries. For example, in line with the joint ownership principle, Georgian NGOs regard the implementation of the ENP Action Plan as being "in the direct interests of Georgia and its population, so the attitude towards its implementation should not be motivated only by the end result of possible accession to the EU" (OSF-Georgia, 2007: 24).

Anticipatory ownership

Some analysts of the Moldovan ENP Action Plan observed that two important sections of the document – those on political dialogue and reform and on JHA – were "almost identical" with the respective sections of the European Strategy of Moldova, which had been adopted before the launch of negotiations (Buscaneanu, 2006: 32). Such comparison could prompt someone conclude about EU responsiveness during negotiations, especially on sensitive political topics. This might, however, be a premature conclusion, since this strategy, in turn, "strikingly resembles the European integration strategies" of the candidate countries from Central Europe (Ibidem). The EU, therefore, has chosen to

20. Interviews at the Mission of Ukraine to the EU, September 2007, Brussels.

be responsive on an issue, which had already been aligned with European approaches and practices. It would be more correct to view this apparent confirmation of the joint ownership principle as a *fuite en avant* – anticipatory adoption by Moldova of conditionality-driven objectives formulated earlier, which is followed by the latter’s acceptance by the EU for inclusion in the Action Plan.

Diverging reform strategies

From the very beginning of their efforts to deal with the EU under the ENP, partner countries faced a dilemma, which is well known from the Eastern enlargement – that between transformation and integration, and between modernization and integration. In the medium term, the implementation of Action Plans was compared to that of other sectoral transformation and modernization strategies developed by other international agencies (UNDP, Council of Europe, etc.). This parallel made clear that while an Action Plan “takes EU legislation as ideal”, other strategies adopt “a more pragmatic approach” (Barbarosie & Barbarosie, 2005: 18). Possible discrepancies between such strategies – observed more than once during the Eastern enlargement – have an impact on the meaning, justification and application of the joint ownership principle. Since this notion is embedded in the concept of socialization of elites from ENP partner countries by demonstrating and convincing them that the political and economic reforms that the EU encourages/requires are good and beneficial for the countries in their own right, diverging signals sent to these elites by means of different strategies might make them think twice when making their political cost-benefit calculus and thus, in some cases, undermine their commitment to sharing responsibility for reform and, in particular, to advancing bilateral relations with the EU along the path of the Action Plans. Where such comparisons and calculations diminish partners’ commitment, they could be overshadowed only by a powerful political incentive – which, unfortunately, the ENP lacks.

Prudence about internal market regulations

Translating the commitment to joint ownership at rhetorical level into practical policy might be a problem. Both the government and NGOs in Georgia recognize that introducing EU internal market regulations – an obligation deriving from the Action Plan – will inevitably face difficulties of implementation, which are both ideological and practical. First, as in the case of Central Europe in the 1990s, the sway from central planning to liberal economic policies has led to minimizing the role of the state in the economy as an instrument for improving the business environment and for curtailing corruption. Second, reducing state regulations is undertaken because “at the moment the government cannot ensure the implementation of effective control on internal markets” (OSF-Georgia, 2007: 20). This brings Georgia’s government to the conclusion that “full implementation of EU requirements regarding internal markets, [which] is associated with increasing of state regulations, will hinder economic activities in the country at this particular stage” (Ibidem).

Sustainability of reforms

A last – and probably the toughest – question regarding partners’ commitment to reforms at a general level concerns the sustainability of reforms (Helly, 2007: 114). After only a couple of years of experience from the engagement in a comprehensive relationship with the EU under the ENP, and in a situation where the enthusiasm of the “colour revolutions” is beginning to cool, the question of a continued ownership of the reform agenda will become ever more relevant and is likely to directly affect Action Plan implementation. In a medium-to-long-term perspective, this problem pushes political elites in

most of the EU's ENP partners in the East towards seeking a stronger anchor, resource and legitimator of reforms – that of upgrading the Action Plan format to a new contractual relationship.

Democracy promotion and human rights protection

On more than one occasion in the Action Plans, the application of joint ownership leads to a softened language of commitments and to implementation instruments (e.g. benchmarks) that are “not precise enough and diluted in diplomatic formulations” (Tulmets, 2006: 36). That is exactly the case with democracy promotion and respect for human rights as a key priority in the Action Plans. Moldova and Azerbaijan offer two examples showing a maximalist and a minimalist view on how democracy should be strengthened and human rights protected. Thus, Chisinau is expected to conduct parliamentary elections “in accordance with European standards” (Commission, 2004b) (strict language), while Baku has to do the same “in line with international requirements” and has to respect human rights “in compliance with international commitments of Azerbaijan” (Commission, 2006c) (vague and general language). These geographic extremities in the Eastern neighbourhood illustrate, respectively, a stringent and a relaxed interpretation of domestic responsibility for political reforms. The degree of receptiveness of national political elites to the EU's transformative power and their willingness to adopt (or dilute) democratic ways of doing politics is hereby explained by geopolitics in terms of location (proximity for Chisinau and remoteness for Baku), but also in terms of resources (oil-rich Azerbaijan).

While passing from a spatial to a temporal comparison, we should consider support provided by civil society for the cause in question. First, in August 2005, the recommendations of Georgian NGOs prepared in anticipation of bilateral EU-Georgia talks on the ENP Action Plan argued in favour of a clear and unequivocal priority of reforms aimed at human rights protection and the strengthening of democracy and the rule of law. This policy field is placed higher even than the issue of the resolution of territorial conflicts in Abkhazia and South Ossetia (OSF-Georgia, 2005). Second, in September 2007, the big ENP conference held in Brussels saw NGO representatives from Eastern and Southern neighbours alike to ardently criticise the Commission (President Barroso and Commissioner Ferrero-Waldner) for omitting democracy and human rights when they shared their strategic approaches to the strengthened ENP (Barroso 2007; Ferrero-Waldner 2007a).

Conflict resolution

Most of the EU's Eastern ENP partners regard conflict resolution as a matter of top priority and have logically invested every effort in convincing the EU to share their concerns. There are some distinctions in the views developed by each country on the interdependence between the frozen conflict(s) it suffers from and the ENP framework. In Tbilisi, the consolidation of international support for the restoration of territorial integrity is “the number one strategic goal” of Georgia's foreign policy, and the ENP mechanisms must be used in order to involve the EU as “guarantor and facilitator” in conflict settlement (Georgia's MFA press-release, 2006.12.26). For Chisinau, the settlement of the Transnistrian conflict is seen as a goal of primordial importance, which stands higher than – and independent from – the implementation of the ENP Action Plan (Gheorghiu, 2005a: 8-9). Such an understanding of the gravity of problems explains why ENP partners support EU initiatives in the area – e.g. the EU Border Assistance Mission in Transnistria, or the fact-finding mission sent by the Commission in January 2007 to study the possibilities of implementing the Action Plan in Georgia's

secessionist provinces (Bezhushvili, 2007a) – but are skeptical about the credibility of EU commitments (Gheorghiu, 2005b: 3). As Helly (2007: 114) points out, “disappointment from the EU’s lack of engagement in conflict resolution may result in disillusioned ownership, followed by lack of progress and stagnation in EU-Eastern neighbours relations”.

4.5 Interpreting the content: joint ownership in political and public discourse

Nuances of accepting joint ownership of and shared responsibility for the Action Plans and their implementation are visible at the level of political and public discourse. The commitments of ENP partner countries are likely to be presented in a different order of priority, depending on the audience. Where the addressees come from the EU or its member states, priority is usually accorded to offering reassurances about commitment to domestic reforms.²¹ This does not, however, preempt raising hot topics viewed as a national interest. On the other hand, the messages seen to be most important to convey to domestic audiences usually touch on issues where EU incentives are expected (e.g. conflict settlement, visa facilitation). The latter is explained by the limited degree of internalization of EU integration at the level of public debates. Since in ENP partner countries relations with the EU are still perceived as a foreign policy field, it is the major foreign policy actors of each state (foreign minister, president) who hold a certain “ownership of discourse”. Judging from Central European experience, a more intensive involvement of other political figures (e.g. line ministers) is a slow process advancing in parallel to the implementation of the *acquis communautaire*, and is yet to come in the case of the Eastern EU neighbourhood.

4.6 Strategic incentives and disincentives for joint ownership

Action Plan implementation has entered a decisive stage for all Eastern partners. All five countries have already gathered at least some experience within the ENP, and have tested the opportunities and the limits of application of the joint ownership approach. Following the Commission’s communications of December 2006 and December 2007 (Commission, 2006g & 2007), joint ownership and shared responsibility will be further developed in the context of re-launching a strengthened policy that is meant to increase the offer to neighbours. At the same time, both temporal and spatial factors and considerations will influence the relevance and the viability of this approach.

Through a temporal prism, looking beyond the current Action Plan horizon will be important. Setting the stage for the next phase in bilateral relations with the EU will certainly act as a positive or negative incentive for any of the five countries in the area, and, in its turn, the next format of relations will depend on the successful implementation of the current sets of priority objectives and actions.

- The absence of a membership perspective will exert a negative influence, as it did before, on the Eastern partners’ desire to take more responsibilities and bear a heavier burden of reforms under the ENP. On the other hand, a slightly softer tone in the Commission communication of December 2006, which confirms that the ENP is distinct from accession but does not prejudice the EU’s future relationship with Eastern neighbours on the basis of

21. See, for example, the speech of Georgia’s foreign minister at the European Policy Centre in Brussels on 16 May 2007 (Bezhushvili, 2007b).

“treaty provisions,” might help to avoid the alienation of Eastern partners and decrease their vulnerability to competing pressures.

- A movement toward a new comprehensive contractual framework in the medium term could serve as a positive incentive for Eastern partners to embrace the Action Plan agenda to the fullest, make more substantive commitments with regard to internalising community policies and legislation, and work hard towards delivering on such promises. Indeed, not all five ENP partners are equally interested to step on this path, Azerbaijan being obviously quite cautious, and Armenia preferring to step-up efforts on Action Plan implementation.²² Yet for Ukraine, Moldova and Georgia the debate about a new agreement grows in significance on their national foreign policy agendas to the point of almost totally eclipsing (in the case of Ukraine) ENP-related topics. Kiev, for example, openly states that it “cannot accept the ENP in its bilateral relations with the EU” (Shpek, 2007). However, any of the EU’s Eastern partners wishing to upgrade its legal basis of relations with the Union should be fully aware that an eventual failure to implement the Action Plan will seriously undermine its negotiating positions in a post-PCA environment (Popescu, 2006: 11).

Through a spatial/geopolitical prism, too, the ENP Action Plan agenda could either positively or negatively influence the Eastern partners’ commitment to shared responsibilities.

- Depending on its geopolitical environment, each partner country has its preferential formats for regional cooperation. For some neighbours (e.g. the South Caucasian states) EU support for specific frameworks (BSEC) is consistent with their bilateral ENP agenda. Other neighbours, as Moldova, might find this policy as a restraint for their aspirations to shift their geopolitical positioning and join a more attractive gravity centre, such as South Eastern Europe (Gheorghiu, 2005b: 3). In the latter case, this spatial disincentive for joint ENP ownership will obviously clash with possible domestic incentives. In yet different settings, where the EU is neutral to a specific initiative for regional cooperation (e.g. GUAM), no particular synergies pushing towards more shared ownership should be expected.
- Analysts who consider different national debates on the ENP share similar views on the Russia factor as being an important incentive for enhancing joint ownership, with the possible exception of Armenia. For Gheorghiu (2005b: 6) strengthening cooperation with the EU under the ENP and bypassing other ENP partner countries in successfully implementing the AP is motivated to a significant degree by the increasing awareness of the imperative for Moldova not to allow “keeping Russian influence” further in a CIS framework. According to Georgian NGOs, the voluntary character of the ENP makes it “substantially different from the integration approaches that Russia offers to the Commonwealth Independent States” (OSF-Georgia, 2007: 8).

22. Interviews at the Mission of Armenia to the EU, September 2007, Brussels.

5l Towards Strengthening Joint Ownership in the Eastern EU Neighbourhood

Enhancing joint ownership in the future development of the ENP is essential for the success of this policy. This could be done by taking horizontal steps, by focusing on structural and process-related aspects of the ENP and by advancing concrete proposals in specific policy areas.

5.1 Horizontal approaches

Develop a comprehensive approach to enhancing joint ownership

Apart from a few key phrases in Commission policy papers, this notion still lacks proper conceptualising. Academic attention bypasses it when debating more attractive constructs. Understanding about this approach diverges among EU actors and the Eastern ENP neighbours, and this only calls for more political and scholarly attention.

Differentiate ownership enhancement strategies between countries

Further differentiation, although in a common framework, is the buzz-word in discussions about the ENP's future. Grouping ENP partners in the East and in the South is already a reality, if not at political, at least at analytical level (Emerson, Noutcheva & Popescu, 2007: 10). The strategy to enhance joint ownership will have to be differentiated accordingly. The elaboration of ownership enhancement packages will have to take account of the distinction between countries that are demandeurs of the EU policy regime and the rest. (Missiroli, 2007) For the first group, it is essential to build upon their generally positive attitude, while for the second group enhancing joint ownership would not matter.

Offer ownership to a broader variety of societal actors

Policy ownership by societal actors is a concept that has to be strengthened. Civil society is a key actor in the East of the ENP, but is by no means the only one. Ownership will have to be offered in flexible ways to more differentiated groups, such as the business community, minorities and diasporas, organised international civil society, also local and regional authorities. A tailor-made empowerment has to guide policy makers in this exercise.

Clarify targets and upgrade rewards

Targets and rewards are the most important notions capable of injecting dynamism in bilateral relations within the ENP. Most criticisms in public debates and in academic literature have been directed at the insufficient clarity and precision, or even the absence of benchmarks, and at the insufficient attractiveness and significance of rewards. These are complex systems that vary from sector to sector, and they have their process-related dimension, as well, but the challenge to make significant improvements on this is horizontal and touches upon every segment of the relationship.

Use multilateral/regional formats

Power imbalances and asymmetries between the EU and its relatively weaker ENP partners in the East have stood behind the problematic application of joint ownership. In addition to the general rationale in support of regional cooperation in the Eastern EU neighbourhood about the necessity to complement a bilateral and a multilateral approach, regional/multilateral formats help to also soften asymmetries by tilting the balance in the direction of a group-to-group relationship, and, therefore, enhance ownership.

5.2 Structure and process

Prepare for upgrading contractual relations

The EU is already negotiating an “enhanced agreement” with Ukraine, which would embrace political dialogue, cooperation in the fields of foreign policy, external security and defence, as well as the area of freedom, security and justice. In the economic sphere it would also have a substantive component (“deep free trade”) spanning most of the “goods” and “services” content of the EU internal market regulations accompanied by provisions on infrastructure networks. This agreement should become a blueprint for future contractual relations with ENP partners that have proven their capacities for successfully conducting internal reforms and regulatory alignment.

Open some EU institutions to observers from partners

The time has come for the EU to make a step forward from “everything but institutions” to “not vote but voice”. Giving ENP partners to the East the possibility to get involved in the workings of some EU institutions will deliver a key political message of inclusiveness. Several options are available. Observers from the most advanced neighbours could be invited to attend the EU’s deliberative bodies, such as the European Parliament or the European Economic and Social Committee, with varying rights of voice. Institutional openings at ambassador level could be considered for foreign policy and security (COPS). Furthermore, initiatives for socialisation could be extended from the current practice of meetings with foreign ministers (under the PCA Council) to some or most line ministers, along the lines of the “structured multilateral dialogue” that was offered to Central European countries.

Echelon regulatory alignment

Either without a linkage to the prospect for concluding a comprehensive “enhanced agreement”, or as a preparatory step to it, the EU should enhance assistance for willing and able ENP partners to make progress with regulatory alignment in selected sectors. Echeloning such preparation could profit from the brief experience of the Cannes White Paper on the internal market of 1995, which was instrumental in distinguishing at least two packages of legislation in each field. Without creating any obligation for the Eastern partners, the guidance given by the EU would serve as a handbook in gradually bringing partners’ legislation in separate industries closer to European legislation.

Make evaluation more transparent and predictable

Inserting a reasonable degree of transparency in the assessment procedures used by the Commission to prepare ENP progress reports will have the double positive effect of offering assistance and building trust. Issuing evaluation guidelines would provide essential orientation to administrations in ENP partner countries and, on the other hand, would take away part of the tension and develop a “we” language.

5.3 Policy fields

Step-up EU involvement in the resolution of frozen conflicts

Most Eastern EU neighbours consider frozen conflicts as their most serious preoccupation and have, therefore, repeatedly called for EU involvement in conflict settlement. The EU has had some modest successes (the BAM mission in Transnistria) and is testing the ground for more involvement in post-

conflict rehabilitation (in Abkhazia). The long way to more direct involvement in crisis management should start by making an effort to produce a true European voice in each case, and, from an organisational point of view, by streamlining EU representation in different mediation formats.

Facilitate free movement of people

The process of agreeing visa-facilitation arrangements with one or another ENP partner on the East should be completed throughout the area. Situations where the patchwork of current visa facilitation creates tensions along internal borders of ENP partner states (as in Abkhazia) should be eliminated. Movement of people should be made considerably easier for a number of categories of citizens, with the possibility to proceed to a visa-free travel regime for most advanced partners.

Encourage partners' involvement in CFSP-ESDP

The EU's invitation to Ukraine and Moldova to align themselves to CFSP positions and declarations has already been extended to the Caucasus. A step further should be made by allowing also partners' participation in EU joint actions around the world. This appears to be the logical step, insofar as most ENP neighbours have already sent their troops to patrol shoulder-to-shoulder with their EU colleagues. More intensive cooperation in the CFSP-ESDP field could include some institutional elements (about institutions see above), or be developed into a full-fledged status of "security partners" (Grant, 2006: 67-68).

Develop bilateral roadmaps for partners' participation in EU agencies and programmes

Develop bilateral roadmaps for preparing partners' participation in EU agencies and programmes, on the basis of the Communication of December 2006 (Commission..., 2006f). While the latter document is neutral and static, future road maps should assist each ENP partner in its preparation and should provide for sufficient financial and technical assistance packages.

6I Conclusions

Joint ownership is an essential approach in the ENP, which proves useful in reconciling two sets of EU foreign policy goals that converge or compete on the terrain of the Union's neighbourhood – those making the EU a recognizable transformative power and those driven by more down-to-earth material interests. It is also effective in explaining the adaptation of the EU enlargement policy experience to the realities of the ENP by merging classical conditionality and socialization into "negotiated conditionality". ENP actors perceive it from two different perspectives – as a pure instrument of deliberation (EU member states), or as part of hard give-and-take bargains (ENP partner countries).

Despite joint ownership, the ENP process did not prevent the EU from asserting itself as an actor dominating its neighbourhood, as regards both temporal aspects of relations, agenda setting and policy implementation. Thanks to joint ownership, the Eastern ENP partners managed to implant a non-negligible number of their own objectives for action, and even push them up the priority lists in some cases. This approach was left abandoned, however, together with differentiation, when national interests blocked the ENP process.

In the broader understanding of joint ownership, the focus on substantive commitments sharpens the sight in analyzing the asymmetrical relationship between the EU and its

Eastern ENP partners. This notion brings into relief a number of cases of vague, imbalanced or failed EU commitments. On the side of the smaller partner(s), both the potential and the shortcomings of joint ownership are emphasized in an effort to legitimate and mobilize support for painful political and economic reforms in the Eastern EU neighbours and to obtain a stronger involvement of the EU in solving frozen conflicts as a key problem troubling the whole region.

In the absence of a clear membership perspective, joint ownership in the Eastern EU neighbourhood should be strengthened by taking horizontal steps, by focusing on structural and process-related aspects of the ENP and by advancing concrete proposals in specific policy areas.

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11 Political Costs and Benefits, Vested Interests and Reform Potential

In regard to their attitudes toward the ENP-related reforms, Eastern ENP countries can be divided into two broad categories, one of which is comprised of those where political benefits of ENP-induced reforms are clearly acknowledged. In these countries, Europeanisation in general and ENP Action Plans in particular have become a major yardstick for domestic reform. Here, it is hardly possible to adopt any significant political measure without legitimising allusions to the EU. As a result, the European Union gains substantial leverage over the elites of these countries, and the benefits for compliance are considerable. The other group includes those countries where political elites have their doubts about the costs-benefits balance related to the ENP, and the Europeanisation drive is thus far less visible. The former category includes Ukraine, Georgia and Moldova, and the latter includes Armenia and Azerbaijan (and strictu sensu Belarus as well).

However, the rhetorical support for the policies listed in the Action Plan often does not correspond to real actions. In some cases, political elites would prefer “integration without Europeanisation”²³ and not integration through Europeanisation. This applies to a large degree to Ukraine, where a number of political actors take a wary stance toward the ENP (the former president Kuchma, economic groupings related to The Party of Regions, etc.). Similarly, in the Moldovan case, the legal approximation according to the Action Plan is not followed by implementation and independent enforcement by the judiciary. Unfortunately, this state is sometimes tacitly supported by the authorities.

For the countries in the second group, the ENP and eventual integration into the EU is, even if for different reasons, not seen as a priority. For instance, Azerbaijan with its authoritarian government (Aliyev's New Azerbaijan Party) is rather wary in regard to any allusions to conditionality, and Azerbaijan's “our-own-way” approach is further reinforced by the country's rich natural resources. The Armenian elite is another example of a cautious approach to the ENP. For Armenia, the ENP does not offer a credible solution to the Nagorno-Karabakh conflict, and Russia remains Armenia's key security anchor in the regional environment which the Armenian government still perceives as threatening. This is further reinforced by the instability in Armenia following the 2008 presidential election, which spilled over into clashes between Armenians and Azeris in the Nagorno Karabakh enclave. However beneficial the ENP can be economically, for the political elites in these countries, the ENP's carrots are politically not conducive enough to make the ENP the centrepiece of their (domestic and foreign) policies.

*This document is based on a report produced by the authors for the European Parliament: “The Cost/Benefit Analysis of the ENP for the EU's Eastern Partners”, 12 September 2007. The paper results also from research in the framework of the IEP programme “Dialog Europa der Otto Wolff-Stiftung”.
23. Wolczuk, K., Integration without Europeanisation: Ukraine and its Policy towards the European Union, European University Institute, Florence, 2004. http://www.eui.eu/RSCAS/WP-Texts/04_15.pdf, consulted July 2007.*

The national assessment of the ENP's merits is also closely related to national priorities and their reflection in the Action Plans. For a large majority of Eastern ENP countries (Armenia, Azerbaijan, Georgia, and Moldova), the political elites clearly see the resolution of the frozen conflicts on their territories as the single outstanding issue the EU should address. For instance, during the negotiations of the Action Plan, Moldovan Prime Minister Tarlev successfully demanded the inclusion of a special section dedicated to the Transnistrian Conflict. This was broadly publicised after his return and was interpreted as a substantial gain for Moldova²⁴. To give a contrary example, Georgian authorities aimed to identify the frozen conflicts as priority number one but this was not reflected in the Action Plan which classes the issue among several other priorities. This failure, in connection with the EU-Russia visa facilitation agreement which applies to most inhabitants of Georgia's separatist regions, substantially increased Georgia's scepticism in regard to the EU's ability to help solve the conflicts²⁵. Statements like the one in the latest communication from the European Commission on the ENP which underline the need for "working around" (emphasis in original) the frozen conflicts rather than being directly involved are fully understandable from the EU's viewpoint, but they are perceived as indifference in the partner countries' capitals.²⁶

The final element crucial for the political cost/benefit calculations of virtually all Eastern ENP partners is the relation of the ENP's priorities to the dominant external actor in the region – the Russian Federation. Russia plays a substantial role in two different areas: First, at the domestic level, it is almost always the pro-Russian political forces in these countries that express the strongest reservations about reforms, in particular about those in the economic field as these reforms are often incompatible with the country's participation in the Russia-led Eurasian Economic Community or the Common Economic Space. Secondly, since Russia is directly or indirectly involved in all the frozen conflicts under discussion (Transnistria, Nagorno-Karabakh, South Ossetia, and Abkhazia), the political leaders of these countries closely follow the development of EU-Russian relations. Signs of a "Russia-first" approach (as in EU's past policies toward Southern Caucasus) are taken as signals that in spite of the allusions in the Action Plans, the EU's involvement in the conflict resolution is not serious enough. This is further strengthened by the fact that most new EU member states support the NCs in their critical assessment of Russia.²⁷ The renewed emphasis on the relations with the CIS by President Medvedev also indicates that the tension potential in the region may further increase.²⁸

21 Economic Costs and Benefits, Vested Interests and Reform Potential

The main element of any analysis of the economic costs and benefits of the ENP must be the assessment of the future free trade area (FTA) between the EU and the partner countries. Today, five central points must be taken into account:

24. Bu caneanu, S., "How Far Is the European Neighbourhood Policy a Substantial Offer for Moldova?", *Journal of Foreign Policy of Moldova*, No 9, EuroJournal.org, Chisinau, 2006. <http://www.e-democracy.md/files/enp-moldova.pdf>, consulted July 2007.

25. Popescu, N., *Europe's Unrecognised Neighbours. The EU in Abkhazia and South Ossetia*, Centre for European Policy Studies, Brussels, 2007. http://shop.ceps.be/download.php?item_id=1476, consulted July 2007.

26. A Strong European Neighbourhood Policy, A Communication from the Commission, Brussels, 5 December 2007, http://ec.europa.eu/world/enp/pdf/com07_774_en.pdf

27. Kratochvil, P., *New EU Members and the ENP: Different Agendas, Different Strategies*. In: *Intereconomics*. Vol. 42, No. 4, July/August 2007, pp. 191-196.

28. Cf. e.g. Putin says policy on CIS to remain unchanged under Medvedev, *Russian News and Information Agency*, 22 February 2008, <http://en.rian.ru/russia/20080222/99897624.html>.

1. A FTA will be clearly more beneficial for the Eastern neighbours than for the Southern ones, as tariffs are higher vis-à-vis Eastern Europe today than towards the Mediterranean.²⁹
2. The FTA should encompass not only duty-free trade in goods between the country and the EU, but it should also include far-reaching legislative harmonisation, liberalisation in agricultural trade and in services, and also a gradual liberalization of the movement of labour (more substantive visa facilitation agreements, lowering or entirely cancelling visa fees, etc.)
3. With the exception of the study on Ukraine, no detailed feasibility study on the impact of the FTA on the partner countries' economies has been released so far. However, several studies are being conducted and thus more light will be shed on the issue by the end of this year.³⁰
4. The impact of a FTA on the concerned economies will also depend on the (speed and scale of) trade reorientation toward the European Union. In addition, this is influenced by external factors such as Russian embargoes, which have caused a substantial speed-up of export restructuring in both Moldova and Georgia (in particular in regard to the wine industry).

Table 1: Political elites and the ENP

Country	Attitude to ENP-related reforms	Impeding factors	Pro-reform constituencies	Opponents of reforms
Georgia	Consensual assent	Excessive focus on separatism, overambitious in relation to EU accession	All major political parties, e.g. The United National Movement	Marginal political groupings with pro-Russian orientation
Moldova	Consensual assent	Disinterested bureaucracy, insufficient implementation of adopted laws	All major political parties ("parliamentary consensus")	Transnistrian authorities
Ukraine	Rhetorical endorsement	Rhetorical adherence to reform, yet strong internal political cleavages	Our Ukraine	Parties with pro-Russian orientation and populists (The Communist Party of Ukraine, partially The Party of Regions)
Armenia	Cautious embrace	Russia-first approach	Heritage Party and several other small political groupings	Most parties, including the governing ones, prefer stronger ties to Russia
Azerbaijan	Cautious embrace	Authoritarian tendencies, self-assuredness based on oil, reluctance to accept conditionality	Opposition parties (e.g. Azerbaijan Popular Front Party)	The "party of power" (New Azerbaijan Party)

29. *Economic Effects of Wider Europe*, Conference of The Centre for European Policy Studies, 14 June 2004. http://www.ceps.be/Article.php?article_id=358, consulted July 2007.

30. For the exception see Shumylo, O., *Ukraine and the European Neighbourhood Policy. Ensuring the Free Movement of Goods and Services*, Centre for European Policy Studies, Brussels, 2006. http://shop.ceps.be/downloadfree.php?item_id=1315 and Shumylo, O. et al., *Free Trade between Ukraine and the EU: An Impact Assessment*, International Centre for Policy Studies, Kyiv, 2007. http://www.pasos.org/content/download/10499/69123/file/FTA_Impact_E.pdf, consulted July 2007.

5. The analysis of the impact of the FTA (or, for that matter, of the general economic consequences of the ENP) must be directly linked to the analysis of the political situation in the countries. In all of the NCs, strong connections between the political sphere and business interests exist and somewhere, the political and economic elites are almost identical (as for instance in Azerbaijan, but to a large extent in Ukraine and Moldova as well). In this sense, even though the FTA-arrangement is highly attractive because it is the only area where real integration could take place (a real "stake in the internal market"³¹), strong vested interests of parts of political elites might block its creation (as in the Ukrainian case – see below).

While a reduction or removal of tariffs alone would not substantially increase the NCs' economic growth, if it is linked to the successful implementation of other priorities specified in the Action Plan (rule of law, improvement of investment climate, reduction of corruption, decrease of discretionary power of state bureaucracy), the growth might reach double-digit figures (as predicted for Ukraine)³². Countries which started with these reforms even prior to the adoption of the Action Plan, like Georgia, can show an extremely positive record of these reforms: Georgia has been labelled "the number one world reformer" by the World Bank³³, and in spite of the Russian embargo, its real GDP growth is forecast at almost 7 percent per annum for the next five-year period.³⁴ Even more importantly, its rapidly improving administrative capacity and improved investment climate are reflected in the pour-in of foreign direct investments, which skyrocketed to 1,1 billion USD last year.³⁵ Yet even for Georgia, which has covered a substantially longer path of reform than other Eastern neighbours, the outstanding reforms remain a painful burden. For instance, the criminal law reform alone, falling under the rule-of-law priority of the Action Plan, is estimated to cost 291 million GEL, i.e. almost 130 million euros, which amounts to around two percent of Georgia's annual GDP.³⁶

It is vitally important that the EU succeed in drawing the separatist regions' economies into the ENP's framework as well. For instance, the introduction of the EU Border Assistance Mission on the border between (the Transnistrian part of) Moldova and Ukraine together with the offer for Transnistrian companies to register with Moldovan authorities to gain preferential access to the EU market has been working well – 270 Transnistrian companies were registered in Chisinau last year.³⁷

Generally, those who are blocking further economic liberalisation are the business and industrial groupings that have enjoyed special treatment from the state authorities and have succeeded in creating heavily protected markets for their products. In Ukraine, car and steel industries are the prime examples of such protection, and the leading entrepreneurs here employ the strategy of blocking deregulation efforts such as those listed in the Action Plan (transparency and predictability of the regulatory legislation, investment

31. *European Neighbourhood Policy: The Policy: Frequently Asked Questions*. http://ec.europa.eu/world/enp/faq_en.htm

32. *Trade Sustainability Impact Assessment of the Free Trade Area in the framework of the Enhanced Agreement between the EU and Ukraine*, ECORYS, Rotterdam, 2007. http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc_135055.pdf, consulted July 2007.

33. *Top 10 reformers*. <http://www.doingbusiness.org/main/Top10Reformers.aspx>, consulted July 2007.

34. *New Rating A Positive Signal For Economic Outlook*. http://www.fdi.net/bmi/bmidisplay.cfm?filename=OEMO_20070718_136095_xml.html, consulted July 2007.

35. *Ibid.*

36. On Georgia's GDP see *World Economic Outlook Database*. <http://www.imf.org/external/pubs/ft/weo/2007/01/data/index.aspx>, consulted July 2007.

37. Prohničhi, V. et al., *European Union – Republic of Moldova Action Plan: Assessment of progress in 1st Quarter of 2007*, EXPERT-GRUP and ADEPT, Kishinev, 2007. <http://www.e-democracy.md/files/euromonitor06en.pdf>, consulted July 2007.

Table 2: Selected economic measures related to the ENP

Measure	Benefits	Costs	Pro-reform constituencies	Opponents of reform
FTA	Accelerated exports, GDP growth, higher budget revenues	Accession to WTO, law harmonisation, rules of origin, overcoming non-tariff barriers, decrease in exports to CIS, growth of public spending	EU-oriented exporters (e.g. iron ore producers in Ukraine, and recently also wine industry in Georgia and Moldova)	Business interests from protected industries (e.g. car industry in Ukraine), exporters to CIS
Removal of state aid, subsidies	Improved market efficiency	Rise in unemployment in non-competitive industries and regions, social instability	Pro-reform governments (Ukraine, Georgia), exporters keen to enter the WTO	Large, ineffective, often state-owned companies, heavily subsidized industries (e.g. machine-building in Ukraine)
Investment climate, improved transparency and predictability	FDI growth, faster economic growth	Administrative reform, judiciary reform, consultations with investors	Pro-reform governments (Georgia, Ukraine), external actors (IMF, EU)	Rigid bureaucracy, missing law implementation
Involvement of separatist regions	Poverty reduction, growth of trade with separatist regions	Political concessions to separatist authorities	Central governments (Moldova), external actors (EU, OSCE)	Central governments (Georgia), separatist authorities (Moldova), Russia

climate improvement, consultations with foreign investors, etc.) and sometimes even supporting new protectionist measures (such as a price ceiling for mineral resources used in metallurgy). The result is heavy costs for the society as a whole and for beginning entrepreneurs in particular as registering property and starting and closing businesses in Ukraine remain extremely complicated.³⁸

However, it should be noted that for most of these industrialists, the access to the internal market is very attractive as well. This applies in particular to Ukraine's steel producers. On the whole, their hesitation to decide between further protectionist tendencies and opening-up to the EU depends (after Ukraine's entry into the WTO) mainly on the guarantee of access to the internal market given by the Union.

Among the other costs of creating a FTA with the EU, two stand out for the NCs: Complying with the rules of origin (aimed against re-exports from third countries) and other technical requirements related to consumer and environmental protection, health stan-

38. Economy Rankings – Europe and Central Asia. <http://www.doingbusiness.org/EconomyRankings/?regionid=425>, consulted July 2007.

dards, etc. The latter, i.e. non-tariff restrictions, will probably be the most costly.³⁹ It is important to note that substantial financial means from the ENPI will have to be used in order to remove technical barriers of trade and bring about a sufficient level of harmonisation. Should the EU rely solely or predominantly on the countries' own resources, the motivation for reform would further decrease, hence rendering these countries less susceptible to advantages related to participation in the internal market.⁴⁰

3I Social Costs and Benefits, Vested Interests and Reform Potential

Although the societies of all Eastern partners are generally supportive of a deeper integration with the EU and vast majorities support the respective countries' EU accession⁴¹, the level of knowledge about the EU is very low. For instance, it is clear from opinion polls that large parts of the society in Ukraine would favour a simultaneous integration into the EU and Russia, even though these two options are in many ways incompatible.⁴² Moreover, in all the analysed NCs, those parts of the population that are the most supportive of close economic and political ties with Russia (especially in Ukraine, Moldova, and Armenia) are the least in favour of the EU.

Because of the minimal knowledge of the EU, the societies in these countries remain largely indifferent to changes in governments' policies towards the EU as long as the general rhetoric of compliance with the EU and the agreed Action Plans do not change. In other words, the process of Europeanisation is almost exclusively elite-driven (Georgia, Moldova), and hence, it is in danger of disappearing once a new government comes to power. To a lesser degree, such a danger is present in Ukraine as well (where EU-inspired domestic reforms are predominantly bureaucracy-driven). Another potential risk lies in the fact that once the domestic situation deteriorates, political elites might use the Action Plan as a scapegoat which can be blamed for the country's problems, as frequently happened with membership candidates and Association Agreements during the preparations of the Eastern enlargement.

A further impeding factor is the divergence between the population and the political elites in regard to the perception of national priorities. Frozen conflicts in all NCs are stressed more by politicians than by the population at large. For instance, while Georgian politicians have been continually demanding the prioritisation of conflict resolution in the Action Plan, the population is more concerned with social problems such as poverty and unemployment (both considered significant problems by more than 90 percent of population).⁴³ The economic situation of the population is very different in individual countries. In Ukraine, poverty has decreased to less than one fifth of the population,⁴⁴ while in the Caucasian region, poverty remains an overwhelming problem and some poverty indi-

39. Shumylo, O. et al., Free Trade between Ukraine and the EU: An Impact Assessment.

40. For a more detailed discussion of this issue, see Shumylo, O., *Ukraine and the European Neighbourhood Policy. Ensuring the Free Movement of Goods and Services*.

41. Cf. Kratochvíl, P. (ed.), *The European Union and Its Neighbourhood. Policies, Problems and Priorities*. Institute of International Relations, Prague, 2006.

42. Cf. Wolczuk, K., *Integration without Europeanisation: Ukraine and its Policy towards the European Union*, European University Institute, Florence, 2004. http://www.eui.eu/RSCAS/WP-Texts/04_15.pdf

43. *European Neighbourhood Policy and Georgia*, Heinrich Böll Foundation, Open Society Georgia Foundation and Eurasia Foundation, 2007.

44. *Communication From the Commission to the Council and the European Parliament On Strengthening the European Neighbourhood Policy*, Commission of the European Communities, Brussels, 2006. http://ec.europa.eu/world/enp/pdf/sec06_1505-2_en.pdf, consulted July 2007.

cators even worsened in Moldova in 2005-2006.⁴⁵ Also, poverty is distributed unevenly in the countries, with the number of the poor rising in the rural areas, which is partially a consequence of Russian embargoes (vine growing in Moldova and Georgia) and sometimes even due to EU measures (Transnistria) as well.

Major benefits for the concerned societies would stem from reform steps listed under the “political reform” heading of the Action Plans. In all five NCs, violations of human rights are still frequent – for example, the Centre for Human Rights in Moldova registered a rising number of petitions in 2006⁴⁶, and harassment of political opponents and independent activists is common in Armenia and Azerbaijan as well.

Finally, the support for a civil society (communication strategy on environmental issues, involvement of civil society in educational programmes, etc.) is also vitally important. However, the support for networking among NGOs and their autonomy should be a priority goal since NGOs are fragmented and their financial support comes almost exclusively from abroad.⁴⁷

41 Incentives enhancing the Cost/Benefit Balance

In the absence of a membership perspective, NCs calculate the costs and benefits of complying with EU standards more soberly and discuss its implications more openly than the former candidate countries of Central and Eastern Europe (CEE). The problem with this otherwise rational attitude is that in the case of NCs, political momentum for ‘Europeanisation’ is weaker and that domestic reform elites must be more capable of writing the script that guides political and economic reform in their countries. The influence of the EU is thus decidedly more limited.

Two lessons learned from the pre-accession strategy for the CEE countries are relevant in this context. Firstly, the membership perspective mainly worked against the reversibility of the reform processes and solidified the formation of a democratic political mainstream. Secondly, the political and policy conditionality as enshrined in the Copenhagen criteria offered the candidates a comprehensive approach to simultaneously de-block the resistance to modernisation and reform in all relevant spheres of transformation. Reform paths in NCs will be comparatively inconsistent, patchy, and slow. With regard to both the irreversibility and the scope of reforms, the ENP offers less and is thus generally less attractive for the NCs. Notwithstanding these limitations, NCs regard the EU as the most engaged external actor who is vital for providing assistance for economic and political reform across the board and who also works as a focal point for activities of other organisations like the World Bank. However, there is room to improve the incentive structure of the ENP to enhance the cost/benefit balance for NCs.

The first improvement concerns the nature of the relationship between the neighbours and the EU. The EU has the option to offer advanced neighbours an association and call them

45. Prohntchi, V. et al., *European Union – Republic of Moldova Action Plan: Assessment of progress in 3rd Quarter of 2006*, EXPERT-GRUP and ADEPT, Chisinau, 2006. <http://www.e-democracy.md/files/euromonitor04en.pdf>, consulted July 2007.

46. Bu caneanu, S., ‘How Far Is the European Neighbourhood Policy a Substantial Offer for Moldova?’.

47. Cf. the situation in Moldova in Prohntchi, V. et al., *European Union – Republic of Moldova Action Plan: Assessment of progress in 2nd Quarter of 2006*, EXPERT-GRUP and ADEPT, Chisinau, 2006. <http://www.e-democracy.md/files/euromonitor03en.pdf>, consulted July 2007.

associates. Eastern NCs would highly appreciate this political gesture because they would no longer be discriminated against while Southern NCs enjoy association status. Moreover, it is a substantial offer because associations range from simple free trade agreements up to complex bi- and multilateral arrangements as is the case with Switzerland and the EEA respectively. The association framework thus responds to different levels of ambition and offers gradualism ('ever closer association'⁴⁸ for successful reformers among the ENP countries.

It is in the interest of the NCs that the envisaged agreements to succeed the PCAs should be legally binding and based on article 310 TEC (on establishing an association). In addition, they should be comprehensive in scope and foresee a durable arrangement with evolutionary potential, even if the agreements do not mention a finalité beyond the association⁴⁹. NCs can hardly perceive offers below association as 'enhanced agreements'. As a reward for the reformer NCs (and from the EU's point of view as an element of conditionality), negotiations should only be opened if a sufficient level of political commitment and performance has been proven through implementing the Action Plan(s).

The established pattern of association is flexible enough to accommodate all sorts of highly intensified relations of cooperation and also integration between the EU and third countries. From the point of view of the NCs, association agreements are more concrete and credible than any newly invented 'Neighbourhood Agreements', which would only be a second best option⁵⁰. NCs can refer to current and historic examples of association and demonstrate that progress towards membership is not excluded. Given that negotiations are complex and ratification of the mixed agreements are a lengthy process, the NCs take an interest in highlighting the political and privileged character of the new association agreements that are worth these efforts. Moreover, they need to demonstrate some visible progress and advantages over the status quo (see below). For example, it would be important for the NCs to emphasise the upgraded role and competencies of the joint institutions in the association framework. In particular, the right of the joint association council to make binding decisions for the development and substance of the bilateral relations is really progressive and should be communicated in this way. Although Ukraine has recently become the flagship of good cooperation with the EU, the current negotiations on an 'enhanced agreement' fall short of an Association Agreement⁵¹. Even so, European actors consider the new agreement as a signal of European willingness to step up cooperation with highly motivated partner countries, as it will include a deep free trade agreement with Ukraine⁵².

48. For a similar proposal dealing with a new type of association focusing on modernisation and stability see Lippert, B., *Beefing up the ENP: Towards a Modernisation and Stability Partnership*, *The International Spectator*, No. 4, Istituto Affari Internazionali, Rome, 2006, pp. 85-100; and Lippert, B., *EU – ENP and Russia – clash or cooperation in the triangle?*, Friedrich-Ebert-Stiftung, Fifth Roundtable Discussion, Berlin, 2007, pp. 12-35, here p. 30.

49. Ukraine will certainly try to achieve a formula taking up its European aspirations in negotiations. Cf. EU/Ukraine Action Plan: '[T]he European Union acknowledges Ukraine's European aspirations and welcomes Ukraine's European choice.'

50. Speech of Roman Shpek, Representative of Ukraine to the EU at the Study Day of the EPP-ED Group on Ukraine, 8 December 2005, Brussels. <http://www.ukraine-eu.mfa.gov.ua/eu/en/publication/content/4896.htm>, consulted August 2007; Speech of the Moldovan President Vladimir Voronin in front of the members of the Committee on Foreign Affairs of the European Parliament, 8 June 2005, Strasbourg. http://www.europarl.europa.eu/meetdocs/2004_2009/documents/af/dmd20050621_08/dmd20050621_08en.pdf, consulted August 2007.

51. Agence Europe, *EU wants strengthened partnership agreement by early 2009, but without European perspective*, 11.02.2008, p. 4.

52. Cf. Gloser, G., *Europäische Nachbarschaftspolitik nach der deutschen EU - Ratspräsidentschaft, Bilanz und Ausblick, integration*, No. 4, Institut für Europäische Politik, Baden-Baden, pp. 493-498, here p. 495.

Depending on the domestic constellations of pro-reform elites and their opponents in NCs, the multi-level institutional structure of the association is regarded as an avenue to constantly get more and better qualified actors involved in 'Europeanisation' processes through direct interaction with EU actors. Apart from the high ranks of the executive, the ministerial bureaucracy in line ministries (and probably also members of parliaments) can be addressed as domestic stakeholders of reforms that oversee implementation of domestic reforms and action plans⁵³.

The second improvement concerns the communicability of the 'ENP'. For an NC, to become an associate is far more attractive and meaningful than simply being called a neighbour. This would also help to reduce mixed messages about the political finalité of the relations currently reflected in a variety of formulations used to grasp the nature of the relationship like 'privileged' or 'strengthened relationships'; 'privileged reform relationships' etc.⁵⁴. Moreover, the EU should be open to proposals of NCs to formulate the focus and leitbild of their specific relations in a way that can be better communicated to domestic stakeholders of reform in the political parties, the business community, the media and among citizens. Everything that makes the EU more visible as a reform partner who takes due account of country specifics is seen as an advantage. NCs value the principle of differentiation and room for a multi-speed development in the ENP area. From the NCs' perspective, the term ENP should rather be used as a technical term for EU internal purposes which apparently needs a single framework for its tailor made policies vis-à-vis the 16 neighbours.

The third improvement concerns a streamlining of the numerous offers. This would help the NCs join and direct domestic forces towards key targets and increase the awareness of joint ownership. Given the rich and crowded menu of actions listed in the EU's strategy papers, national indicative programmes or the Action Plans, NCs often miss a red thread for reform. In the absence of a catch-all-solution, i.e. the complete take-over of the *acquis* of the EU, the cognitive and practical capacities of the NCs to draw up their reform programmes need strengthening. Extra time and concrete assistance (via Twinning including parliamentary twinning, TAIEX, independent experts, political parties and parliamentarians) must be provided by the EU and member states to support domestic elites to elaborate priorities and plan the sequencing of measures that should make up the national reform plans and be reflected in the Action Plans or equivalent plans. Even if association agreements enter into force, there is need for some type of work programme for reforms that allows for a successful packaging of measures instead of isolated activities attained with more difficulty. Also, a new term has to be invented for this plan once the new stage of relations is achieved.

53. Cf. Wolczuk, K., *Adjectival Europeanisation? The Impact of EU Conditionality on Ukraine under the European Neighbourhood Policy*, European Research Working Paper Series No. 18, European Research Institute, Birmingham, 2007. http://www.eri.bham.ac.uk/research/working_papers/WP18Wolczuk.pdf, consulted August 2007. Cf. below on the importance of socialisation effects.

54. Communication From the Commission European Neighbourhood Strategy Paper, Commission of the European Communities, Brussels, 2004, p. 3; Communication From the Commission to the Council and the European Parliament On Strengthening the European Neighbourhood Policy, Commission of the European Communities, Brussels, 2006, p. 2; Note from the General Secretariat to the Council Strengthening the European Neighbourhood Policy – Presidency Progress Report, Council of the European Union, Brussels, 2007, p. 3.

The establishment of a deep and comprehensive free trade area is the biggest economic carrot which the EU offers. Improved and asymmetrical market access for sensitive goods, e.g. agricultural, food and chemical products, metallurgy or textiles, is crucial for NCs. With Ukraine's accession to the WTO in early 2008, the enhanced agreement currently negotiated with the EU will include such a deep free trade area⁵⁵. Trade relations between Moldova and the EU were stepped up in November 2007 as the Commission proposed autonomous trade preferences (ATPs) to allow unlimited duty free access to the EU market for all products originating in Moldova, except for certain agricultural products⁵⁶. More generally, the External Relations Council called for deepening existing free trade agreements and creating new ones with ENP partners who are members of the WTO⁵⁷, and the Commission is currently carrying out feasibility studies for free trade agreements with Georgia and Armenia⁵⁸. In practical and psychological terms, this is a test case of the EU's credibility in enhancing its relations with NCs.

A more demanding step for the NCs is the adoption of regulatory reforms that are essential for making use of the deep free trade area. The EU can support convergence with the regulatory sector in several ways, e.g. through knowledge transfer and the opening of relevant agencies and programmes for NCs as well as through directing its financial assistance towards these ends⁵⁹. A real boost in this regard can be expected from the attraction of FDI. The inflow of FDI will be the major engine for modernisation as was the case in the early and mid 1990s in the CEE candidate countries. Complying with EU rules and standards is certainly conducive to attracting foreign investors. However, in the first place, a far more transparent business environment, level commercial playing fields and legal certainty must be achieved in the NCs. Hence, progress in good governance is decisive. The crucial problems are overly complicated taxation systems and high levels of corruption within large informal sectors⁶⁰. With the help of the EU, the reformist elites in NCs could focus their reform activities on these and other related issues.

Among other sectors, progressive access to the internal energy market of the EU is attractive for NCs like Moldova, Armenia, Ukraine, and Georgia⁶¹. In this respect, the EU could use the instrument of sectoral agreements or amendments to the association agreements. Most NC elites are not yet prepared to live with what unfortunately looks like an 'untidy' web of agreements that merely follows a functional approach of cooperation and a significant degree of integration (e.g. 'energy community' or 'transport community'). Therefore, it is also in the interest of the NCs to increase synergy between co-existing activities, arrangements, and agreements in order to make them more efficient.

55. Cf. *Agence Europe*, EU-Ukraine FTA talks opened, 19.02.2008, p. 12.

56. Cf. European Council: COUNCIL REGULATION (EC) No 55/2008 introducing autonomous trade preferences for the Republic of Moldova, in: *Official Journal of the European Union*, 24.01.2008, L20/1.

57. Cf. *Agence Europe*, Council wants more free-trade agreements and wants them to be more ambitious with ENP beneficiary countries, 19.02.2008, p. 7.

58. Cf. *Agence Europe*, Commission and member states' 2008 priorities for improving ENP, 06.12.2007, p. 3.

59. Solonenko, I., The EU's 'transformative power' beyond enlargement: the case of Ukraine's democratisation, *European Research Working Paper Series No. 21*, European Research Institute, Birmingham, 2007. http://www.eri.bham.ac.uk/research/working_papers/WWP21Solonenko.pdf, consulted August 2007.

60. Cf. Milcher, S., Slay, B. and Collins M., 'The Economic Rationale of the "European Neighbourhood Policy"', In: Ålsund, A. (ed.), *Europe after Enlargement*, Cambridge University Press, Cambridge, 2007, pp. 165-188, here p. 177.

61 *Ibid.*, pp. 179-181.

Also, NCs have mixed feelings about boosting regional cooperation. However, it could be interesting for the NCs to further explore the potential of regional cooperation between the EU, NCs and candidate countries. The degree of interest in a 'multilateral umbrella' varies significantly, and the overriding interest is in bilateral relations with the EU. Therefore, the idea of a 'Neighbourhood economic community' might be premature or even discouraging for frontrunners⁶². Practical sectoral results might be more powerful arguments than the elaboration of master plans to construct a single overarching structure to accommodate all aspects and areas of interaction between the EU and the NC(s).

For the most reform-minded NCs, a strengthening of the foreign policy aspects of ENP is attractive: Moldova and Georgia would certainly welcome a stronger engagement of the EU in the resolution of frozen conflicts. Given that political dialogue is a core element of association, the NCs expect that the EU will address these problems more pro-actively in their bilateral relations and also in their relations with Russia⁶³. Conflict reduction and resolution and the building of a stable external environment are often regarded as a pre-condition for the internal democratisation and improvement of responsiveness and the strengthening of the resonance of the ruling elites towards EU conditionality⁶⁴.

The fourth improvement is to promote activities that have a significant and visible impact on everyday life in NCs. Of major interest are activities related to the movement of people like visa facilitation, exchange programmes (including those that are not explicitly for young students), and smooth border management. As visa facilitation is strictly dependent upon the conclusion of readmission agreements, the EU should increase its technical and financial support to help the NCs to fulfil their anti-trafficking obligations. Additionally, the consular services of some member states need serious improvements which would reduce bureaucratic complications when NC citizens try to apply for visas. Recognising this drawback, the Commission has already proposed the establishment of common visa-application centres⁶⁵. The first of these centres opened in Chisinau in April 2007, allowing for Moldovan citizens to submit their applications in Chisinau instead of being obliged to go abroad, i.e. to Romania⁶⁶. With specific regard to the enlargement of the Schengen zone to eight Eastern European countries and its crucial effects on their direct members, visa facilitation and readmission agreements for the Schengen zone were signed with Ukraine and Moldova and entered into force in January 2008. They maintain the visa handling fee at €35 instead of €60 and simplify the application procedure for certain categories of persons such as students, businessmen, and journalists. Frequent travellers can obtain multiple entry visas with long periods of validity, and diplomats are

62. *Communication From the Commission to the Council and the European Parliament On Strengthening the European Neighbourhood Policy*, Commission of the European Communities, Brussels, 2006; Lippert, B., *The EU-Neighbourhood Policy – Profile, Potential, Perspective*, *Intereconomics: Review of European Economic Policy*, No. 4, Springer-Verlag, Heidelberg, 2007, pp. 180-187.

63. Cf. Lippert, B., *EU – ENP and Russia – clash or cooperation in the triangle?*, Friedrich-Ebert-Stiftung, Fifth Roundtable Discussion, Berlin, 2007, pp. 12-35.

64. Cf. Czempiel, E., 'Demokratisierung von außen. Vorhaben und Folgen', *Merkur*, No 6, Klett-Cotta, Stuttgart, 2004, pp. 467-479.

65. Emerson, M., Noutcheva, G. and Popescu, N., *European Neighbourhood Policy Two Years on: Time indeed for an 'ENP plus'*, CEPS Policy Brief, No 126, Centre for European Policy Studies, Brussels, 2007, pp. 18-19.

66. Cf. European Commission, *Press release, The first EU common visa centre opens in Moldova*, Brussels, 25.04.2007. IP 07/561.

exempted from visa obligations ⁶⁷. The Council and the Commission currently examine the possibility and eventual effects of a similar agreement with Georgia ⁶⁸.

Aside from that, the everyday life of NC citizens would also be affected by visible progress in environmental protection and in combating disease epidemics like HIV/AIDS ⁶⁹.

In general, the identification of one or two joint projects with the EU could enhance the focus and support of ENP activities in the NCs. In the field of transportation, for instance, a further extension of the pan-European corridors into the NCs would be of immediate benefit to these countries and will, in the longer run, catalyse deeper economic integration. However, since bottlenecks along those corridors are often policy-induced, e.g. by time-consuming and corruption-prone border control procedures, infrastructure funding needs to be complemented by capacity-building measures ⁷⁰.

While these improvements, which mix policy incentives for economic and political reforms and practical advantages, mostly reflect the interests of reform minded NCs, it is clear that the NCs that have other policy choices or want to avoid the political costs will not grasp the new opportunities and incentives.

51 Conditionality - its Adequacy and Potential Alternatives

Where does conditionality occur? Conditionality defines a relationship between the EU and NCs in which the EU offers rewards under the condition that the NC adopts democratic rules and practices and fulfils the other requirements of the EU. In the ENP context, it is a positive conditionality that is mostly applied and referred to in respective documents. It concerns political (value-based) as well as policy (acquis-based) conditionality. Political conditionality is rather vaguely formulated in ENP documents, considerably toning down the requirements and combining them with uncertain rewards ⁷¹. Policy conditionality shows a somewhat clearer relation between request and reward. For example, the fulfilment of the Action plan objectives leads to the opening of negotiations on an enhanced agreement ⁷²; WTO membership is seen as a precondition for a the establishment of a free trade agreement ⁷³; regulatory approximation is a precondition for deep free

67. Cf. European Commission press release, *Signature of the agreements on visa facilitation and readmission between the EC and Moldova*, Brussels, 10.10.2007; cf. European Commission press release, *Further strengthening EU-Ukraine bilateral relations: visa facilitation and readmission agreements are signed today*, Brussels, 18.6.2007.

68. Agence Europe, *EU ready to galvanise bilateral relations if certain conditions are met*, 11.03.2008, p. 4.

69. Milcher, S., Slay, B. and Collins M., *The Economic Rationale of the "European Neighbourhood Policy"*, pp. 181-184.

70. Cf. Emerson, M. et al., *The Prospect of Deep Free Trade between the European Union and Ukraine*, Centre for European Policy Studies, Brussels, 2006, pp. 91-92.

71. A good example of this is the following statement: *'The level of ambition of the EU's relationships with its neighbours will take into account the extent to which these values are effectively shared'* (Communication from the Commission *European Neighbourhood Strategy Paper*, Commission of the European Communities, Brussels, 2004, p. 3.)

72. EU/Georgia Action Plan, p. 4.

73. Note from the General Secretariat to the Council *Strengthening the European Neighbourhood Policy – Presidency Progress Report*, Council of the European Union, Brussels, 2007, p. 8.

trade⁷⁴; progress on readmission and border management leads to the opening of negotiations on a visa facilitation agreement⁷⁵. Examples of policy conditionality show that the EU mainly wants to encourage progress through incentives which are sometimes concrete (such as granting Autonomous Trade Preferences or opening up certain Community agencies and programmes to the NCs) or in other cases remain vague (such as the prospect of further consultations on visa facilitation or deeper economic relations). Negative conditionality, which means a loss of support and assistance in case an NC does not comply, is only foreseen in the context of the ENPI when granting funds⁷⁶. The ENP framework does not provide for additional punitive measures.

How does it work? However, political leverage of the EU depends on the existence and the range of policy choices a NC has in dealing with the EU. So far, the EU has exercised a loose nexus between conditionality and compliance. Neither 'strict conditionality' with a clear relationship between compliance and membership nor a new 'light' catalogue of criteria ('Copenhagen light') is introduced. Benchmarks exist but key EU actors like the Commission, the Council and the EP have not spelled them out in a transparent way so far. However, the Commission has announced that the 2008 progress reports will be further refined in order to improve their objective assessment of the performance of the NCs⁷⁷. Apart from conditionality, the EU relies on direct and indirect effects of 'socialisation', e.g. through inclusion of NCs in programmes and agencies and possibly also in other EU institutions⁷⁸ or in joint institutions under the enhanced/association agreements as well as in joint activities in the future through the diffusion of norms (such as the Copenhagen criteria)⁷⁹ and paradigms (such as regional cooperation; social cohesion etc.) and also through financial and economic incentives. The EU tries to initiate competition between NCs through rewarding advanced performers. A concrete example is the governance facility instrument which is meant to provide additional financial support for NCs that have made the most progress in implementing governance principles such as human rights, democracy and the rule of law. Its management and allocation principles can be an important signal for NCs also with regard to credibility of conditionality⁸⁰.

Is it adequate? One weakness of the EU's approach is the credibility of conditionality. In the absence of a punishment option, the EU's negative conditionality is a blunt instrument. While positive conditionality has its limits as well (no membership incentive), there exist rewards below membership (see above). Here, one limitation is that the EU does

74. *Ibid.*, p. 7.

75. EU/Ukraine Action Plan, p. 30.

76. Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument, Article 28: '[W]here a partner country fails to observe the principles [of liberty, democracy, human and fundamental rights], the Council,

77. Cf. Communication from the Commission to the European Parliament and the Council A Strong European Neighbourhood Policy, Commission of the European Communities, Brussels, 2007.

78. Cf. The procedures established for structured dialogue with the candidates from CEE or the special institutional arrangements of the EEA.

79. Cf. Yushchenko, V., 'Angriff auf die Demokratie', Frankfurter Allgemeine Zeitung, 19 June 2007.

80. Cf. Note from the Commission on the Principles for the implementation of a governance facility under ENPI, 22.02.2008. The size of the governance facility is set at € 50 million for the period of 2007 – 2010. It will reward one or two of the fastest advancing partners, taking into account relative rather than absolute levels of progress based on each country's action plan. Proposals from the Commission for allocations are due in May 2008.

not want to raise overly high expectations (e.g. the establishment of a gradual road map with clearly defined stages that lead up to the opening of membership negotiations equivalent to the one for the Western Balkan countries). The EU is concerned about the problems of automaticity. Size of rewards is a constant problem because the EU cannot sufficiently compensate hard domestic reforms. The EU must, however, be aware of the balance between 'give and take' that differs from one NC to another. Besides the size of rewards, the timing of rewards is also crucial. By delivering its rewards gradually over time the EU could tackle the problem of 'time inconsistency'⁸¹, which means that countries are less willing to reform when costs are expected in the short run whereas the benefits occur only in the long run. That is why asymmetry (e.g. in the opening of markets) and also symbolic policy are important elements of the ENP.

Another weakness is that conditionality is inconsistent because the EU needs to balance the different interests it pursues in relation with the NCs. Where overriding security and other foreign policy interests exist, the EU is less concerned and strict about political conditionality. This is the case with Azerbaijan, which, as a resource-rich country, is of special geostrategic importance for the EU⁸².

Can it be improved? Mechanisms to monitor and evaluate conditionality are more elaborate, transparent and probably fairer in the framework of an association, in particular if it is a substantive/deep one as envisaged with Ukraine. The two parties can lay down detailed and clear procedures (including those of suspension and other sanctions) in cases of conflict and non-compliance within a binding legal framework.

It is in the interest of NC governments that the Commission will issue annual progress reports, starting in April 2008. Some NC governments, like Ukraine, have already signalled to the Commission that regular evaluations of their performance would be helpful in order to increase pressure on domestic actors. Reports could preferably focus on the overall state of reforms in each NC with a special eye on ENP Action Plans. In addition the Commission could elaborate other tools like an 'ENP regulatory handbook'⁸³. Beforehand, the EU has to decide on a case-by-case basis how far and deep it wants to get locked into the domestic processes of transformation and reform of an NC and what the strategic and political implications for the EU would be.

Overall, as far as policy conditionality is concerned, a clearer incentive structure linking demands and offers – including timetables for implementation and other benchmarks – and corresponding reform priorities of the NCs can be achieved. Political conditionality will, however, remain weak and effects of 'socialisation' and 'passive leverage' (i.e. the impact that the EU has on domestic policy choices of candidate and neighbouring coun-

81. Cf. Tocci, N., *Does the ENP Respond to the EU's Post-Enlargement Challenges?*, *The International Spectator*, No.1, Istituto Affari Internazionali, Rome, 2005, pp. 21-32, here p. 32.

82. Azer B., *Strategie und Demokratie. Azerbajdžan und die EU-Nachbarschaftspolitik*, *Osteuropa*, 57, 2-3, 2007, pp. 201-208.

83. Emerson, M., Noutcheva, G. and Popescu, N., 'European Neighbourhood Policy Two Years on: Time indeed for an 'ENP plus'', CEPS Policy Brief, No 126, Centre for European Policy Studies, Brussels, 2007. http://shop.ceps.be/download.php?item_id=1479, consulted August 2007, p. 16.

tries by its mere existence and attraction)⁸⁴ are more important at the present stage. Given the current principles of the ENP⁸⁵ and the capacities of the NCs, the EU's overall approach in giving priority to constructive, positive and case specific conditionality over overly ambitious criteria and absolute benchmarks (as in the case of the Copenhagen criteria) seems adequate.

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84. Cf. Vachudova, M., *Europe Undivided. Democracy, Leverage, and Integration since 1989*, Oxford, 2005.

85. General Affairs and External Relations Council, *Draft Council Conclusion on Strengthening the European Neighbourhood Policy*, 18/19 June 2007.

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// A COST/BENEFIT ANALYSIS OF THE ENP FOR THE EU'S SOUTHERN PARTNERS Michele Comelli and Maria Cristina Paciello

11 Introduction

This study seeks to provide an overview of the political, economic and social costs and benefits for the neighbouring countries in adapting their policies in the areas suggested by the ENP as well as to highlight the main constraints and factors favourable to pursuit of ENP objectives in such societies. First of all, Southern Neighbours should be divided into those that have agreed an Action Plan (AP) with the EU (Morocco, Tunisia, Egypt, Israel, the Palestinian Authority, Jordan and Lebanon) and those that have not, either because they are not interested in it (Algeria) or because they are not eligible to do so – not yet part of the Barcelona process (Libya) or not yet signatories of an Euro-Mediterranean Association Agreement (Syria). For reasons of space, this study will focus on Morocco, Jordan and Egypt in order to take account of both Maghreb and Mashreq countries. The first two countries signed an AP in 2005, while the third finalised an AP in 2007. The cases of the Palestinian Authority and Israel will be not discussed here because they are special cases: they have a political system and relationship with the European Union that are not comparable to relationships with the Arab countries within the ENP. In addition, they face different domestic reform challenges, as well as being involved in a conflict with each other. A similar reasoning applies to Lebanon, which experienced a conflict last year and it is still feeling its effects. Tunisia was not chosen because it presents too many similarities with Morocco.

21 Political Costs and Benefits, Vested Interests and Reform Potential

In its founding documents as well as in the APs, the ENP places explicit emphasis on democracy and human rights. The bilateral 'joint ownership' approach could contribute to legitimate political reforms in so far as this kind of political change may be perceived as not being imposed from the outside; in these countries all political and social actors, albeit to different extents, tend to reject any external demands for democratisation as an intrusion into their internal affairs.⁸⁶

Over the last years, the governments of Morocco and Jordan have adopted a number of reforms that are in line with the priority actions listed in their respective APs.⁸⁷ In Morocco, for example, King Mohammed VI took further steps in 2005 to bring the country's laws in line with international conventions, by amending the penal code to abolish torture.

86. Senyücel, S., Güner, S., and Faath, S., *Factors and Perceptions Influencing the Implementation of the European Neighbourhood Policy in Selected Southern Mediterranean Partner Countries*, EuroMeSCo research project, 2006, www.euromesco.net/images/tesev_giga%20final%eng.pdf, consulted September 2007.

87. See Commission of the European Communities, *ENP Progress Report – Morocco*, Brussels, 2006, http://ec.europa.eu/world/enp/documents_en.htm, consulted on September 2007; Commission of the European Communities, *ENP Progress Report-Jordan*, Brussels, 2006, http://ec.europa.eu/world/enp/documents_en.htm, consulted on September 2007.

An anti-corruption law and a new legislative framework on political parties were also approved, and the UN Convention against Corruption entered into force in May 2007. Some reservations against international conventions have been lifted, in particular the conventions on racial discrimination, children's rights and torture. In Jordan, the rapid adoption of the ENP's AP in January 2005 certainly underlines the willingness of the King and government to cooperate with the EU. In 2005, among other things, Jordan published its National Agenda, a long-term social and political programme that, according to the EU progress report, "gives high priority to political and administrative reform,"⁸⁸ therefore in line with the AP. Legislation aimed at fighting corruption such as the law on financial disclosure and the law on the establishment of the anti-corruption commission was adopted in December 2006.⁸⁹

However, as shown by all cases below, although the governments have implemented a number of reforms in line with the APs, they have at the same time reduced liberties and rights. This suggests that the governments' support for the measures listed in the APs has not been matched by real action to further political reform. Moreover, the political and legal measures implemented so far in Morocco, Jordan and Egypt, continue neither to benefit the majority of citizens nor to trigger a genuine substantive political transformation. In particular, the balance of power within the society has remained unchanged; elections for the parliament or presidential positions continue to be formal exercises rather than open political competitions; and human rights violations seem to have increased in recent years. In the APs, support for real political reform is still tenuous since the measures aimed at promoting democracy are limited to rather technical governance issues, such as strengthening domestic and international dialogues on democratization, and legislative reform. In other words, the APs do not tackle the three major obstacles to political liberalization in Southern Mediterranean (SM) countries, which are the lack of a separation of powers, the oppression of civil society and political parties, and flaws in electoral procedures.⁹⁰

The above-mentioned positive developments are coupled with a number of more disappointing setbacks for Morocco. For example, the political and human rights situation, particularly freedoms of association and expression, has strongly deteriorated since the terrorist attacks on September 11th, 2001 and, even more significantly after the Casablanca bombings of May 2003.⁹¹ Most importantly, in spite of the range of measures implemented so far, the distribution of power within the Moroccan society remains unchanged, with all the power centralised in the King's hands.⁹² The King has actually been the main driver of the reform process so that all new measures have actually been

88. *Ibid.* p. 3.

89. Commission of the European Communities, *ENP Progress Report-Jordan*, Brussels, 2008

90. Baracani E., "From the EMP to the ENP: A new European Pressure for Democratization? The Case of Morocco", *The Centre for the Study of European Politics and Society*, 2005, <http://hsf.bgu.ac.il/Europe>, consulted September 2007.

91. For details, see Freedom House, *Morocco's Country Report*, 2007,

www.freedomhouse.org/template.cfm?page=22&year=2007, consulted on September 2007.

92. Baracani, E., *op.cit.*

introduced from the top. Thus, even though the first EU progress report argues that “the changes made to the legislative framework in the area of freedom of association and assembly have led to the emergence of a more active and dynamic civil society”,⁹³ it is noteworthy that civil society organizations have been successful in bringing about change only when they have worked toward goals supported by the palace, as indicated, for example, by the approval of a more progressive version of the family code in 2004.⁹⁴ Moreover, although the recent adoption of an anti-corruption law is a positive step, the fight against corruption is unlikely to go far because real progress would inevitably implicate people who are part of the ruling elite.⁹⁵ In addition, while the new legislative framework on political parties adopted in 2005 has led to some improvements, several provisions have actually tightened controls on party registration in an attempt to limit the activity of opposition parties.⁹⁶ The weakness and lack of independence of the Judiciary – which is not recognised as an independent power by the constitution – impede the effective enforcement of existing democratic laws. The AP, unfortunately, does not push for substantive political reform. For example, as regards the issue of political parties, the only priority is “the exchange of experiences and expertises in the framework of the evolution of the regulation on the political parties”.⁹⁷ With regard to justice, the priority action includes “efforts to facilitate access to justice and the law”, which do not guarantee judicial independence.⁹⁸

Jordan continues to oscillate between cautious political reform and repression. The general perception is that the current political measures, including the call for the above-mentioned National Agenda, are purely cosmetic initiatives, involving little substantive change and aimed solely at maintaining a positive international image.⁹⁹ Also, none of the implemented reforms actually target the distribution of political power: the monarchy retains its monopoly on power in the country and major decisions are still made by institutions not accountable to the electorate.¹⁰⁰ With regard to the law to fight corruption approved in 2006, for example, parliament endorsed a last-minute amendment to allow the Prime Minister to appoint the six-member commission tasked with investigating corruption. Moreover, as the last EU Progress Report published in April 2008 states, the Anti-Corruption Commission is not yet operational and lacks the resources to become functional.¹⁰¹ In addition, although advances have been made in the realm of political party legislation with a new political party law adopted in March 2007, this is unlikely to

93. Commission of the European Communities, *ENP Progress Report - Morocco, 2006*, p. 4.

94. Ottaway, M. and Riley, M., “Morocco: From Top-down Reform to Democratic Transition?”, *Carnegie Papers*, Washington, N. 71, September 2006, www.CarnegieEndowment.org, consulted on September 2007.

95. *Ibid.*

96. *Ibid.*

97. EU/Morocco Action Plan, p. 4, http://ec.europa.eu/world/enp/documents_en.htm, consulted on September 2007.

98. *Ibid.*, p. 5.

99. Rayan, C., “Reform Retreats Amid Jordan’s Political Storms”, *Middle East Report*, June, 2005, <http://www.merip.org/mero/mero061005.html>, consulted on September 2007.

100. Choucair, J. “Illusive Reform: Jordan’s Stubborn Stability”, *Carnegie Papers*, Washington No. 76, December 2006, www.CarnegieEndowment.org, consulted on September 2007.

101. Commission of the European Communities, *ENP Progress Report-Jordan*, Brussels, 2008

strengthen the parties unless the electoral law is also changed.¹⁰² The “one vote” law¹⁰³ used in parliamentary elections since 1993 puts political parties at a disadvantage and favours tribal and family ties. At the parliamentary elections held in November 2007, because of the electoral law, the majority of the parliament’s seats went to pro-government candidates,¹⁰⁴ and the seats were unevenly allocated in relation to population among electoral districts.¹⁰⁵ Significant electoral irregularities including vote buying, breaching the secrecy of voting and the use of improper identification by voters were also reported, while no international electoral observation was accepted.¹⁰⁶ Although Jordan is the only country whose AP envisages reform of the electoral law, nonetheless chances for real reform are hampered by the fact that the content of the reform is unclear, reflecting the deep divergences among different political actors. Yet, in August 2006, the Parliament approved new anti-terrorism legislation that curtails political and civil liberties.

In recent years, Egypt’s approach to political reform has been even more cautious than Morocco’s and Jordan’s. This is also reflected in the fact that negotiations on the AP went on for more than 15 months and were only finalised in 2007. It is noteworthy that the AP was actually adopted in a context of serious political deterioration.¹⁰⁷ In 2006, the regime postponed local elections, extended the state of emergency for two years, cracked down on popular protests and launched a severe repression against the Muslim Brotherhood. In 2007, Egypt’s ruling National Democratic Party used its majority in the parliament to adopt a series of constitutional amendments that diminish judicial supervision of elections, ban political activity based on religion and give the executive authority, specifically the president and the security forces, unprecedented powers. It is striking that, in a country where a series of laws pose obstacles to the emergence of any significant political force, the AP mentions only the need to “strengthen participation in political life, including the promotion of public awareness and participation in elections” or “to exchange experience in the field of elections and jointly develop cooperation in areas of shared interest including through providing assistance on registering electors and capacity building”,¹⁰⁸ omitting any mention of changing such authoritarian laws. Yet, the elections for the Shura Council, the upper chamber of the Egyptian Parliament, held in June 2007 did not improve the country’s political context: while the ruling National Democratic Party emerged victorious, there were reportedly widespread irregularities, acts of violence and a wave of arrests of political opposition activists. An EU Presidency

102. *Ibid.*

103. *The system allows each voter one vote regardless of how many parliamentary seats represent the voter’s district. It puts political parties at a disadvantage, as they effectively cannot run slates or lists of candidates in each district because voters only get one choice.*

104. Carnegie Endowment for International Peace, “Jordan: Parliamentary Election Results; New Cabinet”, *Arab Reform Bulletin*, December 2007, Volume 5, Issue 10

105. Commission of the European Communities, *ENP Progress Report-Jordan*, Brussels, 2008

106. Carnegie Endowment for International Peace, *op.cit.*

107. For details, see Dunne, M., Hamzawy, A, and Brown, N.J., “Egypt – Don’t Give up on Democracy Promotion”, Policy Brief, Carnegie Endowment for International Peace, No. 52, June 2007, www.CarnegieEndowment.org, consulted on September 2007.

108. EU/Egypt Action Plan, pp. 5-6, http://ec.europa.eu/world/enp/documents_en.htm, consulted on September 2007.

statement called on Egypt to investigate allegations of irregularities and acts of violence, but there is no indication that such an investigation has so far taken place.¹⁰⁹

The scope for the ENP process to promote a real democratic transformation in SM countries is hindered primarily by the fact that ruling elites in Morocco, Egypt and Jordan are undoubtedly more interested in improving their trade and economic co-operation with the EU than in engaging in a real political dialogue. Since their main aim is to ensure their survival, the regimes have not discussed the ENP reform agenda with opposition parties and civil society groups, and have agreed to adopt reform policies that do not threaten the status quo and internal security. This certainly weakens the chances for the ENP process to contribute to real political improvements in SM countries since the implementation of its objectives requires both the willingness of governments to reform and the acceptance of the majority of society. For example, the main recommendations made by some Egyptian NGOs with regard to the Egypt's AP, include, among other things, the lifting of the state of emergency, the independence of the judiciary, and free and fair elections, which are not contemplated in the AP.¹¹⁰ Similar demands were put forth by Jordanian activists.¹¹¹

The current geopolitical context also affects the willingness of the regimes to promote political reform and may hinder the process of political transformation, including the ENP, especially in Mashreq countries. In Jordan, where external factors count more than in Morocco and Egypt, deep political reform has been hindered particularly by the Israeli-Palestinian conflict and the Iraqi conflict, which have placed security considerations above all others. For example, as long as the Palestinian-Israeli conflict is unresolved, the monarchy will avoid reforming the electoral law and settling the question of Palestinian Jordanian representation in the kingdom: although the majority of the Jordanian population is of Palestinian origin, the current electoral law is designed to disfavour them and over-represent segments of the population allied with the regime.¹¹²

The chance for the ENP process to foster a real democratic transformation in SM countries is also heavily constrained by the fact that opposition parties, particularly the secular ones, are weak and co-opted. Although there are differences from country to country, opposition parties generally suffer from elitism, are based on feudalised structures and have been careful not to antagonize those in power.¹¹³ The opposition in Jordan and Egypt is even weaker and more fragmented than in Morocco. In Egypt, for example, the

109. Commission of the European Communities, *ENP Progress Report-Egypt*, Brussels, 2008

110. Euro-Mediterranean Human Rights Network, *European Neighbourhood Policy: Human Rights in EU-Egypt Relations, Recommendations of Egyptian Non Governmental Organizations for the EU-Egypt Action Plan, Seminar organized by the Euro-Mediterranean Human Rights Network in cooperation with the Cairo Institute for Human Rights Studies in Cairo, January on 26-27, 2006*, www.euromedrights.net/usr/00000020/00000055/00000751.pdf, consulted on September 2007.

111. See Choucair, J, *op.cit.*

112. *Ibid.*

113. For Morocco, see Ottaway, M. and Riley, M., *op.cit.*; for Egypt, Dunne, M., Hamzawy, A., and Brown, N.J., *op. cit.*; for Jordan, Choucair, J., *op.cit.*

new protest movements such as Kifaya and various networks of human rights activists have failed to mobilize significant popular support for their pro-democracy platforms since they are primarily a movement of students, intellectuals and middle-class professionals. Moreover, the marginal role of parliament in the political process, several laws that pose obstacles to the emergence of any significant political force, and a strong security apparatus also hinder the opposition's ability to promote its goals in SM countries. In addition, in all three countries reviewed here, secular parties have not succeeded in exerting sufficient pressure on the regimes, partly because, in order to stop the rise of the more popular Islamist organisations, they have preferred to renounce a vigorous political reform.¹¹⁴

The only opposition that poses some challenge to the regimes' monopoly on power are the moderate Islamist movements, although they are still unable to challenge the regimes.¹¹⁵ For example, in Morocco, the Justice and Development Party (PJD) has a large representation in Parliament and has gained power and influence, thanks to the country's socio-economic problems and to the foreign policy context created by the aftermath of 9/11. However, the current electoral law poses obstacles to a strong electoral victory of the PJD, as confirmed by the recent parliamentary elections held on 7 September 2007 and won by the Istiqlal party, a member of the governing coalition.

The fact that the strongest opposition to the governments comes from the moderate Islamic movements may be a challenge to a real democratic transformation, in general, and to the ENP process, in particular. In fact, Islamist groups reject outside interference in internal affairs, especially in the political domain, more strongly than the other political and social actors.¹¹⁶ The ambiguous approach of many Islamist groups to some crucial issues such as human rights, universal citizenship, women's issues and legal matters, may raise doubts about their real commitment to democracy.¹¹⁷ There are risks to excluding non-violent Islamists from the political sphere as well. Since they represent a large section of the population, their exclusion from political life is likely to weaken the chances of democratic transformation in the region and to alienate the population further from the political process. As noted by Haddad and Pogodda,¹¹⁸ "by engaging with Islamists in countries such as Egypt, Jordan, Morocco and Tunisia, the EU might not only develop a mutual understanding between itself and a real 'other', but it will also give credence to an alternative discourse to that of the ruling government, and invite a third party into negotiations that may in fact be more representative of the partner countries than the current"

114. *Ibid.*

115. For the Jordanian Islamic Action Front (IAF) and the Egyptian Muslim Brotherhood, which are not discussed here for reasons of space, see, respectively, Choucair, J., *op.cit.* and Dunne, M., Hamzawy, A, and Brown, N.J., *op.cit.*

116. Senyücel, S., Güner, S., and Faath, S., *op.cit.*

117. See Hamzawy, A., "The Key to Arab Reform: Moderate Islamists", Policy Brief, Carnegie Endowment, No. 40, July 2005, www.carnegieendowment.org, consulted on September 2007.

118. Haddad, S. and Pogodda, S., "The European Neighbourhood Policy: A View from the South", GO-Euro Med Working Paper, No. 0614, 2006, p. 16, www.go-euromed.org, consulted on September 2007.

There are also promising developments underway, however. The cases of Morocco, Jordan and Egypt indicate that moderate Islamists have accepted the current rules of the game governing their participation in politics and have not destabilised the countries. For example, the PJD in Morocco has claimed that “the establishment and strengthening of democracy in Moroccan political life depends on the existence of democratic political parties which have clear visions and programs capable of enhancing the people’s representation in all public institutions.”¹¹⁹ Moreover, although differences between secular groups and Islamists remain relevant, the degree of convergence over national priorities is growing. For example, in 2005 in Egypt, a coalition of eleven political parties and groupings, covering virtually the whole of the opposition, including the Muslim Brotherhood, formed the United National Front for Change calling for comprehensive constitutional reform, an end to corruption and authoritarianism including the annulment of emergency laws, equality between the sexes and the bolstering of national unity.¹²⁰

In conclusion, support for real political reform is urgent as long as the worsening economic situation and the regimes’ loss of political legitimation are determining a loss of political consensus, especially in those social strata marginalised by recent economic reforms. Based on the APs negotiated by the EU with Morocco, Jordan and Egypt so far, it seems unlikely that the ENP will be able to yield the expected benefits to promote substantive democratic change. Yet, the ENP process should attempt to push for substantive political reforms that introduce a fairer electoral system, strengthen parliament powers and guarantee judicial independence. Similarly, successful implementation of the ENP requires a wider constituency for the reform agenda and the involvement of a broad spectrum of actors. Ways should be found to build up the consensus for reforms in all political parties, including Islamic groups. The key challenge is to balance leadership from above with demands from below in order to create public pressure and support for real reforms. Finally, the EU should engage in supporting a real process of internal reform of political parties.

3I Economic Costs and Benefits, Vested Interests and Reform Potential

Within the ENP framework, the SM countries are expected to benefit greatly from a stable macro-economic framework and market-oriented reforms. For example, with more trade and foreign direct investment (FDI), SM countries are assumed to achieve higher rates of growth, create more jobs, and improve the knowledge, skills and productivity of their labour force. The potential benefits offered by the liberalisation of trade in the area of services are regarded as being even higher than those offered by free trade.¹²¹

119. Hamzawy, A., *op.cit.*

120. Farag, F., “Cracks in the Façade: How Much Unity is there in the United National Front for Change”, *Al-Ahram Weekly*, 2-9 November 2005, <http://weekly.ahram.org.eg/2005/767/eg6.htm>, consulted on September 2007. For examples on Morocco, see Hamzawy, A., *op.cit.*

121. Muller-Jentsch, D., *Deeper Integration and Trade in Services in the Euro-Mediterranean Region: Southern Dimensions of the European Neighbourhood Policy*, World Bank and European Commission, 2005, www.trade-info.cec.eu.int/doclib/docs/2005july/tradoc_124235.pdf

In recent years, economic reforms in Morocco, Jordan and Egypt have proceeded faster than political reforms. The priority actions included in the APs reflect the usual set of macro-economic and structural reforms that Morocco, Jordan and Egypt have been committed to implementing since the adoption of their first structural adjustment programs in conjunction with the International Monetary Fund (IMF) and the World Bank (WB), respectively in 1983, 1989 and 1991. However, even though the three countries have succeeded in improving their macro-economic performance and have engaged in a gradual process of liberalization and privatization, such policies have been unable to deliver the expected benefits of long-term growth, increased investment, strong productivity, competitiveness, and employment. On the whole, economic reforms have favoured the economic interests of the elite group, while the benefits for the rest of the population have not yet materialised.

Progress on the macro-economic front remains vulnerable in so far as the economic reforms have not addressed the structural causes of fragile growth: the economies of SM countries continue to be hardly diversified, vulnerable to natural and external shocks, and highly dependent on external rents. For example, although Jordan continues to enjoy strong economic growth, it still needs to confront high dependency on various types of rents, including aid, remittances and loans. Moreover, although governments claim to be strongly committed to economic reforms, structural reforms continue to be slow, selective or incomplete, particularly in Jordan and Egypt. In addition, economic reforms such as trade liberalisation and privatisation are not, by themselves, sufficient to provide long-lasting solutions to the countries' economic challenges. Most local enterprises are small in size and have difficulty accessing essential factors of production, and are therefore incapable of competing on the EU and other foreign markets.¹²² Indeed, despite the fact that the three countries have signed numerous international trade agreements, FDI and export of manufacturing goods have neither increased nor stimulated local production capacity and supply as expected.¹²³

The evidence provided above suggests that promoting a stable macro-economic context and market-oriented economic reforms are not sufficient conditions to boost economic growth, development and employment in the region. There are indeed serious political economy constraints to economic reforms that need to be addressed. For example, while the ruling elites are currently putting higher priority on economic reforms than on political reforms, they have shown a marked preference so far for a gradual pace of economic reform. This is for two main reasons: first, established elites have resisted deep structural reforms such as privatisation, administrative reform and trade liberalisation out of concern that they would harm their economic or political interests; second, they fear that full-scale economic reforms can entail social dislocations and politically destabilise

122. Hemal, A., "Enhancing Neighbourhood Policy through FDI", in Attinà, F. and Rossi, R. (eds.), *European Neighbourhood Policy: Political, Economic and Social Issue*, The Jean Monnet Centre "Euro-Med" Department of Political Studies, Catania, 2004.

123. *Ibid.*

the country. In Jordan, for example, structural reforms in key areas are now proceeding slowly because the policies the King must adopt to face the challenge of economic development - particularly administrative reform and privatization - threaten the monarchy's traditional support base, namely the Transjordanians who dominate the public sector.¹²⁴ Moreover, economic reforms have been used by ruling elites as a strategic tool for maintaining and reorganising the system of privileges that has served them, allowing for the regime's survival. Privatisation programs are a case in point. In all three countries reviewed here, privatisation programs have benefited a few well-connected businessmen, friends and relatives of regime members (as well as the royal family in the case of Morocco and Jordan).¹²⁵

There is evidence, at least in Egypt and Jordan, that most political actors outside the elite give priority to political over economic reforms and are critical of the government's continued emphasis on economic matters.¹²⁶ It seems, however, that opposition groups, including the moderate Islamist groups, question the validity of foreign initiatives in the field of democratisation, and are more inclined to accept cooperation with the EU in the economic field.¹²⁷ In Morocco, for example, even left-wing parties and trade unions appear to lend their support to cooperation with the EU in the field of economic and developmental policies. The Islamists of the PJD also share this view in their official declarations.

Finally, an essential pre-condition for any genuine economic reform is the existence of independent entrepreneurs. In recent years, in all three countries, the reform process has led to the emergence of a new oligarchy of young businessmen, who have become an important source of support for the regime beside the old support base. These new businessmen are more Western oriented, are prone to accelerate economic reforms and enjoy extensive support from the regime.¹²⁸ The tension between the old and the new elites is likely to affect economic reform efforts in the future. However, this new business class is unlikely to promote a real process of economic reform in so far as its success will continue to depend on its privileged and strong links to the regime. So far, in none of the three countries, is there evidence of the emergence of a class of businessmen independent of the government. Because an autonomous private sector is still lacking, independent business interests cannot provide

124. See Alissa, S., "Rethinking Economic Reform in Jordan: Confronting Socio-Economic Realities", *Carnegie Paper*, No. 4, July 2007, www.CarnegieEndowment.org, consulted on September, 2007; Ryan, C., *op.cit.*

125. Bradford, D., "Facing the Market in North Africa", *The Middle East Journal*, No. 55, Vol. 2, pp. 198-215, 2001; Heydeman, S., *Networks of Privilege in the Middle East, The Politics of Economic Reform Revisited*, Palgrave, 2005. For Jordan, in particular, see Ryan, C., *op.cit.*

126. For Jordan see Ryan, C., *op.cit.*; for Egypt see Gauch, S., "Egypt's Opposition Targets Reforms", *The Christian Monitor*, 23 March, 2006, <http://www.csmonitor.com/2006/0323/p07s02-wome.html>, consulted on September 2006.

127. For Jordan, see Abu-Dalbouh, W., "Jordan and the Euro-Mediterranean Partnership", in Fernandez, H.A. and Youngs, R. (eds), *The Euro-Mediterranean Partnership: Assessing the First Decade*, Real Instituto Elcano and FRIDE, October 2005, www.fride.org/eng/Publications/publication.aspx?item=832 consulted on September 2007; for Morocco, see Senyücel, S., Güner, S., and Faath, S., *op.cit.*

128. For example, for Jordan, see Alissa, S., *op.cit.*

an effective lobby in favour of economic reforms. Corruption is widespread and only wealthy and well-connected businesspeople receive special treatment.

In conclusion, the economic prescriptions indicated in the APs will be unable to deliver the expected benefits to the majority of the population unless the ENP puts efforts into addressing the political economy constraints that continue to hinder the implementation of effective and transparent economic reforms. This means that addressing political issues should be viewed as a crucial complement to economic reform programs. Progress is thus needed to improve effective governance, anti-corruption enforcement mechanisms, and, above all, political participation.

4I Social Costs and Benefits, Vested Interests and Reform Potential

Unemployment is considered one of the most important challenges facing SM countries: 20 million jobs would have to be created by 2010 to prevent the already high average unemployment rates of 15% of the working population from increasing.¹²⁹ Moreover, although poverty does not manifest itself with the same intensity as in other developing countries, living conditions are very poor in rural areas and the areas surrounding the big cities.¹³⁰

While the EMP, since its inception, has not effectively contributed to creating employment or improving the socio-economic situation,¹³¹ the ENP seems to introduce some positive changes with regard to social issues, offering an opportunity to redress this balance and contribute to promoting social development. In particular, the APs for Morocco, Jordan and Egypt entail the promotion of policies against poverty and unemployment as well as the enhancement of dialogue and cooperation with the EU on social matters.

Over the past years, the countries reviewed have taken a series of public initiatives to reduce unemployment and poverty.¹³² This suggests that the governments feel increasingly pressed to deal with unemployment, job creation and poverty reduction. However, there is the risk that such initiatives are more cosmetic than real. With regard to Jordan, for example, the last EU progress report notes that the implementation of the employment and poverty reduction strategy inaugurated by the King in 2006 suffered from a general lack of consistency and coordination, which led to the delay of the European Community assistance programme on poverty alleviation.¹³³ In Morocco, in spite of the approval of a regulatory framework on child labour, women's and workers' rights, its

129. Handoussa, H. and Reiffers, J. *Femise 2003 Report on the Euro-Mediterranean Partnership*, Institut de la Méditerranée, Marseille, 2003, <http://www.femise.org/Pub-indic/an-03.html#gb>, consulted on September 2007.

130. See Karshenas, M. and Moghadam, V.M. (eds), *Social Policy in the Middle East*, Palgrave Macmillan.

131. See Barreñada, I. and Martín, I., "Employment and Social Protection in the Euro-Mediterranean Partnership Status, Perspectives and Proposals for Action", paper presented for the "Barcelona + 10 Civil Event" organised by the EuroMed Non Governmental Platform, Malaga, 30 September and 1 - 2 October 2005, www.eco.uc3m.es/immartin/EmpleolargaEnglishvisada.doc, consulted on September 2007.

132. See Commission of the European Communities, *ENP Progress Report – Jordan, 2006 and 2008*; Commission of the European Communities, *ENP Progress Report – Morocco, 2006 and 2008*; Commission of the European Communities, *ENP Progress Report – Egypt, 2008*.

133. Commission of the European Communities, *ENP Progress Report – Jordan, 2008*, p. 6.

concrete application is still difficult. The fact that the action lines indicated in the APs remain too generic and are not translated into specific/direct/concrete measures to boost employment and alleviate poverty may contribute to favouring rhetorical endorsement by countries' ruling elites. Another explanation is that, alongside the spread of public initiatives to address poverty and unemployment, the state is actually retreating from the provision of social services because of declining financial resources¹³⁴. For example, the state is increasingly delegating its social welfare functions to private actors such as non-governmental organisations, while social spending is no longer sufficient to prevent the deterioration of the quality of health and educational services. This means that, in the long run, the social policies so widely publicised by SM governments are likely to turn out to be unsustainable. With regard to Morocco, for example, budget constraints are raising concerns about the sustainability of the National Initiative for Human Development (NIHD) launched in 2006,¹³⁵ which the first EU progress report considers "a key instrument for reducing social disparities and combating poverty."¹³⁶ In this regard, the European Commission has devoted € 60 million to supporting the implementation of the NIHD.¹³⁷

A second factor to be considered in the cost-benefit analysis is that the current employment and social policies implemented by SM countries, and encouraged in the APs, seem to be rather ineffective in dealing with unemployment and poverty. Similarly, they fail to benefit the needy population. In Morocco, for which more information is available, despite the social security reform launched in 2005, and called for in the AP, the system continues to be highly discriminatory in so far as it excludes the majority of workers, the self-employed, as well as wage earners in the informal sector.¹³⁸ As noted by the last EU progress report on Morocco,¹³⁹ a health insurance for the poor has not been established yet although its creation was announced by the year 2006.¹⁴⁰ Although the reform of the Labour Code approved in 2004 and supported in the AP is indisputably a major contribution to the modernization of industrial relations in Morocco, nonetheless, it imposes restrictions on the right to strike, and introduces little flexibility regarding labour contracts.¹⁴¹ SM countries, including the countries reviewed here, generally lack a coherent and comprehensive national employment strategy so that governments tend

134. See Paciello, M.C., "Income Distribution in the Middle East and North Africa, 1960-2000", in Jomo K.S. and Jacques Baudot (ed.), *Flat World, Big Gaps: Economic Liberalization, Globalization, Poverty and Inequality*, Zed Books, 2007; for Egypt, Bayat, A., "The Political Economy of Social Policy in Egypt", in Karshenas M. and Moghadam V.M. (eds), *Social Policy in the Middle East*, Palgrave Macmillan, pp. 135-155.

135. Radwan, S. and El Oraby, N., "Poverty Reduction Strategies in North Africa Country Cases for Egypt, Morocco and Tunisia", Paper prepared for the United Nation's Economic Commission for Africa, June 14, 2006, www.uneca.org/prsp/cairo/documents/NA_Paper.pdf, consulted on September 2007.

136. Commission of the European Communities, *ENP Progress Report – Morocco, 2006.*, p. 7.

137. Commission of the European Communities, *ENP Progress Report-Morocco*, Brussels, 2008

138. In 2005, the government established the Assurance Maladie Obligatoire (AMO) that consists in a compulsory health insurance system for public and private wage earners in the formal sector and for holders of pension.

139. Commission of the European Communities, *ENP Progress Report-Morocco*, Brussels, 2008

140. The system of health assistance for the poor is called *Régime d'Assistance Médicale pour les Populations Démunies* (RAMED).

141. Martin, I., "The Social Impact of Euro-Mediterranean Free Trade Areas: A First Approach with Special Reference to the Case of Morocco", *Mediterranean Politics*, 9 (3), 2004, pp. 422-58.

to deal with job creation through piecemeal measures.¹⁴² In this regard, the lines of action indicated in the APs are still too generic and need to be translated into specific/direct/concrete measures to effectively boost employment and alleviate poverty.

Finally, the outcome of many of the economic reforms envisaged in the AP will not produce positive results immediately and are likely to have high social costs in the short term. The economic policies implemented so far by Morocco, Jordan and Egypt, which are the same as those prescribed within the ENP framework, have been associated with lower living standards and labour market outcomes. In the coming years, as tariffs on the nationally produced consumer products that are most sensitive to competition from European products are dismantled, Southern Mediterranean citizens will start to feel the negative effects of the Euro-Mediterranean Free Trade Areas (EMFTA)¹⁴³. Since many small- and medium-sized firms in SM countries are unable to compete with higher quality EU goods both within the EU and on their domestic markets, the problems of unemployment and labour market flexibility are likely to increase. In addition, since custom duties have traditionally been an important source of revenue for those countries' national budgets, trade policy reform will generate a drop in taxes on international transactions and therefore a reduction in state income. This could translate into further cuts in social spending. In spite of this, the APs - with the exception of the AP for Egypt - make no mention of adopting specific measures that compensate for the social costs of economic reforms.¹⁴⁴ Failure to adopt countermeasures against the possible negative effects of economic reforms could aggravate the social situation and generate serious costs in terms of social and political sustainability of reforms.

Up to now, civil society, unions and political parties have been too weak to resist or influence economic and social policies. They are unable to mobilise large sectors of the society and lack a popular constituency. The regimes have rarely involved the various social actors in the design of social and economic policies, including the EMP and ENP processes. However, in all three countries reviewed here, economic reforms have met with significant popular resistance because they have worsened people's standard of living. People seem to be more concerned with the negative implications of economic reforms for the labour market, than for lack of political reforms. Islamic movements in the countries are gaining increasing popular support thanks to deteriorating social and economic conditions. Recently, there have been signs of growing opposition to the negative social effects associated with economic reform, particularly with the acceleration of privatisation programs. For example, between 2006 and 2007, Egypt saw the longest and strongest wave of worker protest since the end of World War II, spreading throughout the major industrial centres of the Delta¹⁴⁵ to denounce privatisation programs.

142. El-Megharbel, N., "The Impact of Recent Macro and Labor Market Policies on Job Creation in Egypt", ECES Working Paper, No. 123, May 2007. For Jordan, see EU/Jordan Strategic Paper, 2007-2013, http://ec.europa.eu/world/enp/documents_en.htm#1, consulted on September 2007.

143. See Hemal, A., *op.cit.*; for Morocco, see Martin, I., *op.cit.*

144. See EU/Jordan Action Plan, *op.cit.*; EU/Morocco Action Plan, *op.cit.*; EU/Egypt Action Plan, *op.cit.*

145. Beinin, J. and el-Hamaway, H., "Strikes in Egypt Spread from Center of Gravity", Middle East Report, May 9, 2007, <http://www.merip.org/mero/mero050907.html> consulted on September 2007.

If economic reforms continue to go ahead, while political reforms are postponed and benefits for the low-middle social strata do not materialise, incumbent regimes could go through serious crises of legitimacy. This could bring about greater political instability and violent forms of resistance, halting both political and economic reform. As a result, the EU should attempt to strengthen the social dimension of the ENP process as much as possible to avoid the risk of political and social instability in SM countries. Moreover, the whole society is likely to benefit from the implementation of fair and effective social policies. In addition, all actors, including the ruling elite, seem to agree on the importance of addressing the unemployment and poverty problems. As mentioned before, ruling elites fear the socially and politically destabilising effects of economic reforms, and therefore, in the name of security, may have a strong interest in dealing with the issue of the social costs of economic reforms. Similarly, they are aware that failing to respond to the unemployment and poverty problems through appropriate social policies could lead to social and political repercussions, which they may not be able to control.

51 Overall assessments of costs-benefits

The ENP has the potential to deliver political, economic and social benefits to SM countries, but up to now, it has not yielded any positive concrete results. At all levels, ruling elites have benefited the most, to the disadvantage of the majority of citizens.

As highlighted by the examples provided above and the literature on the ENP,¹⁴⁶ there are a number of shortcomings in the APs that seem to hinder the effectiveness of the process and, therefore need to be redressed:

- APs are imprecise, cautious and not specific in policy-operational detail, particularly with regard to political and social issues, despite the fact that the main objective of these action plans was initially to spell out the actions needed to implement specific goals based on the priorities of each country;
- APs are not supported by clear indications of the incentives offered to the partner states, and on what conditions;
- APs provide no specific dates or modalities for implementation. Their time dimension is lost when terms as "short term" and "medium term" are used without defining the length of time intended. The non-specification of the time frame in the AP could result in a slow down of the whole process.

On the political front, the reforms envisaged in the ENP are unlikely to contribute to stimulating a real process of democratic transformation or to meeting and satisfying citizens' expectations.

146. See, for example, Radawan, S. and Reiffers, J.L., *FEMISE Report on the Euro-Mediterranean Partnership 2006: Analysis and Proposals of the Euro-Mediterranean Forum of Economic Institutes, September 2006*, www.femise.net/PDF/Femise_A2006gb.pdf consulted on September 2007; Emerson, M. and Noutcheva, G., "From Barcelona Process to Neighbourhood Policy: Assessments and Open Issues", CEPS Working Paper, No. 220, Brussels, March, 2005, www.ceps.be, consulted on September 2007.

- **Major constraints to substantive political reforms:**
 - Ruling elites in Morocco, Egypt and Jordan are more interested in improving their economic cooperation with the EU than in engaging in a political dialogue for real democratic change. Their main concerns remain political stability and security, which are necessary for their survival.
 - Opposition groups, particularly the secular ones, lack popular constituency, are weak and co-opted by the regimes, and therefore unable to promote real political change.
 - Moderate Islamic groups are the only real opposition to SM governments with a popular constituency. Their exclusion from political life is likely to weaken the chances of democratic transformation in the region;
 - The ENP reform agenda was not discussed with major political actors and civil society organisations, but was negotiated by a select group of senior policy-makers, who ensure that reforms do not destabilize their hold on power.
 - The EU has done little to promote local pro-reform voices, including moderate Islamic groups.¹⁴⁷
 - An unfavourable geo-political context hinders political reforms, particularly in Jordan.

- **Favourable factors:**
 - Some elements from civil society groups and opposition parties are calling for a real political transformation, although, given that there has been very little public discussion of the ENP in SM countries, it is not clear to what extent they support the ENP process.
 - Moderate Islamic groups seem to have accepted the current rules of the game governing participation in legal politics and call for deep political reform.

On the economic front, reforms have undoubtedly proceeded more quickly than political reforms. However, progress on the macro-economic level remains vulnerable in so far as the structural causes of fragile growth have not been addressed. Structural reforms continue to be hesitant and unable to deliver the expected economic benefits to the majority of the population.

- **Major constraints to effective, transparent and equitable economic reforms:**
 - There are serious political economy obstacles that continue to stand behind the implementation of reforms: Established elites resist reforms that will harm their economic or political interests, while they use reforms in a way that allows the existing regimes to survive and favours their economic interests.
 - A business sector independent of the government is still lacking;
 - There is no dynamic and competitive business sector that is able to take advantage of trade and investment opportunities.

- **Favourable factors:**
 - Trade unions, civil society groups and opposition parties, including the moderate Islamist movements, seem to be inclined to accept cooperation with the EU in the economic field;
 - Opposition and civil society groups favour political over economic reform. This could pro-

147. See Youngs, R., "Europe's Flawed Approach to Arab Democracy", Centre for European Reform, 2006.

vide a favourable context for the ENP to address the political economy constraints to economic reforms and implement political reforms step by step alongside economic reforms.

Unemployment and poverty remain the most important challenges facing Southern Mediterranean countries. The ENP framework seems to introduce some positive changes with regard to social issues, offering an opportunity to contribute to promoting social development in SM countries. However, the ENP may fail to deliver real social benefits. First, the social initiatives launched by the governments seem to be more cosmetic than real. Second, social policies are hardly effective in dealing with unemployment and poverty. Third, the outcome of many of the economic reforms envisaged in the APs will not be immediately positive and are actually likely to have negative effects in the short term, especially in the low-middle social strata.

- **Major constraints to delivering effective social benefits:**
 - Because of budget constraints, the state is increasingly unable to support effective social policies.
 - The ENP framework does not seriously take into account the side-effects of implementing economic reforms.
 - Civil society, unions and political parties are still too weak to resist or influence economic and social policies and are rarely involved in social consultation, including in the ENP process.
- **Favourable factors:**
 - The majority of local actors, including incumbent elites and opposition groups agree, albeit for different reasons, that there is an urgent need to address the unemployment and poverty problems through appropriate social policies and that an acceleration of economic reforms will entail possible negative effects that need to be taken into account.

6I Conditionality and potential suggestions for other incentives

This analysis shows that the EU is having difficulty in trying to adopt a conditionality strategy with Southern Neighbours. The most effective incentive that the EU ever devised to persuade third countries to reform their political, economic and social system was enlargement policy, notably the pre-accession strategy. These models have indeed influenced the ENP scheme, which was initially conceived for Eastern neighbours and was subsequently extended to Southern ones.¹⁴⁸ However, if the membership perspective is not present at all, not even in the long run, trying to apply conditionality to Southern Neighbours in a similar fashion as it was applied vis-à-vis candidate countries or even Eastern neighbours, will not work. In addition, unlike their Eastern counterparts, Southern neighbours do not aim at upgrading their contractual relations with the EU, at least in the short run. They already have Association Agreements with the EU under article 310 of the Treaty

148. See Comelli, M., "The Challenges of the European Neighbourhood Policy," *The International Spectator*, no. 3(2004), p.99. Del Sarto, R. and Schumacher, T., "From EMP to ENP: What's at Stake with the European Neighbourhood Policy towards the Southern Mediterranean?," *European Foreign Affairs Review* 10(1): 17-38, 2005.

of the European Communities, which are for the moment the most advanced contractual agreements between the EU and third countries short of membership. Moreover, it is not yet clear whether the so-called "Neighbourhood Agreements" will be stipulated and what their provisions will be. This is why other kind of incentives should be devised, such as: 1) relaxation of the visa regime; 2) more trade liberalisation for agricultural products; 3) more funds for the countries that show better performance in domestic reforms.

Improving the perspectives for lawful migration and movement of persons through, for example, establishing a more flexible visa system could be a possible incentive to persuade SM countries to carry out substantive reforms. More liberal migration policies and visa regimes are probably among the main desiderata of the SM states.¹⁴⁹ A possible facilitation of legal labour migration from the SM countries to the EU is seen by SM countries as a way of diminishing demographic pressures and, partly, alleviating the problem of unemployment. Offering substantial improvements on the visa side, particularly for some categories of people, such as students, by providing simpler and faster procedures, perhaps in exchange for a readmission agreement, could provide an incentive for reform in the partner countries and will result in a better knowledge and perception of the EU in the SM countries. However, the ENP has not yet allowed for significant progress in improving the movement of partner countries' citizens to the EU. In the APs, there is still very little with regard to visa policy or legal migration. In the case of Jordan for example, the AP only includes the possibility of "examining the scope for visa facilitation for short stay for some categories of persons to be defined jointly"¹⁵⁰ In Morocco, the negotiation rounds on visa facilitation and re-admission agreement have been stuck during 2007.¹⁵¹

The second incentive that might prove effective in persuading SM countries to carry out substantive reforms is in the field of agriculture, which is an area of high economic potential and interest for SM countries. As most of the SM countries have a comparative advantage in agriculture, particularly fruit and vegetables, improved access to the EU agricultural markets is important to stimulate export growth, create jobs, and provide sustainable livelihoods to farmers in these countries. It is estimated that Egypt, Jordan, Lebanon, the Palestinian Territories, and Syria could generate 119,000 new jobs, making a profit for producers of \$498 million and adding \$756 million to the value of their economies, just by meeting the EU's unmet demand for strawberries, grapes, dates, green beans, and sweet melons.¹⁵² Access to EU markets, however, remains characterised by tariffs, quotas, exceptions, and timetables. Also, the APs are still cautious with regard to extending freedom of movement of goods to agricultural products, even though there are differences between countries. In the case of Jordan, the AP only contemplates the

149. Jones, S. and Emerson, M., "European Neighbourhood Policy in the Mashreq Countries: Enhancing Prospects for Reform", CEPS Working Document, No. 229, September 2005, www.isn.ethz.ch/pubs/ph/details.cfm?lng=en&id=13877, consulted on September 2007.

150. EU/Jordan Action Plan, *op.cit.*, p. 3

151. On the contrary, in June 2007 the EU concluded a visa facilitation agreement and a re-admission agreement with the Ukraine.

152. Oxfam International, « Euro-Med: Ensuring a Fair Deal », Oxfam Briefing Note, 26 November 2005.

“possibility for further liberalization of trade in agricultural products”, without mentioning any concrete measures. As for Morocco’s AP, although agricultural reform is aimed at fostering conditions for the creation of a free trade area with the EU, most measures,¹⁵³ while useful for promoting agriculture, are aimed at exchanging information on agricultural policies, not explicitly at liberalization.¹⁵⁴

With regard to the funds aimed at rewarding the best-performing neighbouring countries, the EU has launched in 2006 the so-called Governance Facility within the European Neighbourhood and Partnership Instrument (ENPI), the financial instrument aimed at the ENP countries. The point is that the funds allocated to the Governance Facility are only 300 million euro. This is insufficient if one considers that it covers the period from 2007 to 2013 and is potentially directed at all neighbouring countries. It should therefore be increased, possibly on the occasion of the presentation of the budget review, that will take place in late 2008/early 2009. In addition, the funds of the Governance Facility will be allocated to reward governance reform rather than genuine democratic change.¹⁵⁵

A related problem is that the governments of Southern Mediterranean countries have a kind of veto on granting money from the EU to third parties. In fact, the ENPI envisaged that the funding for non-governmental organisations would receive the prior approval of the recipient’s government, with the result that in Jordan, for example, much of the MEDA ‘civil society support’ has been received by non-governmental organisations (NGOs) headed by members of the royal family¹⁵⁶. A strong effort should be made to change this regulation and make it possible, at least to a certain extent, for non-governmental organisations to be able to receive funds without the government’s approval, as is already the case with the main financial instrument aimed at promoting democracy worldwide, the European Instrument for Democracy and Human Rights (EIDHR).

The ENP should be communicated better to the Southern Neighbours, both at the elite and the popular level. First of all, the EU should explain more clearly the goals and instruments of the ENP to the governments of these countries, in order to avoid misunderstandings and reinforce the idea that the policy is jointly owned by the two counterparts, and it is not only an EU-led policy. Similarly, the main advantages should be stressed, and the new elements pointed out, also in relation to the Barcelona process. More effective EU involvement in crisis management and conflict settlement, especially in the Middle East, would also give the EU a much more credible image in the eyes of the Southern Neighbours, both among the elites and among ordinary citizens. The above mentioned measures, such as relaxation of the visa regime, trade liberalisation for agricultural products being exported to the EU would, apart from their material effects, greatly help to improve the image and credibility of the EU in the Southern Mediterranean countries.

153. EU/Jordan Action Plan, *op.cit.*, p. 3.

154. EU/Morocco Action Plan, *op.cit.*, p. 9-10.

155. R. Youngs, “Europe’s flawed approach to democracy”, Centre for European Reform essays, October 2006, p. 3.

156. *Ibid.*

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// THE EASTERN EU NEIGHBOURHOOD - AN AREA OF COMPETING POLICES: SHARED NEIGHBOURHOOD BETWEEN THE EU AND RUSSIA Piret Ehin and Graham Avery

11 Introduction

The European Neighbourhood Policy aims to promote stability, democracy and prosperity in countries that lie close to the EU's borders, offering closer political cooperation and economic integration in exchange for reforms and commitment to shared values.

The Eastern dimension of the ENP now includes three countries in Eastern Europe (Ukraine, Moldova, Belarus) and three in the South Caucasus (Georgia, Armenia and Azerbaijan). This new neighbourhood, however, overlaps with Russia's 'near abroad,' where Moscow has sought to retain its influence and strategic predominance:

- Ukraine and Belarus hold special importance to Russia as former parts of the Soviet Union's 'Slavic core' and because of their historical and ethnic ties to Russia. They also now have a strategic position geographically separating Russia from the EU and the North Atlantic Treaty Organization (NATO).
- The South Caucasus remains a high priority for Russian foreign policy because of its strategic position, ethnic make-up, energy transit routes, proximity to Chechnya and potential Islamic threats.

A number of developments have amplified the perception that the region has become an arena for competing policies or even geopolitical rivalry. EU and NATO enlargement has integrated former Soviet subjects and satellites into Western structures and brought these structures right to Russia's borders. At the same time, the Commonwealth of Independent States (CIS) – the main post-Soviet regional integration project, with Russia at the core – has largely failed. It has become increasingly irrelevant and dysfunctional as a framework for regional cooperation as well as an instrument for advancing Russian interests. This has coincided with Russia's drift towards authoritarianism under President Putin and a widening 'values gap' in relations with the West. The conflicting reactions to the 'colour revolutions' (most notably in Ukraine) have strengthened the perception of the EU and Russia as competing poles of attraction representing different paths of development for the region's states.

This briefing examines Russian policies towards the Eastern ENP countries with the objectives of:

- sketching the main features of Russian policy towards these countries;
- identifying tendencies that conflict with the principles and methods of the ENP;
- suggesting modifications to the ENP to enable the EU to better achieve its aims.

2I Russia's approach to the Eastern ENP countries

2.1 Overview of Russia's strategies in the post-Soviet space

A central goal of Russian foreign policy has been to retain its influence and strategic predominance in the former Soviet space. Russia has regarded the 'near abroad' (a term denoting all former Soviet republics) as a zone of vital political, economic and security interests. A persisting characteristic of Russian policy is the tendency to view the neighbourhood through the prism of geopolitics¹⁵⁷. President Putin has reaffirmed that relations with its closest neighbours remain the most important part of the Russian Federation's foreign policy¹⁵⁸.

Following a brief 'honeymoon' in relations with the West in the early 1990s, the Russian Federation defined itself as an opponent of US hegemony, an advocate of a multipolar world order, and, effectively, a geopolitical rival of the West. While the reduction of its geographic extent and its military and economic capacity limited its ability to engage in a global 'balance of power', building a regional hegemony in the post-Soviet space constituted a more realistic strategic objective. In the Yeltsin era, foreign policy concepts envisioned the post-Soviet space, with Russia as a regional hegemon, as a power centre in a multipolar world¹⁵⁹. However, Russia's weakness and preoccupation with domestic transformation in the 1990s led to a wide gap between its ambitions and accomplishments in the 'near abroad.'

Throughout the 1990s, the Commonwealth of Independent States (CIS) constituted a key instrument for Russian policy in the post-Soviet space. Russia regarded it both as a framework for managing complex interdependencies in the region and as an instrument for ensuring its regional supremacy. However, the CIS has largely failed to fulfil its potential as a framework for promoting cooperation and integration among the region's states. They show little interest in reviving and reforming it, and Russian officials have admitted its increasing irrelevance as an instrument for promoting Russian interests.

The crisis of the CIS was aggravated by the enlargement of the EU and NATO and the 'colour revolutions' that occurred in Ukraine, Georgia and Kyrgyzstan. The replacement of pro-Kremlin governments with Western-oriented leaders eager to join Euro-Atlantic structures dealt a major blow to Russian aspirations, all the more painful not only because it was interpreted as a geopolitical advance of the West, but also because the spread of 'orange' ideas could threaten the survival of the authoritarian regime in the Kremlin.

During President Putin's second term in office, Russia's foreign policy has become more assertive, reflecting its growing economic weight and consolidated domestic power base. Moscow's attempt to reinvent itself as a great power is reflected in its increasin-

157. Lo, B., *Vladimir Putin and the Evolution of Russian Foreign Policy*, Blackwell Publishing, London, 2003.

158. Putin, V., *Annual Address to the Federal Assembly, Moscow, May 10, 2006*

<http://www.kremlin.ru/eng/speeches> (accessed August 30, 2007).

159. *Russia's strategic course in relations with the states participating in the Commonwealth of Independent States, Presidential Decree No. 940 of September 14, 1995.*

gly active and coercive policies towards countries in its neighbourhood. In recent years, economic sanctions, energy blockades, propaganda attacks, and military threats have become usual instruments of Russian policy towards the Eastern ENP countries.

In the past Russia was primarily concerned with NATO's enlargement, but the EU's enlargement and the ENP have led Moscow to regard EU involvement in the region as a threat: the Kremlin's inclination is to interpret the situation as a zero-sum struggle for influence. This is linked to the fact that the EU-Russia strategic partnership declared in 1999 has remained largely void of substantive content, with little progress in building 'common spaces' and mechanisms for interaction ¹⁶⁰. Having refused its own inclusion in the ENP framework, and now unable to secure a 'special relationship' with the EU, Russia is not satisfied with its position in the EU's scheme of external relations.

By 2005, the Kremlin was rethinking its policies in the post-Soviet space. The main challenge to Russian foreign policy, according to Defense Minister Sergei Ivanov, is 'interference in Russia's internal affairs by foreign states, either directly or through structures that they support... [and] violent assault on the constitutional order of some post-Soviet states' ¹⁶¹. Russian officials have declared that while the Kremlin is not necessarily opposed to 'healthy competition' on former Soviet soil, it wants to define acceptable rules of engagement ¹⁶².

Moscow's new paradigm for relations with the 'near abroad' seems to rest on ¹⁶³:

- 1) abandoning the CIS as a main instrument of Russian policy in favor of more flexible and differentiated institutional frameworks involving fewer participants;
- 2) distinguishing between 'loyal' and 'disloyal' neighbours and using Russia's economic power and energy resources to reward its politically reliable allies and punish its antagonists;
- 3) establishing relations and tactical alliances with a range of political actors in the neighbouring states, including opposition forces, political parties, NGOs, popular movements, pressure groups, etc;
- 4) actively defending its interests in ex-Soviet countries that have joined the EU and NATO (the Baltic states) as well as those that have declared their intent to do so (Georgia, Ukraine, Moldova).

Russian policy during President Putin's second term provides many examples of the application of these principles. In place of the CIS, the Kremlin has turned its attention to other regional institutions with diverse subsets of ex-Soviet states and others as members. It has waged 'gas wars' with Ukraine and Belarus, imposed economic sanctions on Georgia, and an embargo on Moldovan wines. It supported electoral fraud in the Ukrainian presidential elections of 2004, encouraged Moldovan opposition forces against Pre-

160. Karaganov, S., Bordachev, T., Guseinov, V., Lukyanov, F., Suslov, D., 'Russia-EU Relations: The Present Situation and Prospects,' CEPS Working Document No 225, Centre for European Studies, July 2005.

161. Ivanov, S., 'The New Russian Doctrine,' *The Wall Street Journal*, January 11, 2006.

162. Torbakov, I., 'Kremlin wants to set parameters on Western interests in CIS states,' *Eurasia Daily Monitor*, Vol.2, Issue 168, September 12, 2005.

163. Vinokurov, E. 'Russian Approaches to Integration on the post-Soviet space in the 2000s' in Malfliet, K., Verpoest, L., Vinokurov, E. (eds.), *The EU, the CIS, and the Challenges of Integration*, Palgrave Macmillan, London, 2007 (forthcoming) and V. Socor, 'Kremlin Redefining Policy in Post-Soviet Space,' *Eurasia Daily Monitor*, Vol. 2, Issue 27, February 8, 2005.

sident Voronin in 2004, and pursued a strategy of undermining popular support for the Saakashvili government in Georgia. In relations with Estonia (a member of the EU & NATO) it escalated the April-May 2007 crisis¹⁶⁴, and with Georgia its threats have increased as the country absorbs aid from the United States and intensifies relations with the EU and NATO.

2.2 Assessment of Russian relations with Eastern ENP countries

Russia's relations with most of its post-Soviet neighbours deteriorated in 2006-2007¹⁶⁵. Its excessive reliance on sanctions and threats, combined with an overestimation of its own leverage and appeal, alienated them. However, if one measures the success of Russian policy against the criteria of influence, control and visibility of presence, not good-neighbourly relations, the policy can be regarded as quite successful. Domestic discord and instability in some Eastern ENP states, combined with Russia's growing power and EU's prominent internal divisions (e.g. over Kosovo or Ukrainian and Georgian NATO membership) have allowed Russia to strengthen its influence over the domestic and foreign policies of the Eastern ENP states.

The 2006 gas, oil and transit dispute between Russia and Belarus led to a deterioration of relations: the Belarus-Russia Union project has effectively ceased to exist, and there has been a rapprochement in Minsk's relations with other Newly Independent States as well as the EU¹⁶⁶.

In Ukraine, the failure to reestablish the orange coalition, and Yanukovich's return to power as Prime Minister in August 2006, implied greater Russian influence, although the declared objective of Euro-Atlantic integration remained unchanged¹⁶⁷. In December 2007, Yanukovich was replaced by Yulia Tymoshenko who has positioned herself as a vocal critic of the Putin administration.¹⁶⁸

In Moldova, President Voronin, who set the country on a European course more than three years ago, is now shifting toward a two-vector policy, holding secret negotiations with the Kremlin over the status of Transnistria¹⁶⁹. While the parliament and other actors distance themselves from Voronin, his recent behaviour has raised concerns about Moldova's capacity to sustain a European orientation¹⁷⁰.

Russia's relations with Georgia reached an all-time low in 2006-2007, involving a number of crises, economic sanctions, and the deportation of thousands of Georgians from

164. The Estonian government's decision to relocate a Soviet-era monument from central Tallinn to a military cemetery elicited a strong Russian reaction, involving a siege of the Estonian embassy in Moscow by the Kremlin-backed youth organization Nashi and a physical attack on the Estonian ambassador. See European Parliament's resolution of 24 May 2007 on Estonia (P6_TA-PROV(2007)0215).

165. Belkovsky, S., 'Russia's Foreign Policy in the post-Soviet space in 2006', *Eurasian Home*, 31 January, 2007 www.eurasianhome.org (accessed August 26, 2007).

166. *Ibid.*

167. Kuzio, T., 'Ukraine's Domestic and Foreign Prospects for 2007', *Eurasia Daily Monitor*, Vol. 4, No. 8, January 11, 2007.

168. Y. Tymoshenko, «Containing Russia» in *Foreign Affairs*, May-June 2007, pp. 69-83.

169. Socor, V., 'Moldova's Presidential Institution Increasingly Dysfunctional', *Eurasia Daily Monitor*, Vol. 4, No. 149, August 1, 2007.

170. *Ibid.*

the Russian Federation. But instead of undermining the Saakashvili regime, the sanctions have accelerated Georgia's reorientation towards alternative markets, energy suppliers, and political partners.

In 2006, Russian relations worsened with oil-rich Azerbaijan, which has eagerly participated in transregional energy and transport projects without Russia, and refused to support the Russian blockade over Georgia. The Russian decision to expel Azerbaijani labor migrants added to the tensions.

In Armenia, which remains a Russian ally in Southern Caucasus, the incumbent, pro-Russian forces won the 2007 parliamentary vote as well as the 2008 presidential election. However, Armenian authorities claim to pursue a strategy of 'complementarism', seeking to balance relations with Russia and the West.

Several analysts predicted that Russia would develop a new strategy for the post-Soviet space sometimes after the 2008 presidential elections¹⁷¹. However, recent statements from the Kremlin have emphasized continuity, rather than change, referring to Dmitry Medvedev as a co-author of existing Russian policy towards the CIS countries¹⁷².

3I EU and Russian policy: main points of contestation

3.1 Democracy and human rights

Russia's authoritarianism and its poor record on human rights have led to a growing normative rift in its relations with the West. The EU regards democratization as a condition for stability and prosperity, and wants commitment to shared values in return for closer relations, while Russia tends to regard democratic states in its neighbourhood as a threat.

These divergent approaches were epitomized by reactions to the 'colour revolutions' that took place between 2003 and 2005 in Georgia, Ukraine and Kyrgyzstan. In Europe and the US, they were regarded as a product of popular demand for democracy, but the Russian government and the Kremlin-controlled media depicted them as manufactured by Western agents, notably US-sponsored non-governmental organizations (NGOs).

The Kremlin's invention of the term 'sovereign democracy' is an attempt to present itself as an alternative normative power. A major instrument for legitimizing the regime and its policies is the state-controlled media, which has a wide audience in the post-Soviet space due to the role of the Russian language and the extensive diaspora of ethnic Russians. Non-standard definitions of democracy are promoted by CIS election observation missions which routinely produce assessments widely divergent from those of EU or OSCE observers.

171. Belkovsky, S., *op.cit.*

172. "Putin says policy on CIS to remain unchanged under Medvedev", RIA Novosti, February 22, 2008, <http://en.rian.ru> (accessed April 20, 2008).

EU and Russian approaches to civil society are also at odds. The EU regards it as playing a key role in democratization processes, and seeks to increase its involvement in national ENP action plans¹⁷³. In contrast, Moscow has developed a state-centred concept of civil society, viewing NGOs as tools of state power. This is evident from Russian legislation restricting the activities of Western-funded NGOs, as well as increasing reliance on Kremlin-created or supported NGOs (e.g youth movement Nashi) as instruments of governmental policy.

3.2 Energy

The Eastern ENP countries are important to both Russia and the EU as transit areas for energy supplies. EU member-states were collateral victims of the Russian-Ukrainian and Russian-Belarusian gas disputes in 2005-2006. At the same time, these 'gas wars' demonstrated that Ukraine and Belarus can exert influence on Russia because the latter is interested in guaranteeing security of energy supplies to Europe.

The South Caucasus is a strategically important transit corridor because of the potential to develop pipelines that connect EU member-states to Caspian Sea and Central Asian supplies without crossing Russian territory. Connections such as the Baku-Tbilisi-Ceyhan pipeline, opened in 2005, which transports Caspian Sea oil to a Turkish port on the Mediterranean, or the South Caucasus gas pipeline, opened in 2006, are crucial to the EU's efforts to diversify its energy supply and reduce dependence on Russia.

Most of the Eastern ENP states are highly dependent on Russian oil and gas supplies. Russia has pursued a conscious strategy of using its natural resources to support its economic revival, increase its international leverage and build up its great power capabilities. It has stopped supplying energy to post-Soviet states at subsidized prices and pushes for a transition to world market prices. In 2005-2007, Russia cut off gas supplies to Ukraine, Moldova, Belarus and Georgia in an apparent attempt to use energy leverage as an instrument for political pressure. These actions have damaged Russia's reputation as a reliable energy supplier.

However, the degree of energy dependence on Russia and the prospects for diversification of supply vary. Azerbaijani oil production exceeds domestic demand, and exports are growing. Its natural gas production is expected to increase substantially as it develops the Shah Deniz offshore field¹⁷⁴. Faced with Russian sanctions, Georgia has been able to reduce its dependence on Russian suppliers and transit routes thanks to the opening of the South Caucasus pipeline. Ukraine is keen on joining the Nabucco pipeline project. The 3400-km pipeline, planned to transport natural gas from Turkey to Austria via Bulgaria, Romania, and Hungary, is scheduled to open in 2012. However, Belarus is highly dependent on Russian oil and gas and will not be able to reduce its dependence in the medium term.

173. Commission of the European Communities, 'Communication from the Commission to the Council and the European Parliament on Strengthening the European Neighbourhood Policy', COM(2006)726, 4 December 2006.

174. Energy Information Administration, Country Analysis Briefs: Azerbaijan: Natural Gas, <http://www.eia.doe.gov/emeu/cabs/Azerbaijan/NaturalGas.html> (accessed August 22, 2007).

3.3 Regional cooperation

The increasing irrelevance of the CIS as a mechanism for regional cooperation has led to a proliferation of new institutional arrangements in the post-Soviet space. The new geometry reflects the growing division of countries in the neighborhood into pro-West and pro-Kremlin groupings.

Russia is the central actor in such organizations as the Eurasian Economic Community (EURASEC), the Collective Security Treaty Organisation (CSTO) and, together with China, in the Shanghai Cooperation Organization (SCO). Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan participate in several of these organizations. Armenia only participates in the CSTO.

Ukraine, Moldova, Georgia and Azerbaijan mostly participate in regional organizations or groupings that do not involve Russia. Among these is GUAM (Georgia, Ukraine, Azerbaijan, Moldova), created in 1996 as a counterweight to Russian influence in the post-Soviet space. GUAM deals with a range of issues from security to trade and energy. However, GUAM appears to have lost significance, reportedly due to the loss of US interest in the project¹⁷⁵. Another organization, the Community of Democratic Choice (CDC) links three West-leaning ENP states (Ukraine, Georgia, and Moldova) with the Baltic states and Macedonia, Romania and Slovenia. Created in 2005, its main task is to promote democracy, human rights and the rule of law in the region between the Baltic, Black and Caspian Seas. While the CDC lacks a clear institutional shape, it is seen as an alliance of countries that do not wish to remain in Russia's orbit¹⁷⁶.

3.4 Frozen conflicts

The ENP cannot achieve its 'transformative' objectives in the neighbourhood without addressing the so-called frozen conflicts involving secessionist entities in Moldova (the Transnistrian region), Georgia (South Ossetia and Abkhazia) and in Azerbaijan (Nagorno-Karabakh).

Russia holds a key to the resolution of those conflicts both due its support to the secessionist entities as well as its mediating role in the conflicts. It has refused to fully withdraw its forces from Moldova and Georgia despite repeated promises to do so. It has rendered extensive political, economic and diplomatic support to the non-recognized entities, and has contributed to state and institution-building efforts of the secessionist elites. Russian-led peacekeeping forces have guarded the borders of these pseudo-states, helping to maintain the status quo and preventing the metropolitan authority from regaining control. Moscow has pursued a policy of 'passportisation,' offering Russian citizenship to the residents of these regions in order to support its claim of legitimately representing their interests. Approximately 90% of the residents of South Ossetia and Abkhazia now have Russian citizenship, in Transnistria, about 15%¹⁷⁷.

175. Peuch, J.-C., 'East: Leaders Meet in Ukraine to Create New Regional Alliance,' RFE/RL Newsline, December 1, 2005.. 176. *Ibid.*

177. Popescu, N. 'Outsourcing' de facto Statehood: Russia and the Secessionist Entities in Georgia and Moldova', CEPS Policy Brief, Centre for Policy Studies, No. 109, July 2006.

Russia has incentives to back the status quo because the existence of the 'de facto states' provides avenues for Russian influence and leverage in the South Caucasus as well as in Moldova. In Georgia, Russian involvement seems to be driven by a wish to weaken and destabilize the country, thus making it less attractive as a candidate for NATO membership. Indeed, as the status quo lingers on, South Ossetia and Abkhazia are becoming more and more de facto parts of the Russian Federation¹⁷⁸.

However, Russia is not opposed to conflict resolution provided that the settlement meets a number of conditions. It wishes the secessionist entities to have decisive influence over the affairs of the reunified states, wants to act itself as the main power-broker in any power-sharing and wishes to remain the main external 'guarantor' of the settlement (a status that implies potential military presence)¹⁷⁹.

The Kremlin views international efforts for conflict resolution as a struggle for power and influence in the post-Soviet space. The rejection of the Kozak Memorandum, Russia's unilateral proposal for the settlement of the Transnistrian conflict, by Moldovan authorities and Western powers in 2003, as well as the presentation of the EU's ENP Action Plan for Moldova the following year, were interpreted as indicators of a worrying trend of increasing EU engagement in the region¹⁸⁰.

Recently, Russia has been stepping up its support to the secessionist entities by arguing that the resolution of the status of Kosovo should be regarded as a universal precedent for solving the frozen conflicts in the post-Soviet space. It has intensified its efforts to settle the Transnistria question, pressurizing the Moldovan president to abandon the multilateral format of talks and engage in non-transparent bilateral negotiations with the Kremlin¹⁸¹.

3.5 Deep free trade versus the Single Economic Space

Both the EU and Russia regard free trade and economic integration as key elements of their policy in the neighbourhood. While the EU wishes to negotiate free trade agreements involving elements of economic governance with selected ENP countries, Russia has placed its hopes in a Single Economic Space (SES) created in 2003 and involving, in addition to Russia, Ukraine, Kazakhstan and Belarus (the four largest countries in the CIS, representing over 80% of its GDP). The stated objectives of the SES are ambitious, including the creation of a customs union, a unified policy on tariff and non-tariff regulations, unified rules for competition, and eventual harmonization of macroeconomic policies.

Ukraine's membership in the SES raises questions about the compatibility of the economic integration projects of Russia and the EU. Following the orange revolution, Yus-

178. *Ibid.*

179. *Ibid.*

180. Lynch, D., 'Shared Neighbourhood or New Frontline? The Crossroads in Moldova,' *Russie.Cei.Visions, Institut Français des Relations Internationales*, April 2005.

181. Socor, V., 'In Putin We Trust: Moldovan President Goes for Broke in Deal with Russia,' *Eurasia Daily Monitor*, Vol. 4, No. 146, July 27, 2007.

hchenko's administration declared that Ukraine will not withdraw from the SES but will develop relations within in this project only in sectors and ways that do not contradict convergence with the EU. Evidently, Ukraine is interested in the free trade agreement with the SES but does not intend to participate in the customs union. It has also declared that it opposes the creation of supranational bodies in the SES¹⁸². These statements are consistent with Ukraine's European orientation: while free trade with both the SES and EU is entirely possible, a customs union would not be¹⁸³. An arrangement where Ukraine gives up its sovereignty over certain trade-related policies to a supranational SES decision-making body would be incompatible with an EU–Ukrainian free trade agreement¹⁸⁴.

The recent political crisis in Ukraine raised questions about the foreign policy course of the country. However, the negotiation of an Enhanced Partnership and Cooperation Agreement and the formulation of ENP-Plus are likely to strengthen the European vector in Ukraine's foreign policy and, coupled with an increasingly aggressive behaviour of Russia, will make the SES less attractive for Ukraine's elites¹⁸⁵.

4| Conclusion and recommendations

Currently, the concept of a EU–Russia “shared neighbourhood” has very limited content in terms of shared values, common objectives and coordinated policies. However, despite Russian proclivity to view relations in the neighbourhood as a zero-sum game, the EU should refrain from defining the situation in terms of a strategic competition. It should remain focused on the original mission of the ENP, facilitating reforms and promoting stability, democracy and prosperity. It should demonstrate the seriousness of its commitment by allotting sufficient attention and resources to the ENP. Its involvement in the Eastern neighbourhood should be open and inclusive, and it should demonstrate readiness to engage in dialogue and cooperation with actors sharing its objectives and values.

More specific proposals for ensuring the effectiveness of EU policies in the Eastern neighbourhood include the following:

- upgrading the incentives package of the ENP in order to encourage domestic reforms in the ENP countries. The EU should offer attractive, tangible benefits such as deep free trade agreements, economic integration, visa-facilitation arrangements, and educational and cultural exchanges. Although it is not realistic at the present time to offer EU membership to the ENP countries, the EU should ensure that
 - the possibility of other European countries joining the EU in the longer term is maintained;
 - the development of the ENP remains fully compatible with the conditions for accession;

182. Under existing agreements, the key SES decision-making body will be a commission in which each member state will have a voting weight proportional to its economic size. This implies that decisions would be dominated by Russia.

183. Emerson, M. (ed.), *The Prospect of Deep Free Trade between the European Union and Ukraine*, Centre for European Policy Studies 2006.

184. *Ibid.*

185. Kuzio, T., *op.cit.*

- strengthening the institutional and administrative capacity of the ENP countries to carry out reforms and – in case of Ukraine, Georgia and Moldova - sustain the European orientation;
- intensifying cooperation in the field of energy security with the aim of helping Eastern ENP countries diversify energy supply and develop or modernize energy transit infrastructure. This will simultaneously enhance the EU's own energy security;
- allocating more resources to EU's communication efforts in order to better explain the objectives of the ENP and promote the shared values that underlie it;
- continuing to develop the EU-Russian relationship, including the 'common spaces' in areas of mutual interest but without compromising European values:
 - where possible, ensure compatibility between ENP instruments and instruments for developing EU-Russia 'common spaces';
 - strive towards a common EU approach to Russia. Greater coordination and consensus among member-states is needed in order to develop effective policies towards Russia;
- strengthening the multilateral dimension of the ENP; develop positions and policies towards key regional organisations in the Eastern neighbourhood, and support those consistent with European values and the EU's objectives in the region;
- seeking greater complementarity and coordination with US policies in the region, especially in areas of high US interest and involvement (e.g. Georgia);
- playing a more active role in the resolution of the 'frozen conflicts,' both in terms of developing proposals for conflict resolution as well as participating in specific missions, such as border monitoring and peace-keeping operations.

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// THE ENP: VISIBILITY AND PERCEPTIONS IN THE PARTNER COUNTRIES

Annegret Bendiek

11 Introduction

The European Neighbourhood Policy (ENP) establishes a single policy framework between the European Union (EU) and its sixteen partner countries.

Visibility and perceptions have become all the more important¹⁸⁶ that the EU membership is not (yet) on the table. As the Council has made clear, ENP “remains distinct from the process and policy of enlargement”.¹⁸⁷ The more membership will be perceived as a realistic option, the more the EU will be seen as an influential factor in third country’s policy.

Formulation

Therefore, visibility and perceptions of the ENP in the partner countries need to be examined, as the commitment of the EU’s neighbours to the principle of “joint ownership” and to domestic reforms will be dependent on the EU’s capacity to be perceived as a distinct and valuable external actor. For that purpose, the paper will look at the visibility, the expectations and the reservations related to ENP in the different neighbourhood countries.

Visibility

Visibility reflects the degree of awareness of the EU on the part of partner countries, the ease (or difficulty) with which the EU is identified among other external actors having their own reform strategies with the ENP partners. Visibility of the EU/ENP is often affected by the economic and strategic situation of partner countries. As has been shown by a recent study on the subject, a correlation between the dependency of ENP partner countries on the EU and their interest in the ENP is “a logical consequence of their cost-benefit analysis of cooperation”.¹⁸⁸

We measure the degree of dependence on the EU with the help of three indicators:

- The ratio between total exports and exports to the EU
- The existence of neighbouring countries which are perceived as being unfriendly
- The possibility to find a substitute for the EU as a market for exports

Perception

Perception refers to interpretations and misinterpretations of the EU’s motives for launching and conducting its policies in the partner countries. It entails an interpretation

186. The Commission has recently stated that “(v)isibility will ... be important in strengthening the ENP, making it meaningful to the citizens of the EU and of the partner countries” (COM(2006)726 final, p. 7). The EP Committee on Regional Development has likewise called on the Commission and the Member States “to take the measures needed to ensure the visibility of the ENP” (2007/2088 INI).

188. Council of the European Union, *Strengthening the European Neighbourhood Policy – Presidency Progress Report, 10874/07, Brussels, 15 June 2007, p. 3.*

Sabiha Senyücel, Sanem Güner, Sigrid Faath, Hanspeter Mattes 2006: *Factors and Perceptions Influencing the Implementation of the European Neighbourhood Policy in Selected Southern Mediterranean Partner Countries*, EuroMesco 49, p. 23.

of the ENP's values and norms on the part of partner countries. We describe a country's policy as reflecting a supportive perception of the ENP's norms and values if its domestic policies are congruent with the ENP's normative objectives or if they are supported and viewed as a welcome compensation for non-existing but prized policies. When analysing perceptions, we do not only focus on governments. We also take a closer look at non-governmental actors and their responses to the EU's policies.¹⁸⁹ Representatives of civil society, including non-governmental organizations (NGOs), can play a vital role in holding governments and donors accountable for their decisions and investments.

We measure the degree of supportive perception with the help of three indicators:

- The extent to which a government can credibly claim to pursue a political agenda of fostering democracy and human rights
- The level of implementation in the last five years of significant corresponding domestic measures
- The support (or demand) of non-governmental actors such as opposition parties, the media, economic actors and the general public for the implementation of democratic reforms

2I Visibility and perception in the partner countries

With the aid of these indicators, we can distinguish four groups of countries, each describing a specific combination of perception and visibility:

- Group I: Belarus, Tunisia, and West Bank and Gaza Strip
- Group II: Algeria, Azerbaijan, Egypt, Jordan, Libya and Syria
- Group III: Armenia, Georgia, Lebanon, Moldova, Morocco and Ukraine
- Group IV: Israel

(This grouping is illustrated in the table annexed to this briefing¹⁹⁰. Due to the difficulty in some cases to classify the countries in a specific group, it should be seen as a frame for analysis rather than as a definite categorization)

2.1 GROUP 1: Belarus, Tunisia, and West Bank and Gaza Strip

The first group is characterised by a high degree of visibility of the ENP though these countries do not show a supportive attitude towards the norms and values of the ENP.

Although they stand to benefit a lot from better cooperation with the EU, we cannot yet identify more than an unconvincing rhetorical commitment to the ENP's norms and values. The EU and the ENP can be assumed to be highly visible to Tunisia, Belarus, and

¹⁸⁹. As the Council has underlined, "a strengthened ENP could not work properly without better involving the citizens of the EU and of partner countries. Ownership by governments is essential but not in itself sufficient to successfully support better governance" (General Affairs and External Relations Council (GAERC), 18/19 June 2007, Strengthening the European Neighbourhood Policy, Presidency Report, p. 8).

¹⁹⁰. See Annex 1: Visibility and Perception – Overview on the ENP Partner Countries, p.12.

the West Bank and Gaza Strip. Tunisia exports nearly 80 % of its products to the EU. These exports are mainly textiles, clothes and agricultural goods. Tunisia would have significant problems to find substitute markets for these products. The same applies to Belarus. Belarus exports 45.6 % of its products to the EU and would have significant difficulties of finding a substitute market for its major export product (transit of energy). The massive dependence of Belarus on Russia combined with the increasingly tense relations between the two countries might make Belarus highly receptive to support by the EU and provide for a high visibility of the ENP. The West Bank and Gaza Strip exports most of its products to Israel. It is nevertheless highly dependent on benevolent European policies due to the EU's crucial contribution to its budget and the support provided to health care and public services.

All three countries nevertheless show hardly any progress towards reform in the last couple of years:

- The West Bank and Gaza is the most problematic case. After the victory of Hamas in 2006, the EU suspended political contact and cooperation pending the Palestinian Authority's acceptance of the Quartet's principles.
- Tunisia is still a by and large authoritarian country with a substantial concentration of power in the hands of the ruling party and President. Knowledge about what distinguishes the ENP from the Euro-Mediterranean Partnership (EMP) is low among the general public. The ENP is generally viewed positive by economic actors as well as by civil society groups and the few legal opposition actors. However, there is a feeling among opposition forces that the Action Plan is not specific and demanding enough regarding the enhancement of political freedoms and freedom of expression. At the same time, regime close circles in the bureaucracy view the ENP less favourable than the EMP due to it being - even if only slightly - more specific on political freedoms and human rights. And they generally tend to view the ENP as a more patronizing instrument than the EMP.
- Belarus is the least democratic country in Europe and does not even rhetorically adopt the language of democracy and human rights. It is now outside the bound of the ENP and it will remain so as long as its authoritarian president blocks all democratic reforms. The perception of the EU is rather negative both among Belarusian authorities and even among the general public. In Belarus, only 1.1 % of the citizens associate a better future with the European Union and 77% with President Lukashenko.¹⁹¹ Furthermore, the coverage of European issues in Belarus is very poor and largely negative. In the current situation civil society actors in Belarus have hardly any possibility to develop or to benefit from the ENP. The opposition is struggling to coordinate its activities against a

191. *Opinion of the European Economic and Social Committee on Belarus Civil Society (2006/C 318/23), fn. 5.*

background of intensifying attacks on civil society and the independent press. Domestic NGOs are often threatened with jail. Some dissidents therefore expect an increase in funding for the construction of an independent information network, and the support for the families of political prisoners.

2.2 GROUP 2: Algeria, Azerbaijan, Egypt, Jordan, Libya and Syria

The second group brings together ENP countries which have access to strategic resources, are economically rather well-off or depend only to a limited degree on the EU's political support or access to its market. For instance, Jordan sends only 5.5 % of its total exports to the EU. It is a group of countries which has alternatives to selling its major exports to the EU and which expects little from the EU in terms of increased security. In this context, it is difficult for the EU and the ENP to be highly visible. Not surprisingly, it is also a group of countries which does not show a supportive attitude towards the ENP's norms and values, and which shows little progress in proceeding towards democracy and respect for human rights.

Most of these countries export primarily energy and would probably have little difficulty finding alternative markets for their products. In addition, none of these countries is heavily dependent on the EU in terms of security. Notwithstanding the low degree of visibility of the EU, the ENP and closer relations with the EU are important policy steps for Jordan in order to balance the strong dependence on the USA.¹⁹² In addition, its security situation is more directly affected by US and Israeli policies than by actions taken by the EU. Libya does not have unfriendly neighbours which pose a significant threat. Egypt of course has difficulties with Israel and, in addition, a serious conflict with Sudan over water resources. In neither of these conflicts, however, is the EU an important player. The limited capacity of the EU to solve international conflicts is also obvious in the cases of Syria and Azerbaijan. Syria and Azerbaijan still lack peace agreements with their neighbouring countries (Israel and Armenia). In both cases, however, Russia (in the case of Azerbaijan) or the United States (in the case of Syria) are more important actors.

Therefore in all five ENP countries of this group, the visibility of the EU, defined as a combination of economic dependence and an unstable security situation, is limited, and the governmental perception of the ENP is rather non-supportive:

- In Algeria the choice of voters during the recent elections of May 2007 were limited to candidates blessed by the military-backed system of government that has prevailed in Algeria since it gained independence from France in 1962. Only a handful of minor opposition parties were permitted to run against the governing coalition. Just like in most Arab countries, the awareness of the ENP is low among the general public. With Algeria not yet having engaged in negotiations over an ENP Action Plan there is virtually no reporting about the ENP in the state media. So the ENP is often being confused with the EMP. The ENP, however, is welcomed among civil society actors and the private press, that have received MEDA funds or training

¹⁹² On the following see Sabiha Senyücel, Sanem Güner, Sigrid Faath, Hanspeter Mattes 2006: *Factors and Perceptions Influencing the Implementation of the European Neighbourhood Policy in Selected Southern Mediterranean Partner Countries*, EuroMesco 49, p. 19-21.

within the MEDA framework and that are worried now what Algeria's refusal to participate in the ENP will mean for their funding in the future. Left wing opposition parties are at least as sceptical toward the ENP as they were toward the EMP. They see it as imposed by the north and fear that market liberalization and reduction of tariffs will destroy domestic enterprises and increase unemployment. At the same time, expectations that the ENP could change the authoritarian political structures are low, based on the perception that Europe had never seriously pushed for the implementation of Article 2 in the association agreements. The attitude of economic actors toward the ENP varies strongly, depending on how much they have to lose or win from profound economic and administrative reform. Those with vested interests in the economic status quo oppose the ENP.

- In Azerbaijan, neither civil society organizations nor opposition parties are able to effectively represent constituent interests or contribute to the policy-making process. During the elections in 2005, Azerbaijani authorities were responsible for the violent harassment of journalists covering opposition rallies, frequent attacks and forced closure of independent media outlets, and widespread abuse of state and local resources in favour of pro-government candidates. Of particular importance in connection with the October 2008 presidential elections, is the further reform of the electoral code. Taking advantage of the cooperation with the EU, OSCE and the Council of Europe (in particular with the Venice Commission), it would be important for Azerbaijan to address without further delays issues such as the remodelling of the Central Election Commission and lower level commissions, to secure the confidence of voters and candidates. Ensuring that electoral campaigns, access to media and the elections themselves are free and fair would strengthen Azerbaijan's credibility and its aspirations to come closer to Europe. The EU-Azerbaijan bilateral trade grew in 2000-2006 with enhanced dynamism and the EU progressively became Azerbaijan's main trade partner (45.3 % share in its overall external trade in 2006). Azerbaijan's economic growth rate fell from 34.5 % in 2006 to 24.7 % in 2007, which nevertheless represents one of the highest, if not the highest, growth rate in the world for the past year. The EU is very likely to support the return of displaced Azeris to Nagorno-Karabakh in the event of a resolution of the conflict. The EU may even help to guarantee the security of returnees through peace-keeping and is also for this reason non-negligible in the Nagorno-Karabakh context. The outcome of these activities will be of major importance for the perception of the ENP in both Azerbaijan and Armenia.

- In Egypt, the domestic actors are sharply divided. A number of civilian organizations, especially human rights groups, have criticised the ENP for not having extended the bilateral negotiations to civil society representatives. They have asked the EU to include respect for human rights and political reforms as a priority in the Action Plan. On the other hand, however, conservative religious, and especially Islamist organisations exert a strong influence on the population at large and are highly critical with regard to the political and cultural impact of any external financing of NGOs. Their opposition to the government will continue to ensure that the country's leaders will put aspects of internal stability and the control of political and social processes at least on the same level as economic and developmental cooperation.

- After years of suffering from the conflict with Israel, the majority of the Jordanian people today are convinced of the need for international cooperation. The EU is seen as a relatively positive partner because it is perceived as less interventionist than the USA's government, which is thought to be merely pursuing its own ends. At the same time, however, a majority of the political actors and organisations reject any external interference in internal affairs. The influential Jordanian 'Movement Against the Normalisation of Relations with Israel' even tries to discredit all foreign funding of civil society associations, especially human and women's rights organisations, for fear that they import Western manners and cultural influence. Jordan still has to implement a number of reforms in order to comply with standards of democracy. King Abdullah remains the ultimate authority and little progress can be expected without his support. The parliamentary elections in November 2007 were held under the temporary elections law. Therefore no progress can be reported on the reform of the elections law. Under Temporary Elections Law, the number and boundaries of the electoral districts as well as the allocation of seats per constituency are unilaterally decided by the Government. Jordan did not accept international electoral observation and monitoring by local NGOs was restricted. No changes have been introduced with regard to current restrictions on freedom of assembly.
- Libya is still ruled by Muammar Gaddafi and does not show any significant progress towards democracy and the respect for human rights. Libya however has taken substantial steps to leave its dubious past behind in order to normalise its relations with the outside, but has not to date engaged in a contractual relation with the EU. Although the other four countries in this group have contractual ties with the EU (Algeria, Azerbaijan, Egypt and Syria) and at least rhetorically claim to support democratic values and respect for human rights, it is hard to find convincing empirical evidence which supports these claims. Quite the opposite, all these countries are cases of de facto one-party-systems (Syria) or systems in which the ruling party decides on the selection of legal opposition parties (Egypt and Algeria), limited freedom of the press, and widespread intimidation of opposition supporters (Azerbaijan).
- In Syria, the latest elections of May 2007 have been condemned as a farce by opposition groups which urged a boycott. All candidates for the parliament, known as the Assembly of People, are vested by the authorities. Former political prisoners are stripped of their civil rights and cannot stand in the elections or vote; and the rules make it impossible for any real independents to win. Independent civil society groups and an organized political opposition do hardly exist. The main non-governmental political force is not the political parties and not an Islamic opposition but the chambers of commerce and business people. Some dissidents argue that thorough domestic reform and closer relations with the EU/ ENP will only have a chance if supported by the business chambers. They are the only non-military force capable of putting pressure on the government.

2.3 GROUP 3: Armenia, Georgia, Lebanon, Moldova, Morocco and Ukraine

The third group brings together ENP countries that are rather vulnerable to a withdrawal of the EU's political support or a limitation of access to its market. The ENP

is likely to enjoy a high degree of visibility in these countries. They also have a positive perception of the EU/ENP values and norms.

The need for political support and the condition for military insecurity can be found to some extent in all six countries (although in the case of Ukraine, the need for political support is not as evident as in the other five countries due to the absence of open military threats or unsettled border conflicts). Armenia, Georgia, Lebanon, Moldova, and Morocco are involved in military disputes with their neighbours:

- Armenia has occupied the province of Nagorno-Karabakh, which legally belongs to Azerbaijan, and has rather difficult relations with Turkey.
- Georgia faces an extensive and unwelcome presence of Russian military.
- Lebanon's political and economic situation has been highly unstable since Israel's military intervention in 2006, and as a consequence Israel and Syria are perceived as threatening neighbours. The political elites are split in two camps and the government is de facto paralysed. Lebanon is highly dependent on the EU's political and financial support.
- Moldova's situation is likewise rather difficult. Transnistria, which is legally a part of its territory, is a break-away territory occupied by Russian military.
- Morocco has strained relations with Algeria due to the latter's support of the separatist Polisario Front in the Western Sahara conflict. The fact that relations between the two countries are still problematic is underlined by a recent exchange of accusations over the sneaking of illegal immigrants coming from the African states, south of the Sahara desert, through their lands towards Spain. In addition to the difficult security situation, five of the six countries (with the exception of Lebanon) are strongly dependent on the European market:
- Morocco exports more than 60 % of its products to the EU. These products are largely agriculture and textiles, and are hard to sell on non-European markets.
- Armenia, Moldova, and Georgia's major trading partner is also the EU, with nearly 50% of all Armenian and Georgian exports going to the EU and 38.5 % of Moldovan exports.
- Ukraine sends only about 25 % of its products to the EU and is economically less dependent than Morocco, Georgia, and Armenia. However, its second most important trading partner is Russia. Against the background of significant evidence in the last years that Russia is increasingly using its trade policy as a tool for its foreign and security policy interests, Ukraine must be highly interested in maintaining and even expanding its trade relations with the EU.

Not surprisingly, the perception of the EU and the ENP in these countries is rather supportive. Significant parts of the Ukrainian elite are oriented towards the West

rather than towards Russia. Some envisage a future EU membership as a realistic option. In some cases, such as the supportive attitude of the former Kutchma regime, the positive perception of the ENP is only rhetorically and was used for exploiting its positive image and for mobilising domestic support. Even though none of the six countries is yet a full-blown democracy, all of them have shown positive developments in the last couple of years:

- In Armenia, the conduct of the February 2008 presidential elections raised concerns, in particular the state of emergency that was introduced in their aftermath. The events have shown the necessity for further improvement in the field of human rights despite the progress achieved in. According to international observers parliamentary elections in May 2007 were conducted largely in accordance with Armenia's OSCE commitments and other international standards for democratic elections. Access to the media by political contestants was deemed fair and equal during the official campaigning period for parliamentary elections. Steps were taken to strengthen the role of the Human Rights Defender (Ombudsperson) in line with international standards. Improvements were observed in terms of institutional immunity of the office, its capacity to investigate claims of human rights violations and involvement in the legislative process. A presidential decree was adopted in July 2007 making it mandatory to send all drafts relating to democracy and human rights for the Defender's review before presenting it to the government. Among the measures proposed by the Council of Europe is the lifting of barriers to the impeachment or prosecution of the president, and the weakening of his powers to dismiss the national assembly, to oversee the judiciary and media, and to make ministerial appointments. In addition, the independence of the judiciary is strengthened, the powers and financial resources of local government are in some respects increased, and dual citizenship is allowed, which is an important issue for a country with some 7 million ethnic Armenians living outside the country while only 3.5 million reside within the borders. The ENP's and EU's perception on the part on non-state actors is not easy to describe. The opposition is divided among parties that are personality based, associated with families or clans that had influence before or immediately after independence (i.e. Karabach-Clan). There is a widespread perception that the opposition is only interested in regime change. The perception of the EU in Armenia is also affected by its approach to the 'frozen conflicts' in the South Caucasus. The United States and Russia still determine the pace and direction of their settlement. The EU is perceived as relying on its aid, moral authority and «honest broker» image, which appear less effective when the strongest component of its «soft power» - the prospect of EU accession - is lacking. Armenia is also interested in resolving the conflict in Abkhazia, and has some influence there through the large Armenian community. But the ENP alone is not perceived as having sufficient leverage to influence the process significantly.
- Georgia faces a number of continuing problems, too. Presidential elections took place in January 2008, just after the reporting period. The international election observation mission - including ODIHR, European Parliament and the Parliamentary Assemblies of the Council of Europe and the OSCE - stated that these were the first genuinely competitive presidential elections but noted a number of serious short-

comings, including the misuse of State's administrative resources for campaigning purposes, unbalanced media exposure of candidates, reported acts of voters' intimidation, lack of clarity and detail in the election-day procedures, and irregularities in the counting and tabulation. These serious shortcomings need to be addressed in view of the legislative elections in May 2008. The parliamentary majority and the opposition have started a dialogue on redefining electoral rules and reviewing basic institutional arrangements. Georgia's democratic institutions are characterized by a strong presidential system, a weak separation of institutional powers and an ineffective system of democratic checks and balances. Recommendations made by the Venice Commission in 2004 to deal with these inconsistencies have not yet been sufficiently addressed. The role of the Ombudsperson has not been strengthened. Criticism has been made that the reports and activities of the latter were widely disregarded by the authorities. Two sets of human rights concerns have been voiced by Georgian NGOs: persecution of religious minorities by state authorities and the Georgian orthodox church; and torture and maltreatment in the penitentiary system. There is little awareness among the Georgian population and NGOs about the ENP due to the very limited media coverage. The general public, however, is positive about the idea of European integration. More than 70% of Georgians are in favour of joining the EU in the nearest future. There is also a growing expectation that the EU will adopt a major role in mediating the "frozen conflicts" in Abkhazia and South Ossetia.

- In Lebanon, the parliament was a major place for discussion and debate between the different political groups before the invasion of Israel. Elections are generally free and there is universal suffrage. The perception of the ENP on the part of non-governmental actors in Lebanon is strongly affected by the fragility of the political compromise underlying the Lebanese political system. Any political measure which threatens the social harmony and the balance among the different groups therefore must be assumed to be viewed with scepticism. Each stage of the political reform therefore will be taken very cautiously and slowly, irrespective of the goals that are formulated in the Action Plan.

- Moldova faces some continuing obstacles in its transition to democracy. The executive still retains most political power. Yet Moldova has had some success on the road to a more democratic future. Local elections took place in June 2007. OSCE/ODIHR deployed an election observation mission which noted that the elections were generally well administered and that voters were offered a genuine choice. Shortcomings were observed regarding the right of citizens to seek public office and equitable media access for all candidates. It has changed ruling parties and leaders regularly and peacefully. In addition, Moldova has privatised many aspects of its economy, has reduced governmental regulation of business, and has kept inflation within manageable limits. The political system is becoming increasingly diverse and has even developed a vocal and occasionally effective opposition. All political parties represented in the Parliament of Moldova favour integration into the EU and the Moldovan authorities expect the EU to offer membership in the long run. Moreover, a great emphasis is put on joining the South East European Cooperation Process and entry to the CEFTA. In addition, the EU has become central to conflict resolution

in Transnistria. The general idea of European integration is supported by a majority of the public opinion in Moldova. A recent opinion poll shows that 72.2% of the population is in favour of Moldova's accession to the EU in 2007 (as compared to 61% in 2003, 67.87% in 2004, 64.3% in 2005, and 68.4 in 2006). Civil society in Moldova is still embryonic. NGOs, as far as they exist, share a general lack of knowledge concerning the ENP and its opportunities. The opposition is fragmented and lacks meaningful resources for political activities. Those voices which are heard in the West argue for increased investment in training and scholarship programmes or administrative support for twinning activities with Western NGOs.

- Morocco has launched numerous initiatives aimed at the modernisation of the state, democratisation and national reconciliation – in particular via the Fairness and Reconciliation Commission, the law on political parties, the law on the liberalisation of the audiovisual sector, the law against torture - and the promotion of economic and social development, in particular the national human development initiative, the status of women, and the fight against poverty. The positive attitude of the government to the EU is shared by Moroccan non-governmental actors and the media which all show a generally supportive perception of the EU and the ENP.¹⁹³ Even left-wing parties, trade unions and the moderate Islamists of the Party of Justice and Development lend their support to cooperation with the EU in economic, developmental, or security policies, whether this occurs in the EMP or the in ENP (is the latter being seen as complementary to the EMP). The ENP is further supported by the major Moroccan communities that live in EU Member States and increasingly act as investors. It must be noted however that Morocco remains quite reluctant to external pressure for democratisation. Despite the efforts described above, demands for a more democratic regime, made by the EU or the US have not entirely materialised.
- In Ukraine, the government's human rights performance improved significantly after the Orange Revolution in late 2004. The Administration largely ended government harassment of the mass media and interference with the freedom of assembly. It has lifted limitations on freedom of association and increased police accountability. Domestic and international human rights groups generally operate without government harassment. Among governmental actors, the perception of the ENP is rather critical. The Ukrainian authorities insist on going beyond the ENP, and bringing Ukraine closer to EU membership. The former Foreign Minister of Ukraine Borys Tarasiuk called the ENP «wrong by definition» and called upon the EU to promise membership to Ukraine and decide on the time when it could join. The present Foreign Minister is more realistic in this respect and is talking about eventual association status and deepening of, first of all, economic relations between Ukraine and the EU. Yet, the membership idea is still in the background of all of Ukraine's endeavors towards the EU. In any case Ukrainians demand special status for Ukraine. The awareness of the ENP and the EU is low among the general public due to poor

193. On the following paragraph see Sabiha Senyücel, Sanem Güner, Sigrid Faath, Hanspeter Mattes 2006: *Factors and Perceptions Influencing the Implementation of the European Neighbourhood Policy in Selected Southern Mediterranean Partner Countries*, EuroMesco 49, p. 15-16.

coverage by Ukrainian media. 77% of the general public consider the information on the EU from the media as insufficient and 63% of those questioned would like to know more about it. All in all, 44% of Ukrainians would like Ukraine to join the EU and consider it to benefit largely of accession. It is interesting to note that this number has decreased over the past years (55% in 2001 and 47% in 2005). Despite the often sharp polarization of opinions on many issues in the foreign policy among the main political forces in Ukraine, the intensification of political and economic relations with the EU enjoys general support. The only opponent of Ukraine's relations with the EU is the Communist party which, however, has little or no influence on the political process in Ukraine.

2.4 GROUP 4: Israel

The last group includes Israel.

- Israel is a well-established democracy and therefore not subject to any EU measures towards the promotion of democracy and human rights. Israel holds long and well-established relations with the EU and its Member States. An intensified formal partnership or even membership to the European Economic Area is blocked by its security and geopolitical situation. Israel is, so to say, in a category of its own and not subject to the following discussion.

31 General Findings and Recommendations

General Findings

Visibility and perception are important variables for the effectiveness of the ENP. The way the EU is seen and perceived among the ENP countries varies considerably, and calls for a tailor-made approach, according to each partner's specificities, in line with the principle of "Joint ownership". It is important therefore to show that external measures are merely a form of assistance and not a dictate by foreign powers. At the same time, the EU shall pursue its own interests in an open and transparent manner. The ENP 'joint ownership' approach suits this need and must be strengthened as it underlines that the EU takes into account the specific problems and conditions in the region. This underlines the importance of adopting a realistic approach to the effectiveness of the ENP. It has to take into consideration that the societal perception of the EU/ENP depends largely on the cultural context:

- Citizens in the Mediterranean countries (with the exception of Israel) do not consider EU accession as a realistic perspective and are often worry about too much EU involvement in domestic affairs. In Egypt, Tunisia, Morocco, Algeria, Jordan and Syria, 'foreign' involvement in domestic affairs is viewed highly critical not only by the governments but also by a number of civil society actors. In order to avoid being branded 'foreign agents' many Arab organisations decline to accept outside support. ¹⁹⁴

194. Cf. Richard Youngs 2007: *Europe's Flawed Approach to Arab Democracy*, Centre For European Reform, London, p.5.

- Citizens in East European and South Caucasian partner countries rather criticize the ENP for excluding the prospect of accession and for not engaging as thoroughly as they would like to. This applies to Ukraine, Moldova, Georgia, Armenia and Azerbaijan.
- The only exceptions to this ordering are Belarus, West Bank and Gaza Strip, which are difficult to qualify.

Recommendations

In order to strengthen the EU's and the ENP's visibility and improve its perception in the partner countries these recommendations can be formulated:

1. Reinforce Differentiation

The ENP should continue to build on the principle of differentiation, in order to "remain sufficiently flexible to allow individual partners to self-differentiate according to their capacity, needs and performance".¹⁹⁵

- It is mainly in the partner countries which show a supportive perception of the ENP's values and norms that the use of financial incentives is an effective instrument for fostering reform. In these countries the ENP is most successful, and the recent ENP strategy is an appropriate strategy for dealing with them.
- In countries where the perception of the ENP's norms and values is non-supportive, financial incentives will be of limited use as long as domestic conditions do not allow reforms to take place. However, financial instruments can be used meaningfully, if they are limited to realizing goals of mutual interest, such as creating an environment that is conducive for energy cooperation and other functional policies.

2. Encouraging civil society

The EU's approach to domestic reforms in partner countries has been very cautious in the last years. The EU has been criticized for not being really committed to democracy; an unwillingness to offer major incentives to governments in return for reform; a "scatter-gun" approach supporting ad hoc initiatives rather than a coherent strategy for political reform; and a failure to support independent and socially-rooted reformers on the ground.¹⁹⁶

The EU can improve its reform policy by:

- Providing better information and transparency in programming, implementation and monitoring to NGOs. Few if any provisions have been made in the ENPI regulation to ensure proper information and outreach to civil society.
- Intensifying dialogue with civil society in partner countries, including on inter-cultural and inter-faith issues, better information on ENP matters by

^{195.} General Affairs and External Relations Council (GAERC), 18/19 June 2007, *Strengthening the European Neighbourhood Policy*, Presidency Report, p. 2.

^{196.} Cf. Richard Youngs 2007: *Europe's Flawed Approach to Arab Democracy*, Centre For European Reform, London.

EU and Member States' institutions, also on the ground, and in particular through enhanced EU support to the civil society.

- Investing in increased capacity-building through EU aid programmes, which include: reinforcing education, training activities with ENP partners, the facilitation of legitimate travel for our partners' citizens, and the easing of access to visa.

3. Facilitate Regional Networking

The EU is not alone in its efforts to improve the perception of democratic norms and the rule of law in the countries of the Mediterranean region, Eastern Europe and Southern Caucasus. A great number of international and especially regional organizations (OSCE, NATO, Council of Europe) are dedicated to very similar policies.

The EU should therefore aim at:

- Encouraging the accession to the international organisations of the less reform-minded partner countries, and developing their cooperation with other countries.
- Facilitating the process of socialisation: socialising effects of the international community will foster learning processes in these countries.

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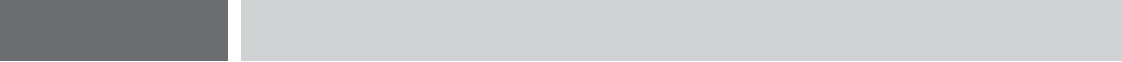
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// ANNEXE 1: Visibility and Perception - Overview on the ENP Partner Countries

The Indicators:

(1) Visibility

- **V1:** Ratio between overall exports and exports to EU (<http://ec.europa.eu/trade/issues/bilateral/data.htm>) 2006
- **V2:** Neighbours which are perceived as unfriendly and threatening
- **V3:** Availability of substitute to the EU's markets for major export products (<http://ec.europa.eu/trade/issues/bilateral/data.htm>) 2006

(2) Perception

- **P1:** Credibility of reform rhetoric
- **P2:** Trend political transformation (2005 - 2007) (<http://www.bertelsmann-transformation-index.de/11.0.html?&L=1>)
- **P3:** Non-governmental attitudes

Visibility			
		High	Low
Perception	Non-supportive	(1) Tunisia, Belarus, West Bank and Gaza	(2) Azerbaijan, Egypt, Jordan, Lybia, Syria, Algeria
	supportive	(3) Armenia, Moldova, Morocco, Georgia, Ukraine, Lebanon	(4) Israel

	Visibility			
	V1	V2	V3	
Algeria	50,3%	No, apart from conflict with Morocco over Western Sahara.	Energy is major export product; substitutes for the EU markets are in principle available; EU strongly interested.	Low
Armenia	47,6%	Occupies Nagorno- Karabak which legally belongs to Azerbaijan.	Main export products to EU are agriculture and textiles. Substitutes not easy available.	High
Azerbaijan	68,0%	Border conflict with Armenia over Nagorno- Karabakh.	93.8% of all exports from Azerbaijan are energy; substitutes for the EU markets are in principle available.	Low
Belarus	45,6%	Increasing political and economic tensions with Russia.	60.1% of all imports from Belarus are energy; nearly all is transit from Russia, Belarus' main trading partner. Substitutes for EU market not easy available.	High
Egypt	42,7%	Dispute with Sudan over territory. Normalisation of Egyptian-Israeli relations is handicapped by Israeli-Palestinian conflict.	56,1% of all imports from Egypt are energy; substitutes for the EU markets are in principle available.	Low
Georgia	47,4%	Russian military is reducing its unwelcomed presence in Georgia.	60,2% of all exports to the EU is energy and 18,5% is agriculture. Substitutes for EU market not easy available.	Rather High
Israel	27,7%	Unsettled Israeli-Palestinian conflict; no peace agreements with Syria and Lebanon.	22,8% of all exports to the EU are machinery and 18,7%; substitute markets for major products could in principle be found	Low
Jordan	5,5%	Iraqi instability and emigration affects Jordan's domestic stability.	26,7% of all exports to the EU are chemicals and 12,7% transport equipment. Insignificant amount	Low

Perception

P1	P2	P3	
Only rhetorical commitment to participatory democracy. Assassinations of critical journalists; dominance of the military and the ruling party.	0	Civil society, media worried about consequences of non-participation in ENP. Little expectations with regard to fostering of democracy.	Non-supportive
High Only rhetorical commitment to democratic processes. Progress in reform is slow; corrupted political elite is trying to retain power as long as possible; opposition is weak; widespread allegations of ballot-rigging and human rights abuses.	0	Weakly organized and largely self-minded opposition. Low awareness of EU/ ENP. Might change due to role of EU in conflict mediation with Azerbaijan.	Supportive
Only rhetorical commitment to democratic processes. Corruption in governmental circles; concentration of power in the president's hands; weak and fragmented opposition; conflict in Nagorno- Karabakh dominates internal political agenda.	0	Low awareness of EU/ ENP. Might change due to role of EU in conflict mediation with Armenia.	Non-Supportive
Not even rhetorical commitment to democracy. Authoritarian regime; heavy concentration of power in hands of the president Lukashenko	0	Very sceptical. Only 1.1 % associate a better future with the EU.	Non-Supportive
Only rhetorical commitment to democracy. High perceived level of corruption; current regime is trying to maintain its hold on power. Mubarrak unwilling to foster serious domestic political reforms.	0	Some civilian groups demand stronger pressure on government in order to foster political reforms. Religious groups worried about external financial involvement.	Non-supportive
Highly pronounced reform rhetoric. High level of corruption and organised crime; conflicts in South Ossetia and Abkhazia dominate domestic political agenda.	↗	Limited awareness due to low media coverage. More than 70 % in favour of accession to EU. Expectation of growing role in conflict mediation (Abkhazia and South Ossetia).	Supportive
All significant political parties abide to democratic rules. Internal political agenda is heavily influenced by the conflict with West Bank and Gaza, Lebanon and Syria.	n.a	Major expectation is better access to European markets.	Supportive
King's policy is mainly focussed on economic reforms. King Abdallah II. reclaims final authority in domestic politics. Top-down reform process. One of the most moderate authoritarian regimes.	0	Majority of people are aware of need for cooperation. EU seen as less interventionist if compared to US. Traditional circles are worried about growing external influence.	Supportive

Lebanon	10.6%	Israel and Syria are perceived as threatening neighbours.	Main exports is agricultural goods (16,3%).Insignificant amount.	Rather High
Libya	76,3%	No security threat.	90.1% of all exports to the EU is energy - substitute markets for this product is in principle available.	Low
Moldova	38.5%	Transnistria is a breakaway territory within the internationally recognised borders of Moldova. Russia military presence is perceived as foreign military occupation.	35,9% of all exports to the EU are textiles and clothing and 18.5% agriculture. Substitute markets for most of these goods are difficult to find.	High
Morocco	62.8%	Strained relations with Algeria due to support of separatist Polisario Front in Western Sahara conflict. Spain controls five 'places of sovereignty' on and off the Moroccan coast.	34,5% of all exports to the EU are agricultural products and 24,2% agriculture. Substitute markets for most of these goods are difficult to find.	High
West Bank and Gaza	n.a.	Israeli-Palestinian conflict is of overwhelming importance for all matters of domestic policy.	54% of exports to the EU are agricultural goods and 24.1% is textiles; difficult to find substitutes for EU markets.	High
Syria	32.3%	No peace agreement with Israel. Syrian Golan Heights occupied by Israeli forces.	87.3% of all exports to EU is energy. Substitute markets are available.	Low
Tunisia	73.5%	No security threats.	35,6% of all exports to EU is textiles and 21.3% machinery. Substitute markets difficult to find.	High
Ukraine	25.6%	No security threats; but tensions with Russia over Black Sea fleet.	13.1% of all exports to EU is agriculture and 9.9% is energy (mainly transit); substitute markets only hard to find for agriculture.	Low

Parliamentary democracy with a special system called confessionalism. Significant efforts to reduce external influence. Political elite split in two camps with little prospect of reaching a solution in the near future, effectively paralysing the government.	↗	Fragile political compromises make thorough reforms unlikely in short run. Precarious balancing of social forces is crucial.	Supportive
Not even rhetorical commitment. Absolute power of Colonel Gadaffi and the "revolutionary sector"; trade unions and political parties are prohibited.	0	Most regime-critical people live outside the country. Insufficient data.	Non-Supportive
Clear commitment to additional reforms. Corruption of political elites; an illegal separatist regime in Moldova's Transnistria region defines its political and economic situation.	↑	Membership in the long-run as policy goal. Largely in favour of EU accession. Expectation of growing role in conflict mediation in Abkhazia and South Ossetia.	Supportive
Mohammed VI. presents himself as pro-reform. Establishment of reconciliation committee was remarkable. Upcoming parliamentary elections in September 2007; comparatively open debates about nearly any kind of topic except of the king himself. Mohammed VI. reclaims final word in domestic affairs. Authoritarian regime even though it is one of the most moderate ones in the Arab world. Corruption is considered to be the main cause of country's backwardness.	0	Generally very positive attitude to the EU/ ENP. Shared even by Islamists.	Supportive
Hamas and Fatah seem to support reforms. Extent of commitment unclear after civil war. Corruption and nepotism in West Bank, lack of internal stability in West Bank and Gaza, limited support for democratic values in Gaza.	n.a	Insufficient data.	Non-Supportive
Economic reform process without significant changes in political structures. Authoritarian regime with an omnipresent intelligence service.	0	Chambers of Commerce and business people might expect economic gains from political liberalisation.	Non-Supportive
Only rhetorical commitment to democracy and human rights. Substantial concentration of power by the party in office; high level of corruption.	0	Generally positive perception. Action Plan should put more pressure on government	Non-supportive
Two major parties are unambiguously pro-democracy. Internal political situation is strained; high level of corruption; weaknesses in the overall system of democratic and institutional checks and balances; deep fragmentation within main political forces.	0	Broad support for increasing cooperation with EU. Declining number of people who are in favour of accession to EU.	Supportive

	Eastern Dimension			Southern Caucasus		
	Belarus	Moldova	Ukraine	Armenia	Azerbaijan	Georgia
PCA/AA	---	PCA, 7/1998	PCA, 3/1998	PCA, 1999	PCA, 1999	PCA, 1999
ENP-AP	---	22/2/ 2005	21/2/2005	14/11/ 2006	14/11/ 2006	14/11/ 2006
ENPI -CSP 2007-2013/ ENPI -NR 2007-2010	X	X	X	X	X	X
Financing 2007-2010 (Mio Euro)	20.0	209.7	494	98.4	92.0	120.4
Population (Mio)	9.8	4.2	47.1	3.0	8.4	4.5
GDP in bn	29.6	2.9	81.7	4.9	12.6	6.4

- AA Association Agreement
AP Action Plan
OS Observer Status
ENP European Neighbourhood Policy

197. World Bank, World Development Indicators database, April 2006.

198. World Bank, World Development Indicators database, April 2006, data of 2004.

// ANNEXE 2: State of the ENP

Southern Mediterranean									
Egypt	Algeria	Jordan	Lebanon	Libya	Morocco	Syria	Tunesia	Israel	West Bank and Gaza
AA, 6/2004	AA, 9/2005	AA, 5/2002	AA, 4/2006	---	AA, 3/2000	---	AA, 3/1998	AA, 6/2000	Interim AA, 7/1997
6/3/ 2007	---	11/1/ 2005	19/1/ 2007	---	27/7/ 2005	---	4/7/ 2005	11/4/ 2005	4/5/ 2005
X	X	X	X	---	X	X	X	X	---
558	220.0	265	187	8	654	130	300	8	632
74.0	32.9	5.4	3.6	5.9	30.2	19.0	10.0	6.9	3.6
89.3	102.3	12.9	22.2	38.8	51.7	26.3	28.7	123.4	4.6

ENPI-NR
ENPI-CSP
PCA

National Indicative Programme
Country Strategy Paper
Partnership and Cooperation Agreement

	Belarus	Moldova	Ukraine	Armenia	Azerbaijan	Georgia
UNO	X	X	X	X	X	X
NATO	PfP	PfP	PfP	PfP	PfP	PfP
WTO	OS	X	X***	X	OS	X
OSZE	30/1/92	30/1/92	30/1/92	30/1/92	30/1/92	24/3/92
Council of Europe	Candidate since 12/3/93	13/07/95	9/11/95	25/1/2001	25/1/2001	27/4/1999
EHRC	---	X	X	X	X	X
GC	X*	X	X	X	X	X
Energy-Charta	**	22/6/96	X	19/1/98	23/12/97	12/7/95
Kyoto-Protocol	---	---	X	---	---	---
EMP	---	---	---	---	---	---
5+5 Dialogue	---	---	---	---	---	---
Arabic League	---	---	---	---	---	---
OIC	---	---	---	---	X	---
AU	---	---	---	---	---	---
EURASEC	X	OS	OS	OS	---	---
OSEC	---	X	X	X	X	X
GUAM	---	X	X	---	X	X
GUS	X	X	X	X	X	X
SP for SEE	---	X	OS	---	---	---

*Belarus signed only the 1967 protocol of the GC

** not ratified yet

// ANNEXE 3: Membership in International and Regional Organisations and Party to Important Treaties

Egypt	Algeria	Jordan	Lebanon	Libya	Morocco	Syria	Tunesia	Israel	West Bank and Gaza
X	X	X	X	X	X	X	X	X	OS
MD	MD	MD	---	---	MD	---	MD	MD	---
X	OS	X	OS	OS	X	---	X	X	---
MedPfc	MedPfc	MedPfc	---	---	MedPfc	---	MedPfc	MedPfc	---
---	---	---	---	---	---	---	---	OS, Parl. Ass. Since 2/12/57	---
---	---	---	---	---	--	---	---	---	---
X	X	---	---	---	X	---	X	X	---
---	---	---	---	---	OS	---	OS	---	---
---	---	---	---	---	---	---	---	---	---
X	X	X	X	OS	X	X	X	X	X
---	X	---	---	X	X	---	X	---	---
X	X	X	X	X	X	X	X	---	X
X	X	X	X	X	X	X	X	---	X
X	X	---	---	X	---	---	X	---	---
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***Ukraine became member of WTO on 16 May 2008.

GFK	Geneva Convention		
MedPfC	Mediterranean Partner for Cooperation		
AU	African Union		
OIC	Organisation Islamic Countries		
OS	Observer-Status		
SPforSEE	Stability Pact for Southeastern Europe		
BSEC	Black Sea Economic Cooperation		
PfP	Partnership for Peace		
EMP	Euro-Mediterranean Partnership		
PfC	Partner for Co-operation		
EURASEC	Eurasian Economic Community	EHRC	European Human Rights Convention
GUAM	Georgia, Ukraine, Aserbaijan, Moldova		
MD	Mediterranean Dialogue of NATO (Nato+7)		
CIS	Community of Independent States		

