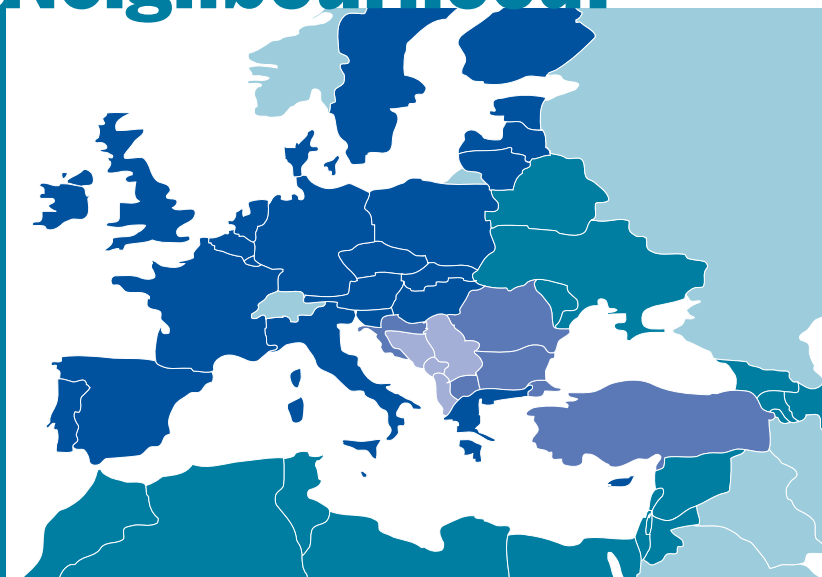


# The European Union and Its Neighbourhood:



# Policies, Problems and Priorities

**The European Union  
and Its Neighbourhood:  
Policies,  
Problems  
and Priorities**

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# INTRODUCTION

PETR KRATOCHVÍL

During recent discussions about the EU's external policies, specifically the gradually evolving European Neighbourhood Policy (ENP), both at the Institute of International Relations in Prague and with colleagues from other research institutions dealing with the same topic, I often wondered what is so special about the ENP that it is almost exclusively seen in a positive light. While within the research community, one can find scholars who do not share this view, a look at the political discourse on the ENP reveals an almost unanimous chorus of voices, which even though acknowledging some minor drawbacks of the policy, welcome it as a step in the right direction. The answer probably lies in the fact that everybody wants to believe that the Union chose the right instrument and that the various tensions between the East and the South, between enlargement and non-enlargement, reform pressure and stabilisation, or between asymmetric conditionality and symmetric "joint ownership" can be solved within the ENP.

Without wanting to completely reject the underlying idea that the ENP is a good thing, I slowly realised that to gain a more balanced picture it is necessary to not only focus on what the ENP is presented as, but rather on what the ENP and its official proponents are silent about. I believe that it is exactly by exploring these blind spots and internal inconsistencies that will allow us to create a more comprehensive view of the policy, and the EU's actions in the external environment in general. Also, by pointing to what the policy does not address or what it tackles just tentatively, I hope that this volume can contribute to a further elaboration of the policy, particularly in regard to the question of future enlargement. Hence, while generally optimistic, the contributions to this volume take a more critical look

and examine the EU external policies' limitations. Some of them focus on the difficulties related to the general shape of the ENP (the first two essays), while the others highlight the so far inadequate approach of the EU towards some regions (like the Mediterranean and the Caucasus). All contributions, at least implicitly, touch upon the problematic assumption that widely different regions where the EU's activities have till now had almost nothing in common (like those two analysed) can be gathered under the ENP's umbrella. A question mark also hovers over whether the one-size-fits-all policy has been sufficiently supplemented by possibilities for differentiation.

The first text, written by myself, highlights the obstacles to a positive evolution of the ENP related to the extreme vagueness of a host of its core formulations. I believe that this vagueness is deliberate since it allows for all countries participating in the policy to interpret it in a light favourable to their own preference. However, along with the policy's evolution, its course will necessarily make some interpretations mutually incompatible and thus lead to a need for a tactical or even a strategic reorientation of some actors, or, alternatively lead to their frustration with the policy. I take a close look at four of the most frequent interpretations in the political discourse on the ENP – a substitute to enlargement; a pre-enlargement tool; a tool for reinvigoration of the EU-Mediterranean partnership; and an instrument for the creation of an EU zone of influence. After examining some consequences of the four interpretations I outline a possible solution, which consists of the introduction of more elements of “variable geometry” into the policy.

The second paper, whose author is Elsa Tulmets, deals with the same problem from a different perspective: It looks at the similarities between practices and instruments applied during the last accession round and argues that many of them have been in fact transformed to serve as part and parcel of the ENP. However, Tulmets convincingly shows that this policy adaptation is not without flaws and recommends some changes, which would make the policy more fitting to its proclaimed ends. Interestingly, Tulmets also elaborates on the different interpretations of the policy and, in the end, argues that none of the

four mentioned earlier entirely captures the nature of the policy and, like the previous paper, points to a possible solution to the deadlock, not dissimilar from the one proposed in the first text.

While the first two essays deal with more general questions pertaining to the EU's policies towards its neighbours, the third is engaged in an in-depth analysis of the EU's involvement in the Caucasus. Given the rather blemished image of the Union in the region, it would be foolish to expect that the ENP could induce a profound transformation in mutual relations in the region. Hence, the author of this essay, Vít Strítěcký, maintains that the political elites in all three countries in the region view their prospects for deeper engagement with the EU pragmatically and so are not currently mentioning an accession. Strítěcký also brings to the fore the key dilemma of the Union in the region: expectations of the Caucasians revolve mainly around security and conflict resolution, yet it is exactly conflict resolution, which has been a major weakness of the EU. Unfortunately, without addressing this key issue, even the enhanced partnership under the ENP cannot make the EU a substantive player in the region.

The fourth contribution, by Haizam Amirah-Fernández and Richard Youngs, explores another dimension of the EU's external policies, the Euro-Mediterranean Partnership. Even though the authors are mildly optimistic about the decade-long evolution of the Partnership, they also express a number of concerns and call for a revitalisation of the Barcelona Process. Their contribution also reflects the persistent uncertainties as to whether the ENP is compatible with the existing framework for cooperation in the Mediterranean and to what extent including both Eastern and Southern EU partners in one category is appropriate. Thus, the ENP is a "double-edged sword" for them, which can bring both new impetus to the policy but also mar its current slow, but positive evolution.

Finally, the analysis of Jesús A. Núñez Villaverde opted for a look at the same issue (Euro-Mediterranean Partnership) from a more policy-oriented perspective, while simultaneously focusing more on future developments rather than assessing the past. The author describes



several scenarios of future development in the policy (continuity, exclusion, and renewed advocacy) and adds a number of policy recommendations for Spanish foreign policy. Almost all of the author's recommendations enjoy a very high degree of generalisability and hence are very useful not only for Spanish foreign policy makers but also for the EU's approach to the region in general.

It is fair to also mention the limitations of the presented analyses. First, some of the contributions have been created specifically for the volume while the two on the Mediterranean have existed before and were presented at the conference "EU and the Mediterranean: Perspectives of future cooperation" held in Prague in May 2006, and so their form is different in some aspects. Yet all contributions are targeted at both policy makers (all include a number of policy recommendations) as well as academia and all try to uncover some of the EU external policies' hidden problems. Secondly, we are aware that some key neighbouring countries were omitted: In some cases, this is because they do not fully participate in the ENP (for instance, Russia and Belarus). Also others, which probably come to mind as first, like Ukraine, are tackled only in the framework of the first two essays and do not have a chapter dedicated solely to them. It is important to repeat here that since there is a fast growing literature on these countries' approach to the ENP, our deliberate focus on the neglected issues led us to explore some "marginal" areas (such as Caucasus). This way we hope to fill in "a market niche" in the academic study of the above described problem field.

Beyond any doubt, the Union's approach to its immediate neighbourhood will become more and more important: The ongoing enlargement to the Southeast of Europe pushes the neighbourhood higher on the list of the EU's priorities and so do the interrelated debates on democratic transition and on reform promotion. The ENP, as well as the Euro-Mediterranean Partnership ten years earlier, has aspired to be able to cope with these challenges. Although these challenges are great, the aim of our book is not to suggest a fundamental reshaping of these policies or even an outright rejection.

We have a much more modest objective in mind – we hope that through laying bare their advantages, weaknesses and hidden agendas we can contribute to a further reformulation and refining of the EU external policies, which in the end should be welcomed not only by the EU’s partner countries but also by the Union itself.



# **THE EUROPEAN NEIGHBOURHOOD POLICY: A CLASH OF INCOMPATIBLE INTERPRETATIONS**

PETR KRATOCHVÍL

## INTRODUCTION

Rising from humble beginnings, the European Neighbourhood Policy (ENP) has become one of the most ambitious EU external policies, with both EU member states and EU neighbours carrying high expectations of it. No doubt the ENP has a number of advantages: most conspicuously, from its very inception the ENP (or Wider Europe as the initiative was previously known)<sup>1)</sup> was aimed at overcoming one of the most problematic features of the EU's external relations – their confusingly heterogeneous nature that rendered any strategic action not confined to a single country almost impossible. This is of course not to say that differentiation is not present in the ENP. At this point it is a good idea to look at the ideas of the policy's founders – the Mediterranean countries were no doubt perceived in a substantially different way to the ENP partners in the East.<sup>2)</sup> In any case, there is a continuing belief that the policy can offer a well-balanced mixture of strategic approach and country-specific measures. The neighbouring countries (particularly those in the East) have also clearly welcomed the ENP's launch and they seem determined to cooperate, demanding only guarantees of the rewards promised for compliance with the policy.<sup>3)</sup>

The majority of political analysts have been moderately optimistic regarding the ENP's future.<sup>4)</sup> Many believe that it can reinvigorate the faltering Barcelona Process, others point out the policy's stress on conditionality which supplements the reliance on voluntary socialisation alone, and yet others hope that, sooner or later, those longing for membership will acquiesce to a non-membership perspective if the policy's carrots are attractive enough.

So what is the snag? In fact, there are at least two. Firstly, while most of the policy's critics follow the same reasoning as its proponents and maintain that the policy is generally sound, they add that the incentives offered are definitely not sufficient to induce true reform, and call for the EU to be more generous in its incentives in order to create genuine change.<sup>5)</sup> Virtually the same problem can be found when analysing the core aim of the ENP – on the one hand, many features of the policy strongly resemble the enlargement process (for instance, the policy's conditionality coupled to regular assessment reports or the stress on the adoption of the Community's *acquis*).<sup>6)</sup> On the other hand, the justification for the many requirements, i.e. the promise of eventual accession, is largely missing from the ENP. However, this first objection can be – and indeed has frequently been – countered by pointing to the specific mixture of incentives proffered and reforms recommended which will be tailor-made for each partner country individually – be it in the Action Plans or in the (as yet unapplied) Neighbourhood Agreements.<sup>7)</sup>

This essay argues that there is a second, potentially far more dangerous problem: that of the extreme vagueness and under-specification of the policy's aims and methods. As a result, while the ENP in its current, rather underdeveloped form is compatible with a number of different interpretations, there is no way that it is able to fulfil all these expectations simultaneously in future. Hence, while present ENP partners in the East can look at the policy in pre-accession terms, politicians from some older member states can interpret the same policy as a substitute for enlargement. It seems almost needless to say that sooner or later only one interpretation can prevail, thus necessarily suppressing the other.

This article begins with an analysis of the four most important interpretations of the ENP – first, as an enlargement replacement, second as a pre-enlargement policy, third as a variation on the Barcelona Process, and fourth as an instrument to increase the EU's zone of influence. I explain who advocates these interpretations and where their weak points lie. In the second part I focus on the possible results of the clash of these discourses – sketching the two

possible outcomes of the ENP (non-enlargement and ensuing frustration of the ENP partners or enlargement and frustration of the old member states). Finally, in the conclusion I point to a compromise solution that, however, would substantially change the nature of the whole Union and the manner in which it functions.<sup>8)</sup>

#### INTERPRETATION I: THE ENLARGEMENT SUBSTITUTE

The first, the quasi-official interpretation, is set to convey the idea that enlargement and the ENP are two totally different policies. In its discursively dominant form, this interpretation does not state directly that the ENP is a substitute for enlargement. Instead, almost all official ENP-related documents are absolutely silent on the two policies' obvious similarities.<sup>9)</sup> Somewhat more open in regard to the idea of substitution is the comment on the European Commission's website, which alludes to the ENP as creating "a privileged partnership" but not being "about enlargement".<sup>10)</sup> In the same vein, the fact that the ENP is the maximum which the partner countries can currently expect, is quite clear from the speeches of EU officials who do not hesitate to, more or less directly, rule out the possibility of enlargement.<sup>11)</sup>

The stress on the creation of "one ring of friends" has one hidden yet important consequence: It downplays the differences between the East and the South. As a result, while other interpretations deal with three analytical levels – firstly ENP partners as a whole, secondly the Eastern and Southern group of countries, and finally individual participating countries, this interpretation differentiates the ENP partners only on the level of individual action plans and evaluating reports. This omission is no trifle: since the Southern Mediterranean countries' accession had been officially ruled out a long time ago, subsuming countries like Ukraine or Moldova under the heading of undistinguished ENP partners also helps to legitimise the rejection of their membership for the foreseeable future.

By being silent on the difference between those longing for membership, and those content with a special partnership, the official

EU interpretation suppresses the alternative discourses represented by the unpleasantly obtrusive demands for actual EU membership. The tactics of keeping silent on an issue which is paradoxically one of the driving forces behind the policy's creation has been vocalised many times. It was most clearly, though inadvertently articulated by Eneko Landaburu, Director General in DG External Relations of the European Commission: "Continuing to view our neighbourhood from an enlargement angle is an unhelpful distraction. Remember the saying that one should not ask a question to which one wouldn't like the answer..."<sup>12)</sup>

The basic problem of the above-described approach lies in the fact that the alternative to full membership, Prodi's famous "everything but institutions"<sup>13)</sup> is not a viable option either. What is currently perceived as most threatening to the citizens in countries like France is not the East European countries' participation in the Union's decision-making process but rather the uncontrolled migration from the East that in the citizens' eyes leads to the destabilisation of labour markets and the reduction of social benefits.<sup>14)</sup> But the formula "everything but institutions" magnifies exactly these threats since it promises, in the first place, free access to the Union's labour market, plus the guarantee of the other three basic freedoms. Clearly, free access to the Union's market would allow the influx of those products where Ukraine and other countries in the East have a major advantage: agricultural products, steel, etc. It is perhaps not surprising that it is precisely these goods that are currently the most restricted in the Internal Market. Put simply, as long as these countries do not *fully* enjoy the four basic freedoms, "everything but institutions" will remain a fantasy for the foreseeable future.

## INTERPRETATION II: THE PRE-ENLARGEMENT POLICY

The second interpretation, the ENP as a pre-enlargement policy, is most frequently associated with two groups. The first and most obvious of these are the ENP partner countries themselves. As early as in 2003,

the Foreign Minister of Ukraine Anatolii Zlenko, in a rather blunt comment on the brand-new Wider Europe Initiative proposed by the European Commission, described the link between the nascent ENP and Ukraine's future accession to the EU: "If the EU is not ready to open a political perspective for Ukraine, that would be at least an honest position - Brussels does not want to give false promises. But if the EU views Ukraine as part of a new Europe, then it should probably review some of its attitudes towards Ukraine. Honest partners do not deprive one another of the goal and dream. In this sense we welcome the recently presented Communication 'Wider Europe – Neighbourhood'."<sup>15)</sup> The other group of advocates of this interpretation consists mainly of new EU Member States, particularly Poland.<sup>16)</sup>

However, there is also a third party who seems to be at least implicitly supportive of this interpretation: the European Commission. This may appear strange since the Commission was listed under those defending the "enlargement-as-substitute" view. However, there are at least two reasons for putting the European Commission in this category. Firstly, there are several dissenting voices within the Commission, which challenge the official interpretation; also it is not uncommon for the Commission's high-ranking officials to intentionally insert a fair amount of vagueness into speeches about the possibility of future EU membership of ENP partner countries. For instance, the Polish commissioner Danuta Hübner insists that "one of the great challenges for the Union is to remain open to European countries which meet the conditions for accession while reforming in such a way that effective decision-making is guaranteed".<sup>17)</sup> Secondly, we should note that it was no coincidence that Günter Verheugen, formerly the commissioner responsible for the (Eastern) enlargement, became the head of the Task Force for the Wider Europe, the organ that prepared the Wider Europe Initiative, the ENP's predecessor.<sup>18)</sup>

It is no surprise that the ultimate aim in the first interpretation – namely a definite demarcation of the "borders of Europe" starkly contradicts the objective of the second interpretation, which is to stick to the letters of the Treaty on the EU and to keep the EU open to any European country that respects the fundamental EU principles.<sup>19)</sup> The



development that the advocates of the second interpretation fear the most is the creation of a “fortress of Europe” that encourages outsiders to adopt its practices and legal provisions yet categorically reject any membership application. Even if outright rejection might be seen as politically incorrect, softer measures with an identical effect can still be used: The debate about the Union’s “enlargement fatigue” and the frequently aired suggestion that “absorption capacity” should be added to the list of official accession criteria show that the EU is standing on a razor-edge between further enlargement and final closure.<sup>20)</sup>

### INTERPRETATION III: THE BARCELONA PROCESS REVISITED

While the first two interpretations are often mentioned as the most important for Central Europe, we should not omit a third perspective which is considered essential in a number of Southern EU Member States. The main concern for both Southern EU Members like Spain, Portugal, Italy and France and for Southern EU neighbours is that the EU is principally focused on the East, indeed, some go as far as saying that the Eastern enlargement has gained a monopoly over the EU’s political agenda.<sup>21)</sup> Hence, they maintain that the pendulum should swing back to a more balanced position, respecting the Southern dimension.<sup>22)</sup>

The hope is that the ENP is the long-awaited impulse that will spur the momentum of the currently rather stagnant Barcelona Process.<sup>23)</sup> There is no doubt that the Southern members’ rhetoric towards the ENP strongly resembles the welcome given to the Euro-Med partnership more than a decade ago. A brief comparison of the Barcelona Declaration<sup>24)</sup> with the ENP Strategy Paper<sup>25)</sup> also reveals striking similarities in expectations connected with the launch of both policies. That said, there are also differences which reflect the disappointing experience with the rather limited impact that the Barcelona Process has had in the last ten years. Hence, the ENP stresses more the differentiation between states, conditionality has also gained a more prominent place in the new policy and measures intended to enhance the feeling of joint ownership have also been added.

Yet, on both the Southern and Northern coast of the Mediterranean, the ENP is viewed with a mixture of concern and expectation. While differentiation coupled with conditionality will allow greater reform on the part of the countries interested in a faster reform process, it will also shed more light on those whose preparedness to carry out reform is rather modest. This can be particularly sensitive in the field of political reforms and doubts have been expressed about the applicability of the conditionality approach to this area.<sup>26)</sup> Without wanting to simplify the complex problem of political reforms in ENP partner countries, it is clear that the readiness to change the system of governance in order to make it more compatible with that of the EU is much greater in the East, particularly in Ukraine or Georgia.<sup>27)</sup> Again we should not forget that most Eastern ENP partners have declared that EU accession is their strategic goal and so – even though the EU vehemently denies any commitment in this respect – they are aiming to convince the EU of their resolution in this regard. As a result, the danger that Southern partner countries might be sidelined remains as pertinent as ever.

#### INTERPRETATION IV: THE ZONE OF INFLUENCE

If we focus on the actors participating in the ENP, then the three interpretations analysed above exhaustively cover the dominant discourses on the policy. However, it is worth mentioning that some influential external players perceive the policy in an entirely different light. They portray the policy as the EU's attempt at creating its own zone of influence and believe that the "ring of friends" rhetoric is just a cover for a comprehensive strategy to tie the Union's neighbours more firmly to the EU. This opinion is sometimes heard from the other side of the Atlantic or from within the EU itself<sup>28)</sup> though this interpretation is particularly prolific in the Russian discourse on the ENP.

Although in the original proposal, Russia was included in the ENP as one of the partner countries, it quickly rejected participation whereby one of the most important motives for withdrawal was the perceived harm to Russia's great power status. Also, the EU's attempts

to portray the ENP as a policy stimulating cooperation with Russia in the common neighbourhood (i.e. mainly the so-called Western Newly Independent States) have ended up in a dead end. For example, the Ukrainian Orange Revolution depicted by Commissioner Ferrero-Waldner as one of the ENP's first successes,<sup>29)</sup> was perceived by Moscow as a sign of geopolitical competition with the West.<sup>30)</sup> This, alongside with EU-Russian misunderstandings about virtually every country in the region (ranging from Belarus, to Moldova, and to Georgia), made the term "common neighbourhood" almost void of any positive meaning. In the Kremlin, the negative assessment has been further strengthened by the belief that the ENP has been hijacked by a few new EU Member States whose stance towards Russia is undoubtedly rather castigatory. Hence, the ENP is seen as a strategic instrument for furthering the EU's interests without taking into account the legitimate interests of other actors who do not want to succumb to EU pressure.<sup>31)</sup>

The basic difficulty with this approach undoubtedly lies in the fact that it replicates non-cooperative behaviour between the EU and its partners. While this may complicate matters for the EU itself, it also debilitates any efforts at solving the frozen conflicts in the Union's neighbourhood. It has become evident that without Russia's involvement in negotiations or without Russia's direct pressure neither the problem of the breakaway Transnistria region nor the authoritarian regime of President Lukashenko can be solved in the foreseeable future. In a wider context, a concerted effort on the side of the EU, Russia, and the United States is a necessary prerequisite for a settlement to the protracted conflict in the Middle East. To summarise, if this interpretation were to prevail, any long-term cooperation on such issues would be rendered very difficult to maintain.

## POSSIBLE OUTCOMES

It is quite surprising that three of the four above-mentioned interpretations which at first glance diverge on every single issue, have

**Table 1: The four most common interpretations of the ENP**

<b>Interpretation</b>	<b>Important Advocates</b>	<b>Aimed against</b>	<b>Basic problems</b>
<b>Enlargement substitute</b>	Germany, France and other (old) MS, EC	Further enlargement	Insufficient incentives
<b>Pre-enlargement policy</b>	Poland and other new MS, Ukraine + “dissent” in the EC	Fortress of Europe	Anti-enlargement attitudes, “absorption capacity”
<b>Barcelona Process II</b>	Spain, Italy, France, Southern ENP partners	Excessive stress on the (European) East	Unwillingness to comply in the South
<b>Zone of Influence</b>	USA, Russia	EU’s geopolitical ambitions	Perpetuating conflicts with external actors and in their neighbourhood

in fact one thing in common – they all overtly or covertly reject a future Eastern enlargement. No doubt their motivations are different: the first interpretation stresses the need to define the “borders of Europe”, the third a greater balance between the attention towards East and South, and the fourth fears a further spread of the EU’s influence in the East, which an enlargement would surely bring about. But when analysing enlargement prospects we can lump the three interpretations together and conclude that the most probable outcome is non-enlargement coupled with a frustration among the Eastern ENP partners. To complete the picture, the only other possible outcome is connected solely with the second interpretation (the ENP as a pre-enlargement policy).

#### *Non-enlargement and frustrated (Eastern) ENP partners*

If the (Eastern) ENP partners continue to comply with the EU’s requirements, carry out reforms, adopt the Union’s acquis, and wait for a substantial period of time, while the EU continues to indefinitely postpone the accession date or even declare that enlargement is ruled out altogether, then a backlash from the ENP partner countries is highly probable. The promise of a stake in the Internal Market will hardly be enough to mitigate their frustration – it is difficult to imagine that these countries will not object to participation in a game with rules that they have no chance of influencing.

Unfortunately, there are growing signs that this gloomy scenario may indeed become a reality: firstly, the already mentioned discussion about the absorption capacity of the Union has led to the ever-growing conviction that the Union’s enlargement potential has been stretched to its limits, or even beyond them.<sup>32)</sup> There are also less palpable trends showing that the general EU public is starting to perceive issues related to further enlargement as threatening – migration is increasingly seen as a threat, and not as an opportunity, social dumping has become one of the buzzwords in the debates on economic reform, and enlargement (both past and future) was used to gather support against the Constitutional Treaty during the recent referenda campaign.

To make matters even worse, this path of future development is not only relatively probable, but it has the potential to cause further

problems: although it may not lead to the creation of a fortress of Europe in the economic sense, the EU would necessarily become an inwardly-looking giant in the political sense and the surrounding countries would be sentenced to eternal peripheral status. Undoubtedly, the feeling of exclusion would propel them in centrifugal directions – towards pan-Arab associations in the South and towards Russia in the East. Regional integration in the East or in the Southern Mediterranean is in itself not a bad thing, yet under the conditions described above these integration blocs may quite probably take on an outspoken anti-EU stance.

#### *Enlargement and frustrated (old) Member States*

The victory of the second interpretation would also bring about fundamental problems – this time however for certain Member States, namely Austria and France, which have been the most vocal opponents of an (Eastern) enlargement. The consequences of further enlargement are by now so well known that a detailed description is unnecessary here: an enlargement to 30 plus members would not only make the old Union of Six (or fifteen for that matter) irretrievably lost, but it would make steering the Union in a particular direction far more complicated. The dreams of France imposing its will on the Union (still heard prior to the French referendum on the Constitutional Treaty) or the Franco-German engine of the Union would have to be replaced by more pragmatic considerations that would lead to bigger coalitions within the EU membership. Similarly, a number of other policies – including the infamous CAP and the EU's regional policy, which had survived previous rounds of enlargement – would have to be scrapped or substantially altered. It is clear that all old Member States (the EU 15) would become net contributors to the EU budget, a fact that would likely harm the already fragile support of their populace towards the integration project.

If we consider the radical reforms needed for this scenario to occur, along with the fact that only one of the four interpretations supports EU enlargement, we must concede that this outcome is far less likely. It is nonetheless worth mentioning for at least two important reasons.

The first is the EU's past experience: at the beginning of the 1990s, the post-communist countries' accession also looked highly improbable and there were virtually no important advocates of enlargement.<sup>33)</sup> Yet by the second half of the 1990s the attitude had gradually changed and even the staunchest enlargement critics succumbed to rhetorical attacks from candidate countries. Second, while the coalition of new members, headed by Poland, and Eastern neighbour countries like Ukraine may currently be rather weak, in the future we can expect them to have a more assertive approach, since the camp of new members will gradually become stronger (accession of the Balkan countries) and enlargement may become the most important foreign policy priority for many of them (most notably Romania and Poland).

#### CONCLUSION – WHICH WAY OUT?

Neither of these outcomes promises a quiet evolution of the ENP. Yet since both options have powerful opponents, for whom a full realisation of either of these scenarios is unacceptable, we should also consider possible compromise solutions between the two extremes. As I pointed out before, Prodi's "everything but institutions" is not a viable option since it offers participation without the co-decision that is granted to full members. This along with the substantially higher financial contributions of full members makes this arrangement not favourable to either side.

Instead we must search for solutions with a more gradualist tinge that would repel neither the "rejecters" nor the "accepters". One example of such a solution may be found in the often-mentioned, yet almost never discussed in-depth, concept of variable geometry.<sup>34)</sup> This would allow for flexible participation of the partners in some policies, including in the decision-making process, while for the time being restricting these countries' access to others, deemed to be more sensitive by some older members. This approach carries the great advantage of already being practically implemented in some areas – not merely in marginal ones but also in key integration policies such as

the monetary union, provisions related to the free movement of persons (Schengen acquis), etc.

With regard to the ENP, such an approach promises to bring to perfection the principle of conditionality and differentiation. Those partner countries which fulfil the obligations qualifying them to accede to a policy can proceed ahead of those who have yet to fulfil the criteria while also serving as example to those lagging behind, motivating them into more in-depth reform. Participation in a chosen policy would also be more than just the current vague promises of a stake in the Internal Market and thus offer a much more substantial incentive for reform. Despite the fact that “variable geometry” poses a number of difficult questions (including that of cohesion, financing, institutional design, etc.), this notion is one of the most viable alternatives for future relations with the EU’s neighbours. Sooner or later, the looming impasse between the proponents and opponents of enlargement will have to be tackled. As a result, the ENP may not only become a testing ground for this innovative approach but it may also turn into an efficient barrier against isolationist tendencies which are becoming more and more visible in the EU. That will, undoubtedly, require a substantial commitment from all sides. Whether or not the EU is currently prepared for such a challenge is, however, an as yet unresolved question.

## ENDNOTES

- 1) See Patten & Solana 2002; COM 2003/104.
- 2) In addition, the principle of differentiation has gradually crept back in a number of other ways (e. g. through Russia’s refusal to participate in the policy and through the inclusion of the three countries in the South Caucasus).
- 3) Cf. Gabanyi 2006; Shumylo 2006; Solonenko 2006.
- 4) On Wider Europe see Wallace 2003; on the ENP Emerson 2004.
- 5) Grabbe 2004.
- 6) Cf. Kelley 2006.
- 7) For elaboration of the Neighbourhood Agreements see COM 2004/373: 3ff.
- 8) Here, a caveat is in order. Although I deal with the ENP as such, my main focus is on the East. Since there is a widely-held conviction that the Southern ENP partners are excluded from any future accession, when speaking about the membership perspective, I deal mainly with Ukraine, Moldova and the countries in the Caucasus.



- <sup>9)</sup> See e.g. the Commission's ENP Strategy Paper (COM 2004/373); for official documents of other EU institutions see 10679/2/04; or 10189/04.
- <sup>10)</sup> European Neighbourhood Policy 2006.
- <sup>11)</sup> See e.g. Landaburu 2006: 2 and even Verheugen 2003.
- <sup>12)</sup> Landaburu 2006: 2.
- <sup>13)</sup> Prodi 2002.
- <sup>14)</sup> Eurobaromètre Flash 171 2005 & Flash Eurobarometer 172 2005.
- <sup>15)</sup> Zlenko 2003.
- <sup>16)</sup> Cf. Buras & Pomorska 2006.
- <sup>17)</sup> Hübner 2006.
- <sup>18)</sup> As a consequence, the document produced by the Task Force also does not rule out future membership: "This communication considers how to strengthen the framework for the Union's relations with those neighbouring countries that do not *currently* have a perspective of membership of the EU." (italics added) (COM 2003/104: 4).
- <sup>19)</sup> Article 49 – see Consolidated Version.
- <sup>20)</sup> Landaburu 2006.
- <sup>21)</sup> Shaaban 2003: 2.
- <sup>22)</sup> See for instance Lefebvre 2006.
- <sup>23)</sup> See also Amirah-Fernández and Youngs in this volume.
- <sup>24)</sup> Barcelona Declaration 1995.
- <sup>25)</sup> COM 2004/373.
- <sup>26)</sup> Jones & Emerson 2005.
- <sup>27)</sup> As already acknowledged in Patten's and Solana's Joint Letter on Wider Europe – Patten & Solana 2002: 2; see also Ferrero-Waldner 2006a.
- <sup>28)</sup> See for instance Leonard 2005.
- <sup>29)</sup> Ferrero-Waldner 2006b.
- <sup>30)</sup> Intervyu Ministra 2005.
- <sup>31)</sup> Cf. Emerson & Noutcheva 2004: 7.
- <sup>32)</sup> See e.g. Rehn 2006.
- <sup>33)</sup> Karlas & Kratochvíl 2004.
- <sup>34)</sup> E.g. Stubb 1996.

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# **ADAPTING THE EXPERIENCE OF ENLARGEMENT TO THE NEIGHBOURHOOD POLICY: THE ENP AS A SUBSTITUTE TO ENLARGEMENT?**

ELSA TULMETS

## INTRODUCTION<sup>35)</sup>

Very few people have tried to explain where the policy ideas and instruments of the European Neighbourhood Policy (ENP) originate (Del Sarto, Schumacher, 2005; Cremona, 2005; Tulumets, 2005b; Kelley, 2006; Harasimowicz, 2006). Although the aim of the policy is to offer an innovative framework for cooperation between the EU and the surrounding TACIS (Newly Independent States), MEDA (Mediterranean) countries, and countries from the South Caucasus<sup>36)</sup>, there is some evidence that the original thinking behind this policy is not entirely new. As a matter of fact, interviews conducted at the Commission (DG Enlargement, DG Relex, EuropeAid) between 2003 and 2006, official documents, as well as secondary literature show that policy ideas and instruments designed for enlargement have inspired the European Neighbourhood Policy.

The paper argues that the ENP may be best understood in looking at the way the European Commission relied on the experience of the fifth EU Eastern enlargement to shape this new “umbrella policy”. This will be presented in the first four points of the paper. Although this could support the thesis of the ENP as a substitute to enlargement, recent policy developments – presented in a fifth point – show that the ENP is evolving towards a policy with variable geometry where some countries would get a special ENP status, while others prefer to stay outside. If so, the ENP would have to be better linked with policies of

accession so that this variable geometry would end up in a situation where neighbours could one day become candidates and candidates become neighbours. This would be possible regarding the similarities of the instruments employed.

The way the European Commission managed the birth of the ENP already highlights the strong links between the experience of enlargement and the ENP. The idea of launching a Wider Europe strategy, which later became the ENP, was born in 2002 within the DG Enlargement of the Commission as a response to various political initiatives on “Wider Europe” coming mainly from the UK, Sweden, Poland and Germany.<sup>37)</sup> In 2003, a Task Force “Wider Europe” composed of civil servants from DG Enlargement and DG Relex was created to deal with the EU’s relations with its Eastern neighbours. In 2004, when the ENP was officially launched with the larger aim of integrating both East and South, the people from DG Enlargement involved in the Task Force were moved to DG Relex (Interviews DG Enlargement, 2003–2004, and DG Relex, 2006). This restructuring partly explains why the original policy ideas and instruments of the ENP were adapted from the experience of enlargement. The policy transfer and adaptation<sup>38)</sup> was done at four main levels:

- *the discourse on common values replicates accession conditions;*
- *the philosophy of partnership, differentiation, participation, and deconcentration/decentralisation complements the notion of conditionality;*
- *new policy modes based on a benchmarked approach enhance bilateral negotiations and relations in detriment to regional ones;*
- *the toolbox of assistance policy is complemented by instruments like cross-border cooperation, Twinning, TAIEX, and cooperation programmes.*

These four points may be considered as the new elements brought by the ENP that added to the EU’s existing relations with its neighbours such as the regional policies like the Euro-Mediterranean Partnership (Barcelona Process) or the Northern Dimension. The fifth part of the paper will deal with the scope and perspectives of the ENP. When the policy was launched, it was aimed at offering “more than partnership”

and “everything but the institutions” (Prodi, 2002), this clearly sets the limits of the new policy. Nevertheless, recent discourses and debates tend to show that the ENP cannot be equated as being a substitute to enlargement (e.g. Hübner, 2006; Landaburu, 2006), but rather as an alternative to enlargement taking the form of a policy with variable geometry.

## 1) COMMON VALUES OR PRE-ACCESSION CRITERIA?

The similarities between the ENP’s common values and the accession conditions are particularly striking. A few years before the launch of the Neighbourhood Policy, the former President of the Commission Romano Prodi pointed out to the necessity of reinforcing stability in Europe through the acceptance of common values of security and stability by both the EU and its neighbours:

“All of us – the European Union, the applicant countries, and our neighbours in the wider Europe – must work together towards our common destiny: a wider European area offering peace, stability and prosperity to all: a “new European order” (Prodi, 1999).

In his speech of 2002 launching the idea of a Wider Europe strategy, R. Prodi proposed “to set benchmarks to measure what we expect our neighbours to do (...), we might even consider some kind of ‘Copenhagen proximity criteria’” (Prodi, 2002). He was referring to the accession criteria defined in 1993 at the Council of Copenhagen, where EU member states agreed that candidate countries would have to fulfil the following three criteria before they would be able to join the Union: 1) have stable institutions guaranteeing democracy, the rule of law, human right and minority rights; 2) a functioning market economy and the capacity to cope with competitive pressures inside the EC; 3) the ability to adopt the *acquis* and to accept the aims of the political, economic, and monetary union. In 1995 at the Madrid Summit, the member states introduced a further condition of “good governance”, namely the administrative and judicial capacity not only to adopt, but also to implement the whole *acquis communautaire* (EU law and European Court of

Justice's decisions). In 1997, the EU also asked candidates to have "good neighbourly relations" and to respect the principle of sustainable development. In 1998, the Commission started to use annual reports to evaluate how the candidate countries were progressing in meeting the respective criteria. Looking at these developments, one can state that the definition of the Copenhagen criteria have gradually evolved and have consolidated or even "constitutionalised" the practice of past enlargements on political, economic, as well as legislative grounds (Hillion, 2004). One may even say that these criteria represent the EU's identity, i.e. the values and norms that all member states agreed to share within the European Union and to promote abroad.

Although EU accession has often been criticised as representing a "moving target", while the Copenhagen criteria have been characterised as reflecting "double standards" (third states have to accept norms that not all member states respect), accession conditions clearly inspired the content of the Neighbourhood policy. This is reflected in the first strategy documents on the ENP (EC, 2003a, 2004a), specifically in the Action Plans and Country Strategy Papers: the Commission, in a slightly different wording, relied on most elements of the 31 negotiation chapters originally created to negotiate with the candidate states. The Commission's Civil servants clearly state that they relied on the accession criteria to define the "common values" put forward in the ENP, though the context of usage was very different: in the ENP, the EU cannot use the "carrot" of accession to ensure compliance to these values. To sum up, neighbouring countries have to respect "commitments to shared values" relatively similar to the EU's accession criteria:

"(...) that is respect for human rights, including minority rights, the rule of law, good governance, the promotion of good neighbourly relations, and the principles of a market economy and sustainable development as well as to certain key foreign policy goals" (EC, 2004a).

Policy discourses on the ENP are now clearly constructed around three main issues – **security, stability, and prosperity** (Prodi, 2002; EC, 2003a) – which are then defined in more details in the separate Action Plans, i.e. the internal market, cooperation in justice and home affairs,

sustainable development, or foreign policy (EC, 2004b). *The politicisation of these various sectoral issues clearly corresponds to the making of a foreign policy by exporting the EU's internal identity abroad.* This process was made possible in the ENP through experience gained from the last enlargement where internal policies have progressively been extended abroad. The deepening process running parallel to enlargement played an important role in helping the EU to define its own identity, especially through the two Intergovernmental Conferences (conventions) aimed at constitutionalising the EU's norms and values. The Charter of Fundamental rights, although not constitutionalised as long as the constitutional treaty of 2005 is not ratified, already serves as a normative reference in the decisions of the European Court of Justice. The Commission often also referred to this document during the accession negotiations in order to put more pressure on the accession countries and to give consistency to conditionality. In this sense, it is difficult to separate deepening from enlarging, as both participated in linking internal policies to external ones, therefore externalising the EU policies (Lavenex, 2004). Nevertheless, this process of externalisation still lacks strong legitimacy in the absence of any accession perspective. To complement the conditional approach, the ENP strategy particularly emphasises the importance of the notions of partnership, differentiation, and ownership.

## 2) DO PARTNERSHIP AND DIFFERENTIATION REALLY COMPLEMENT THE CONDITIONAL APPROACH?

In its communication of 2003 on the Neighbourhood, the Commission insisted on the specific philosophy the ENP should adopt to complement already existing policies in its neighbourhood, namely “a differentiated, progressive and benchmarked approach” (EC, 2003a: 15). By this, they meant that “the new neighbourhood policy should not override the existing framework for EU relations with [third] countries (...), instead, it will supplement and build on existing policies and arrangements” and respect the rhythm of each country in coming



closer to the EU (EC, 2003a: 15,16). The Commission proposed that benchmarks “should be developed in close cooperation with the partner countries themselves, in order to ensure national ownership and commitment” (EC, 2003a: 16), thus to counter-balance the unilateral approach of conditionality. In this context, benchmarks “offer greater predictability and certainty for the partner country than the traditional ‘conditionality’” (*Ibid*).

During the last EU enlargement, conditionality has been clearly defined and used to frame the accession process and negotiations (Smith, 1998; Schimmelfennig & Sedelmeier, 2004). After the Summit of Essen in 1994, **negative conditionality** (suspension of advantages when reforms are not conducted) was complemented by **positive conditionality**: the more a country introduced reforms, the more assistance it was awarded to conduct them. A debate particularly gained momentum when the Commission noticed that negative and positive conditionality worked only on a case by case basis. Although negative conditionality was seemingly effective in condemning the authoritarian Slovak government of Vladimír Mečiar in 1997, the Commission realised that Hungary and Poland, although being the best pupils of enlargement, were not using the whole annual PHARE<sup>39)</sup> budget that was allocated to them (Interviews, DG Enlargement, April 2003, March 2004). The main reason identified was the lack of administrative capacity and political will as well as the poor involvement of civil society in shaping the reforms. The debate became particularly salient when, at the same time, the European Court of Auditors and the European Parliament accused the Commission over the overly centralised and non transparent manner in which it managed the PHARE programme (European Court of Auditor, 1997; European Parliament, 1997). After 1997, the asymmetrical and unilateral character of the relations between the EU and the candidates was deemed to be replaced by a philosophy of **partnership** and **negotiation**, not only for the six first countries accepted for accession negotiations in 1997, but also later in 1999 for all other candidates, including Turkey.

A similar experience occurred in the EU’s relations with the Eastern non-candidate states. As pointed out by Lynch (2004), *the design of the*

*new ENP strategy particularly stemmed from EU existing policies' shortcomings.* Traditional (negative) conditionality imposed on the Belarus authoritarian state has yielded little, and the EU had little influence over the Transnistria conflict in Moldova<sup>40</sup>) The Commission's officials thus learned the same lessons in a different context: success or failure of negative and positive conditionality is mainly linked to the national context and to the political will of third states to cooperate and to introduce national reforms (Interviews, DG Enlargement, EC, 2004). Like Günter Verheugen explained in 2004:

“One basic principle behind the ring of friends we are forging is joint ownership. Of course, we cannot impose the policy on any neighbour. We are offering closer co-operation across the broad spectrum of our relations, from political dialogue to economic integration” (Verheugen, 2004).

*The rather coercive approach of conditionality was therefore complemented by more compromising measures* like commitments to common values, a philosophy based on differentiation, mutual agreements or joint-ownership (partnership), participation and deconcentration/decentralisation, as well as by innovative ways of controlling and evaluating the meeting of the accession criteria or commitments. These have been tested in a more extended way in the reform of the EU enlargement and of the EU development policy before being adopted in the ENP (Tulmets, 2003).

The prospect of EU accession is the *first aspect* allowing **differentiation** between neighbours: Chris Patten and Javier Solana identified in their common letter of 2002 three main groupings, e.g. the western Balkans which explicitly pursue the goal of joining the EU (they are now excluded from the ENP), Mediterranean countries and countries of the Middle-East for which membership is clearly excluded, and the Western CIS which fall somewhere in-between and for which the policy was originally designed. The “proximity policy”, as it was first called, was conceived as a flexible framework for enhanced cooperation between the EU and its Neighbours in order to build a “ring of friends”. The definition of **commitments to shared values** on the basis of a “jointly agreed” **Action Plan** is the second aspect of differentiation.

Differentiation stems from the contractual arrangements between the EU and each country, which reflect the partners' political and economic situation. Whereas Ukraine stands at the forefront of the Eastern neighbours with respect to reforms, the EU has stopped formal relations with Belarus, and its links with Moldova still remain underdeveloped due to the conflict in Transnistria. Relations to Mediterranean countries reflect very different political and economic relations: while Morocco and Tunisia showed a great interest for this new policy, negotiations with Israel, Egypt and Libya are more difficult. Algeria for the time being refuses to negotiate an Action Plan and the EU's assistance policy (Interview, DG Relex, February 2006). In the Caucasus, the Commission just closed negotiations with Georgia, Azerbaijan and Armenia. Differentiation is in this sense understood as being "tailor-made to reflect the existing state of relations with each country, its needs and capacities as well as common interests" (EC, 2004a). Contractual documents are thus important tools to translate differentiation into action. In practice, Action Plans are not always easy to negotiate and benchmarks are often not precise enough or are diluted in diplomatic formulations.

The notions of **partnership** and of **decentralisation/deconcentration** were introduced into the enlargement strategy about at the same time as in the TACIS and MEDA programmes, i.e. in the mid-1990s. The notion of partnership constitutes a rhetorical response to criticism on unilateralism and asymmetry in the field of development and enlargement, as well as on the lack of involvement of private actors in the definition and implementation of policies. Discussions on these issues gained a larger scope before the opening of accession negotiations in 1998. The notion of partnership addressed criticism on the centralised programme management by the European Commission and led to a policy of deconcentration (reinforcement of the delegations of the Commission) and of decentralisation (ownership, growing responsibility of third states' institutions) in the framework of accession negotiations (1998–2002). The experience gained by officials of DG Enlargement who were later appointed to DG Relex and EuropeAid, served as a basis for the introduction of a similar philosophy in the neighbourhood policy in 2003–2004.<sup>41)</sup> Nevertheless, one may notice that the notion of

*Table II: The EU relations with neighbouring countries by the end of 2006*

<i>ENP partner countries</i>	<i>Entry into force of contractual relations with EC</i>	<i>ENP Country Report</i>	<i>ENP Action Plan</i>	<i>Adoption by EU</i>	<i>Adoption by partner country</i>
<b>Algeria</b>	AA 2005	–	–	–	–
<b>Armenia</b>	PCA – 1999	March 2005	Agreed autumn 2006	13.11.2005	14.11.2005
<b>Azerbaijan</b>	PCA – 1999	March 2005	Agreed autumn 2006	13.11.2005	14.11.2005
<b>Belarus</b>	–	–	–	–	–
<b>Egypt</b>	AA – June 2004	March 2005	Agreed autumn 2006	–	–
<b>Georgia</b>	PCA – 1999	March 2005	Agreed autumn 2006	13.11.2005	14.11.2005
<b>Israel</b>	AA – June 2000	May 2004	Agreed end 2004	21.02.2005	11.04.2005
<b>Jordan</b>	AA – May 2002	May 2004	Agreed end 2004	21.02.2005	11.01.2005
<b>Lebanon</b>	AA – imminent	March 2005	Agreed autumn 2006	17.10.2005	Pending
<b>Libya</b>	–	–	–	–	–
<b>Moldova</b>	PCA – July 1998	May 2004	Agreed end 2004	21.02.2005	22.02.2005
<b>Morocco</b>	AA – March 2000	May 2004	Agreed end 2004	21.02.2005	27.07.2005
<b>Palestinian Authority</b>	Interim AA – July 1997	May 2004	Agreed end 2004	21.02.2005	04.05.2005
<b>Syria</b>	–	–	–	–	–
<b>Tunisia</b>	AA – March 1998	May 2004	Agreed end 2004	21.02.2005	04.07.2005
<b>Ukraine</b>	PCA – March 1998	May 2004	Agreed end 2004	21.02.2005	21.02.2005

Source: Press release (2006). AA = Association Agreement, PCA = Partnership and Cooperation Agreement.

decentralisation, which implies that third countries have a greater responsibility in implementation, takes a different shape in the Neighbourhood policy: while the notion is applied to the Southern neighbours (AA), it is still not present in the Eastern dimension of the ENP (PCA).

The idea of **participation** is closely linked to the concept of partnership and decentralisation. Consultation of national public and private actors is essential for enhancing the feeling of ownership of the policy decisions. The involvement of these actors in the implementation of reforms is also seen as central for an effective internalisation and respect of the norms and values promoted abroad by the EU (socialisation). In the Commission's documents, participation is seen as a means to increase sectoral integration by opening internal cooperation programmes to persons from third countries, especially in the fields of education, research, and culture and by supporting "people to people" cooperation projects (EC, 2003a).

*On the ground, the philosophy of partnership, ownership, and participation is facing various shortcomings.* This is partly due to the rigidity and complexity of European procedures (negotiation of the Action Plans, difficulties for NGOs to access funds), to contradictions in the ENP (people-to-people activities vs. strict visa policy), and to national contextual reasons (difficulties for ownership and participation in authoritarian regimes with politicised administrations and controlled civil society).

### 3) NEW POLICY MODES IN THE EU'S EXTERNAL RELATIONS: AN ENHANCED BILATERAL APPROACH NEGLECTING REGIONAL CONSIDERATIONS

Like the last enlargement, the ENP is a "composite policy"<sup>42)</sup> which builds on various existing policy modes and instruments. If looking at the previous enlargement rounds of the European Community/Union, the EC/EU was always inspired by internal integration methods – intergovernmentalism, regulation, community method – in order to

improve its capacity to apply pressure on candidates in the field of external relations. Political and regulatory measures were used for the EC enlargement to the United-Kingdom, Ireland, and Denmark in 1973. In the negotiations with the UK, some member states like France referred to the necessity of respecting the “finalité politique” of the EC, i.e. the acceptance of pooling sovereignty in various sectors to let the community method prevail. The Community method was thus adapted very early in EC enlargement policies (Preston, 1995). The political and diplomatic means were complemented in the 70s and 80s during the enlargement to Greece, Spain and Portugal – three countries which experienced authoritarian regimes – with references to democracy and the respect of human rights. These elements were anchored in the possibility of suspending previously agreed economic cooperation, like it has been the case for Greece.<sup>43)</sup> This was possible since external trade and economic relations became part of community competences in the 1970s and the European Commission acquired a more central role in EC foreign relations. During the enlargement to Austria, Finland, and Sweden, the question of respect of the *acquis* before accession again became a central issue; not on an economic point of view – these countries were members of the European Free Trade Association (EFTA) and negotiated their entry into the European Economic Area (EEA) – but more on issues related to the second and third pillars of the European Union created in 1992. As a matter of fact, the launching of the Policy of Justice and Home Affairs (JHA) and especially of the Common Foreign and Security Policy (CFSP) as a successor of the European Political Cooperation (EPC) required some adaptations from countries having long borders with non-member states (especially Finland and Austria) and who have the status of neutral states.

Until its fifth enlargement, the EC/EU therefore cumulated **four ways of managing its external relations** stemming from four internal policy modes: a political or diplomatic mode (in analogy to intergovernmentalism and transgovernmentalism), a regulatory mode (economic regulation), a redistributive mode (financial redistribution), and a community mode (Monnet method).<sup>44)</sup> The enlargement to Central and Eastern European Countries (CEEC) added new challenges

for the EU, which started to actively combine these different modes during the 1990s. The first reaction during the period of Perestrojka was to sign economic and association agreements (regulatory mode), which were complemented by a policy of humanitarian, financial, and technical assistance (PHARE) accepted in July 1989 before the fall of the Berlin wall (redistributive mode). In the early 1990s, the agreements were replaced by European agreements, which institutionalised a political dialogue (political or diplomatic mode) and for the first time clearly made references to the respect of democratic principles and human rights as a condition for assistance (negative conditionality). After the official launching of the pre-accession strategy in 1994, the assistance transformed into pre-accession assistance measures and its allocation was linked to the realisation of reforms (positive conditionality). In 1995, the Commission issued a White Book serving as a non-binding guideline for the candidate states on the *acquis* that has to be adopted and the reforms to be achieved in order to integrate into the Internal Market (community mode). In 1997, knowledge and information on the way to implement the *acquis* in all sectors of the welfare state was spread through a new method of external policy coordination in order to – as it was hoped – change peoples cognition and behaviour in the CEECs. This method was mainly inspired by the open method of coordination (OMC) (Tulmets, 2005a, 2003).

***This specific benchmarked and flexible method can be considered to represent the added value of the ENP*** in policy terms compared to already existing policies towards the EU's neighbours (e.g. the Northern Dimension, the Euro-Mediterranean Partnership). It was introduced to manage and control the ENP as an overarching “umbrella” policy covering the following instruments: a) Association agreements (AA) or Partnership and association agreements (PCA), which the Commission proposes to replace by the European Neighbourhood agreements; b) political dialogue in various forms and forums; c) TACIS, MEDA, and other assistance programmes, which will be replaced in 2007 by the European Neighbourhood and Partnership Instrument (ENPI); d) Lists of EU sectoral *acquis* or guides for legislative convergence (e.g. EC, 2003c); e) the security

**Table III: Policy modes in the European Neighbourhood Policy**

Policy modes expected	Political mode		Regulatory mode	Redistributive mode	Community mode	Policy coordination
	Security mode (crisis, conflict management, military means...)	Diplomatic mode (political negotiations, diplomatic means)				
<b>Results expected</b>	Peace, order	Democracy, respect of human rights	Liberalisation of markets, free trade	Investments (transports, environment...)	Respect of EU <i>acquis</i> , legal reforms	Implementation, better mutual (cultural) understanding
<b>Sanctions</b>	Deterrence, coercion, military intervention <b>Missing in ENP!!!</b>	No opening of accession negotiations, no accession <b>Missing in ENP!!!</b>	Suspension of agreements, embargo	Suspension of assistance	No possible sanction through ECJ	Evaluations, peer pressure: Naming and shaming
<b>Conditionality</b>	<hr/> <i>Negative conditionality</i> (suppression of advantages if common values are not respected)		<hr/> <i>Positive conditionality</i> (allocation of assistance and other incentives if values respected)			<i>Negotiated conditionality, flexible method</i>

Sources: European Commission (2003a,b; 2004a,b), Council General Affairs (2004). EA = European agreement (candidate countries); AA = Association agreement (MEDA countries); PCA = Partnership and Cooperation Agreement (TACIS countries).



mode used in the ENP relies on the civilian resources of the regulatory and community modes (e.g. civilian ESDP missions), it does not make recourse to military means. In relying on already existing instruments, ***this new overarching method of policy coordination aims at better defining the bilateral “tailor-made” partnership between the EU and each partner and at controlling its implementation.***

As in enlargement, ***this new overarching method is complementary to the EU’s classical conditionality approach:*** while enhancing coordination between the member states on the policy to follow, it aims at socialising neighbouring countries to the EU’s norms, values, and standards by constantly pointing at their own political responsibilities through a process of “naming and shaming” (reports, peer pressure). Adapted to the context of enlargement and neighbourhood, the method does not take exactly the same shape as the OMC, but follows the same purpose:<sup>45)</sup> reach cognitive convergence between the various actors (member states and third states) through socialisation and persuasion. This is especially true in fields where the EU has no *acquis*, i.e. no model to propose, thus no leverage and means for pressure, like in the case of human rights:

“Beyond the regulatory and administrative aspects directly linked to market integration, key benchmarks should include the ratification and implementation of international commitments which demonstrate respect for shared values, in particular the values codified in the UN Human Rights Declaration, the OSCE and Council of Europe standards” (EC, 2003a: 16).

Therefore, the external mode of policy coordination is a way to complement and, in many cases, to enhance the conditional approach. The innovative working documents and procedures of the ENP cover a similar function as the open method of coordination – enhance coordination and denounce laggards – but hold different names and labels in order to differentiate their context of usage. Between May and December 2004, the Commission for example relied on the experience of the “Accession Partnerships” to propose the first “Action Plans” and on the “National Programme of the Adaptation to the *acquis*” for the “Country strategy papers” with neighbouring countries interested in closer cooperation with the EU<sup>46)</sup>. This approach offers the possibility

**Table IV: Incremental adaptation of the OMC in EU's external relations**

<i>OMC (Employment strategy, Luxemburg, 1997)</i>	<i>Enlargement policy («Agenda 2000», 1997)</i>	<i>Neighbourhood policy (Comm. of the Commission, 2003)</i>
(a) European objectives	Accession criteria	Commitment to <b>common values</b>
(b) National Action Plans	Accession Partnerships National Plan for the Adoption of the Acquis (NPAA), Action Plan for administrative and judiciary capacities	(jointly agreed) <b>Action plans, Country strategy papers</b> , Monitoring of implementation
(c) Annual or bi-annual policy cycles	Negotiation cycles, Programming of assistance	Negotiation cycles of Action plans agreed for 3 to 5 years, Programming of assistance (TACIS, MEDA and after 2007, <b>European Neighbourhood and Partnership Instrument, ENPI</b> )
(d) Benchmarks / exchange of good or best practices	Benchmarks in the NPAA and twinning contracts	<b>Benchmarks</b> in the Actions plans, TAIEX and Twinning contracts
(e) Participation, consultation of social partners	Consultation of social partners at the national level and participation at the Commission level	Participation at the national level and at the Commission level, “people to people” cooperation
(f) Indicators when acquis is not precise	Acquis lists of the Commission DGs, Twinning contracts	Acquis lists of the Commission DGs, TAIEX and Twinning contracts
(g) Commission's Progress Reports	Regular Reports of the Commission, Enlargement strategy paper	<b>Country reports</b> of the Commission <b>Communications</b> of the Commission and <b>general report</b> to the Council

Sources: European Council on Employment (1997), European Council at Luxemburg (1997), EC (2003a).

for the Commission to increase its competencies in policy management and control in the field of foreign policies<sup>47)</sup> “political and economic benchmarks could be used to evaluate progress in key areas of reform and against agreed targets” (2003a: 16).

To manage the ENP through policy coordination, the Commission relies on “governance by committees”. Like for the Accession Partnerships, the negotiations of the Action Plans – typical instruments of soft law – are led by the Commission in the framework of the committees of the Association agreements and then agreed by the Council. For the monitoring of the Action Plans, the ENP does not establish new bodies, “but rather makes use of the ‘old’ institutional structures” (Pardo, 2005: 253–254) of the Partnership and Cooperation Agreements (PCA, for NIS) or the Euro-Mediterranean Association Agreements, which include:

“(i) the ‘Association Council’ – composed of the 25 EU foreign ministers, the President of the European Commission, European Commissioner for External Relations-ENP, the SG/HR CFSP and the foreign minister of the (...) Partner, and (ii) the ‘Association Committee’ – composed of diplomats and officials on both sides” (Pardo, 2005: 254).

Further sub-committees discuss technical issues, for instance the environment, energy, human rights or migration, but function in a bilateral way. *As the neighbourhood countries have no perspective of accession, Actions Plans are more difficult to negotiate than Accession Partnerships.* As an official from the Commission said:

“The Accession Partnerships (...) we used to write them almost by ourselves here at the Commission. As far as the Action Plans are concerned, we are facing sovereign states which are not candidate to the EU” (Interview, DG Relex, February 2006).

In the ENP, *the opening of negotiations for the Action Plans clearly depends on a precondition, i.e. the existence of a bilateral contract with the EU* like an Association agreement (MEDA countries) or a Partnership and cooperation agreement (TACIS countries) (Interview, DG Relex, April 2006). Action Plans serve as a political document to precisely define cooperation and assistance projects as well as to monitor the commitments of the states. As in enlargement, “the

European Commission acts as the ENP's secretariat" (Pardo, 2005: 254). The control of engagements and the implementation of reforms is ensured through the monitoring and evaluation mechanisms embodied within the annual reports (country reports) and peer review processes. A preliminary review of implementation of the Action Plans is scheduled to be undertaken within two years of their adoption, based on assessments prepared by the Commission in close cooperation with the High Representative for the Common Foreign and Security Policy. The Commission also planned to prepare until the end of 2006 a comprehensive report to the European Council in order to assess progress in the implementation of the ENP (Council of the European Union, 2004).

In insisting on the necessity for the Neighbours to respect their commitments to common norms and values, i.e. to nationally politically agreed objectives, the EU tries to cover the asymmetry of conditionality by a new philosophy based on mutual understanding and commitments. In this "negotiated conditionality", attraction and persuasion (or EU "soft power", cf. Landaburu, 2006) play an important role. *As a result, the new strategy intends to shift part of the responsibility for success or failure on the shoulders of the third countries and therefore to enhance the external legitimacy of the EU policy.*

*In practice, benchmarks are not always precise and commonly defined by the third states, deliberative procedures remain rather limited and sanctions only apply to third states,* which highlights the still underlying asymmetry of the partnership. Furthermore, *this enhanced bilateral approach* between the EU and each neighbour country *tended, until recently, to neglect sub-regional dimensions.* To answer this criticism, the Commission, for example, decided to close the negotiations on the Action Plans of the three countries of the South Caucasus at the same time, thus enabling regional factors to be integrated in bilateral negotiations.<sup>48)</sup> Nevertheless, better links still need to be found between bilateral relations with the EU and the embeddedness of neighbour countries in sub-regional contexts (CIS, Caucasus, Black Sea, Mediterranean cooperation).

#### 4) AN ASSISTANCE POLICY DRAWING ON ENLARGEMENT WITH INSUFFICIENT FINANCIAL MEANS

In 2003, the Commission proposed to launch a specific assistance policy instrument called the European Neighbourhood and Partnership Instrument (ENPI) for the financial perspective of 2007–2013 (EC, 2003b). The ENPI should replace the TACIS and MEDA programmes, as well as the European Initiative for Democracy and Human Rights (EIDHR), and would also apply to Russia, which is not officially part of the ENP (Interview, DG Relex, February 2006).

To implement the ENP, the Commission proposed to adopt a budget of 15 billion for the period of 2007–2013 (EC, 2003b), though the Council only agreed to provide 12 billion. Although the total is higher than TACIS and MEDA together, members of DG Relex and specialists of EU's foreign relations clearly show their dissatisfaction with regard to this decision (interviews, DG Relex, February 2006; conferences, 2006). *Compared with the PHARE budget allocated to candidate countries, the budget of the ENPI is relatively meagre*: while the €21.84 billion agreed for the period of 2000–2006 in the framework of pre-accession dealt with 10 countries, the €12 billion of the ENPI have to be shared among 16 countries plus Russia for a period of seven years.<sup>49)</sup> The member states of the EU have long discussed the question of whether or not to integrate Russia in the ENPI. Finally, they agreed to do it as a way to circumvent Russia's refusal in 2003 to participate in the ENP and its insistence on a special relationship with the EU (the four common spaces). If the aim of the ENP is, as in the pre-accession strategy, to support the harmonisation of all possible sectors with EU laws, then *the offer is far from generous*. Commentators often tend to qualify the ENP's budget as insufficient to reach the aims of the ENP, and the Commission is aware that it will have "to prepare the neighbour countries that the golden shower will not come with the ENPI" (Interviews, DG Relex, February 2006). Shortcomings on the budget represent a real challenge for the implementation of the ENP as the ENPI has taken over several costly instruments of the pre-accession strategy, particularly at four levels: a) Cross-Border Cooperation (CBC)

(security and border management), b) Twinning, c) TAIEX (good governance and rule of law) and d) participation in EU programmes. The ENPI also plans on the EU playing a growing role in conflict prevention/resolution and crisis management in its neighbourhood. For the time being, crisis prevention is dealt in the framework of CFSP/ESDP missions (Tocci, 2005), like the ESDP mission on border management between Ukraine and Moldova, and complemented by institution-building projects lead by the Commission.

a) As the ENP seeks to prevent “new dividing lines” in Europe after the last EU enlargement, a specific focus is given on **cross-border cooperation** and **intra-regional cooperation**. Cross border projects between member states and neighbour countries will be mainly geared towards promoting sustainable economic, social, and environmental development in border regions of the EU. The ENPI is designed to simplify procedures and be more efficient than previous efforts. The Commission drew the main lessons from the PHARE and TACIS cross-border cooperation (CBC) projects. The efficiency of the PHARE CBC projects was often undermined by the fact that each side was financed by different funds and each budget followed different financial procedures (INTERREG for the member states, PHARE CBC for the candidates). The cross-border cooperation component of the ENPI will be co-financed on the EU side by the European Regional Development Fund (ERDF). The new rules should improve the coordination between the different existing instruments on the model of the structural funds and aim at enhancing third countries knowledge of fund management, fund allocation, financial control and audit, as well as monitoring and evaluation (Düsterhaus, 1995: 20). Difficulties in clarifying procedures on the EU’s side and the lack of administrative capacities at the local level have already added some delay in the launching of the first projects.

b) **Twinning** is an instrument introduced in 1997 in the enlargement policy to support capacity-building in candidate countries and institutional transfers through emulation, imitation and socialisation (Tulmets, 2005a). Twinning was later adopted in the CARDS programme<sup>50</sup>) as well as in TACIS and MEDA. It particularly aims at

making available the expertise of member state practitioners in foreign administrations on a specific issue – administrative and judicial capacities – where the EU has almost no *acquis* (promotion of good or best practices). Pilot projects started in 2003 in the TACIS countries in the form of the Institution-Building Partnership Programme, though “without real success” (Interviews, AidCo, April 2006).<sup>51)</sup> Since then, a harmonised handbook on Twinning was issued in June 2005. Twinning was introduced in Jordan, Morocco, Lebanon, Tunisia, and Egypt, Ukraine and the countries of the Southern Caucasus. Due to the political character of some projects, its introduction in neighbour countries mainly depends on the political will of the governments to accept them. Even during enlargement, experts were often perceived as “spies of Brussels” and the risk that they are seen as such in the ENP is higher without the “carrot” of accession (Interviews, DG Enlargement, 2004; AidCo, 2006). In the ENP, Twinning projects cover the sectoral priorities mentioned in the Action Plans and thus provide advice in the fields of internal market, justice and home affairs, energy, transport, communication, environment, research and innovation, as well as social policies. For the time being, Twinning is encountering difficulties in its implementation due to weak administrations in almost all neighbour countries, a high turnover of civil servants, and a lack of own resources.

c) In June 2006, the Commission accepted to include **TAIEX** in the ENPI to complement Twinning. The Technical Assistance Information Exchange Office (TAIEX) was created in 1995 to assist the candidate countries in adopting and implementing the *acquis* in the field of the Internal market by providing information from a database on the *acquis* and sending independent experts for short-term missions to the candidate countries. As one of the aims of the ENP is to offer the neighbour countries “a stake in the EU’s internal market” (EC, 2003a), DG AidCo introduced TAIEX in its unit dealing with Twinning on the model of the Institution-Building unit of DG Enlargement.<sup>52)</sup> Discussions are currently underway on how to adapt a further instrument of institution-building, **SIGMA** (horizontal measures financed by the PHARE programme and implemented by the OECD), in the context of the ENP<sup>53)</sup>.

d) The ENPI also intends to increase **“people to people” activities** and dialogue between civilisations through the building of sectoral networks and the participation of neighbouring countries in EU programmes and areas like education, training and youth, health, research, environment, as well as cultural and audio-visual programmes (EC, 2003a, 2004a).

“An effective means to achieve the ENP’s main objectives is to connect people of the Union and its neighbours, to enhance mutual understanding of each others’ cultures, history, attitudes and values, and to eliminate distorted perceptions. Thus in addition to contacts between public bodies or business, the ENP will promote cultural, educational and more general societal links between the Union and its neighbourhood” (EC, 2004a: 19).

The experience of including citizens from non-member states in EU programmes was gained from the Mediterranean cooperation (e.g. Anna Lindh Foundation), the Northern dimension, and especially enlargement. Enlargement brought a larger opening of EU programmes to non-member countries. The ENPI includes opening programmes like YOUTH, Tempus, and Erasmus Mundus and other opportunities for participation would be identified in the Action Plans (EC, 2004a: 20). *Initiatives aimed towards more direct contacts between people contradict with the rather strict visa policy currently in place in the EU member states.* If high expectancies in this field cannot be met, the EU will have to manage the frustrations of some neighbours attracted by a sometimes too promising ENP.<sup>54)</sup>

## 5) TOWARDS A NEIGHBOURHOOD POLICY WITH VARIABLE GEOMETRY?

Since it was launched, the ENP was perceived and accepted in very different ways in the neighbour countries: Ukraine, Moldova and Georgia conceive it as an opportunity to come closer to the EU and of having a chance to be accepted one day as potential candidate countries; Georgia and Azerbaijan also see the ENP in a more strategic way and encourage the presence of the EU to counterbalance the role of the United-States and even more the role of Russia in the region.



Morocco and Tunisia conceive it as an opportunity, if not to integrate with the EU politically,<sup>55)</sup> at least culturally and economically (gaining access to the EU's internal market). Countries from the Middle-East clearly take this cooperation less seriously, partly because of the EU's incapacity to manage conflicts (Del Sarto, Schumacher, 2005).

Although the harmonised set of instruments used in the ENP is complemented by differentiation, measures in this direction were too timid in the first years of the ENP (for example benchmarks in the first seven Action Plans were quite similar), giving the impression of a "one-size fits all approach". Furthermore, countries like Ukraine, Moldova or Georgia criticised the EU for undermining their high expectations, neglecting their aspiration to become candidates, and adopting a policy, which disregards regional specifics. ***In fact, the policy ideas and instruments of the ENP are still not linked enough to the political priorities of EU member states, partly due to their incapacity to propose decisions.*** As the ENP's ideas and methods clearly stem from the experience of enlargement, they reflect a strong will within the EU's administration (Commission) to prepare neighbours to become closer to the EU's norms and values, at least in the EU's Eastern neighbourhood:

"The European Union can only gain by integrating progressively with neighbouring European countries. The conditionality embedded in the Action Plans with the countries of Eastern Europe and the Caucasus will gradually extend the space of democracy and peace" (Hübner, 2006).

But politically, the EU is not ready to discuss on further enlargement rounds, or to integrate further candidates, as the debates on the EU's absorption capacity after the failure of the constitutional treaty in 2005 show. When questioned on this issue, civil servants from the Commission answer that:

"The ENP does not mean that the EU's doors are definitively closed for the EU's neighbours who have a right to become candidates. Nobody ever said that. The issue of accession is simply not on the agenda and will certainly not be in the coming years."<sup>56)</sup>

At present, the ENP represents an "offer", a "concrete alternative" to enlargement (e.g. Landaburu, 2006), which tends nevertheless to take

the shape of a policy with variable geometry. *Since the ENP was launched, it constantly evolved* and one can notice that, as a result of a “clash of incompatible interpretations”,<sup>57)</sup> *at least three groups of countries can be identified:*

a) First, countries which negotiated Association Agreement (AA) or Partnership and Cooperation Agreements (PCA) and are interested in enhancing their relations with the EU in various policy fields through the negotiation of a more precise and politically engaging Action Plans. These countries are part of the ENP but have, in general, no perspective of accession or have not expressed interest in EU membership so far (e.g. Morocco, Tunisia, Egypt, Israel, the Palestinian Authority, Armenia, Azerbaijan). Differentiation among this group is also important as the degree of cooperation with the EU varies greatly.

b) A second group of countries is not participating to the ENP, as a result of a political decision on the neighbour state’s side (e.g. Russia, Belarus, Algeria) and/or of the lack of political consensus on the EU’s side (e.g. Belarus, Libya, Syria). Depending on the political situation and will of the neighbour countries and on the evolution of political discussions within the EU, these countries could become an active part of the ENP. If radical political changes happened in Belarus, the country could for example slip into the first or even the third category.

c) The third group of countries are those motivated by closer ties to the EU, in particular because they have a right – and expressed the wish – to become candidate countries to the EU (e.g. Ukraine, Georgia, Moldova). On the model of the pre-accession strategy, cooperation in specific sectors and participation in the EU’s internal market and programmes could be enhanced if these countries show commitments to democratic and economic reforms.

As a result of the EU’s flexible “umbrella” policy, each member state pushes its own agenda towards one direction, East or South, particularly when holding the EU’s presidency. To answer criticism on the absence of the “carrot” of accession and the lack of sufficient financial means, some member states now propose to further differentiate among the neighbours through a policy of ENP+. What

the new strategy will exactly entail is still uncertain, but it plans to encourage motivated neighbour countries through additional incentives and enhanced cooperation in specific fields. Will the ENP+, discussed under the Finnish EU presidency and supported by the coming German one, go so far as to concede a special status for countries like Ukraine and Georgia to which this situation applies? Perhaps not, but it would at least imply some concessions on the EU's part, for example a more flexible visa policy. The EU's relations with Russia will seriously need to be renegotiated, in light of Russia's "hardline" policy to some of the states of its "near abroad".

These are the core elements taking shape in the upcoming strategy of the German EU presidency which some people already call the "new European Ostpolitik". Although the first draft produced in July 2006 at the Ministry of Foreign Affairs gave priority to a stronger cooperation with the region between the EU and Russia, current propositions evolve towards enhanced cooperation with Russia.<sup>58)</sup> German leaders are still rather split, reflecting the political differences of the current coalition government. But in general, the presidency will plead for stronger bilateral relations with Ukraine and Georgia in specific sectors like energy and mainly prepare the renegotiation of the Cooperation and Partnership Agreement with Russia, which will expire at the end of 2007.

Finally, as the EU's doors are apparently not closed forever to potential candidates (contrary to what the first speeches on the "Wider Europe" seemed to indicate), *a policy with variable geometry should better link issues of enlargement and neighbourhood*. As the instruments used for both policies reveal strong similarities and their main difference is the incentive of accession, the possibility of "passerelles" or bridges from one to the other should not be totally excluded. In the first documents on the "Wider Europe", the Western Balkans were mentioned several times before becoming a "special case" progressively linked to the issue of EU accession. One could thus imagine Ukraine having one day the possibility of getting the status of candidate country, once the EU would be politically and institutionally ready to negotiate. On the contrary, one could think that Turkey's accession, after passing all the tests of negotiations, could be

rejected by some member states (for example by France, where the constitution now calls for a referendum for each accession) and be allocated the status of a special partner in the ENP. On such issues, the EU and its member states are still unclear, but the possibility of more flexibility between accession and neighbourhood policies should represent a future core idea on the EU's external relations agenda.

## CONCLUSION

The experience of the fifth enlargement of the European Union clearly paved the way to launch the policy ideas and instruments for the European Neighbourhood Policy. The European Commission played a crucial role in defining the scope of the ENP's common values, of the philosophy based on conditionality, partnership, ownership and differentiation, of external policy modes aiming at better coordinating the policy and an assistance policy adapted to the context of closer cooperation. Even if the experience of enlargement represented a strong basis to launch the ENP, the context of Neighbourhood is clearly not the same: the ENP does not offer any perspective of accession for countries wishing to become candidates. Therefore, it was perceived and accepted in very different ways in the neighbour countries.

A better use of the differentiated and benchmarked approach is necessary to prepare neighbours to become closer to the EU's norms and values. The EU is not politically ready to discuss further enlargement rounds, or to accept further candidates, so member states should encourage forward enhanced cooperation with specific neighbour countries. At present, the ENP represents a "concrete alternative" to enlargement, which incrementally takes the shape of a policy with variable geometry. While the ENP is a clear substitute to enlargement for countries, which have no right to become candidates, it could resemble a long-term pre-accession strategy for countries, which have a right for higher expectations. In this perspective, *new EU member states should realise that they have a positive role to play in*

supporting reform processes in neighbour countries and in transmitting their experience of “making the necessary homework”<sup>59)</sup> to satisfy the EU’s requirements, not only in the EU’s Eastern neighbourhood, but also – to a certain extent – on the EU’s Southern shores.

## ENDNOTES

- <sup>35)</sup> I would like to thank Petr Kratochvíl and Daniel Hnízdo for their insightful remarks and comments on the first version of this paper. This article draws on a research conducted in 2005–2006 at the European University Institute of Florence in the framework of a Jean Monnet Fellowship.
- <sup>36)</sup> The countries concerned by the ENP are: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia, and Ukraine.
- <sup>37)</sup> Common letter of Chris Patten/Anna Lindh of 2001, letter of Jack Straw to the Spanish presidency, speeches from Polish ex-president Foreign Minister Cimoszewitz, Polish strategies on Wider Europe, and German-Polish strategies on ENP.
- <sup>38)</sup> For Richard Rose, policy adaptation occurs “when a program in effect elsewhere is the starting point for the design of a new program allowing for differences in institutions, culture, and historical specifics. Adaptation rejects copying every detail of a program; instead, it uses particular measure as a guide to what can be done” (Rose, 1993: 31).
- <sup>39)</sup> PHARE stands for «Pologne-Hongrie, Aide à la Reconstruction Economique». The programme was launched in July 1989 to support changes in these two countries. It was later extended to all Central and Eastern European Countries (CEECs).
- <sup>40)</sup> The European Community also had negative experiences with previous economic sanctions against the USSR, South Africa, and Iran (Wilde D’Estmael, 1998).
- <sup>41)</sup> Interviews with officials of DG Enlargement, Brussels, March–April 2003, members of the Task Force on Neighbourhood Policy, Brussels, May 2004, members of DG Relex, February and April 2006.
- <sup>42)</sup> The idea of enlargement as a “composite policy” stems from Sedelmeier (2002).
- <sup>43)</sup> From 1967 to 1974, the EC suspended the association agreement it had signed with Greece in 1960 in order to show disapproval at the political regime introduced after the *coup d’Etat* of the Colonels.
- <sup>44)</sup> For a detailed presentation of EU’s internal policy modes, see Wallace (2006: 77–89).
- <sup>45)</sup> The same logic applies to the Community method in the field of enlargement: the aim is legislative harmonisation in candidate countries, but as candidates are sovereign states, the Commission cannot rely on the control of the possible sanction of the European Court of Justice in case of non-compliance. Already, in 1995 Christopher Preston pointed out the shortcomings of the community method for the fifth enlargement policy.
- <sup>46)</sup> As in the Accession Partnerships, the Action Plans cover various issues, e.g. “political dialogue and reform; trade and measures preparing partners for gradually obtaining a stake in the EU’s Internal Market; justice and home affairs; energy, transport, information society, environment, research and innovation; and social policy and people-to-people contact” (EC, 2004a).

- 47) EU treaties recognise that the Commission has three main competences: policy initiative, management and control.
- 48) See Střítecký in this volume.
- 49) Jean-François Drevet, previous an official at DG Regio, recently explained in 2006 at a conference on the ENP in Genshagen: objective 1 regions of structural funds got 217€ per capita per year for the period of 2000–2006; applicant countries received 30€ per capita per year for the period of 2000–2004, then 93€ after accession (structural funds); Turkey received 5€ per capita per year for 2000–2006 and the neighbour countries only 4€.
- 50) CARDS (Council regulation 22666/2000): *Community Assistance for Reconstruction, Development and Stabilisation*. The programme was created in Dec. 2000 for the Balkan countries, excluding Slovenia.
- 51) In the years 2002–2003, the EU launched a total of 68 IBPP projects in the context of the TACIS programme (Russia 40, Ukraine 16, Armenia 5, Georgia 3, Kazakhstan 4).
- 52) Interviews, AidCo, European Commission, April 2006.
- 53) Interview, DG Enlargement, Unit Institution-Building, European Commission, February 2006.
- 54) See Amirah-Fernández and Youngs in this volume.
- 55) Morocco’s application to accession was refused in 1986 for the reason that it is not a European country as defined in art. 49 of the EU treaty).
- 56) Conference on the ENP organised by the Association for International Affairs (AMO), Prague, 22–23 September 2006. Conference on the ENP organised by the Berlin-Brandenburg Institute for French-German Relations in Europe, Genshagen, 24–28 September 2006.
- 57) See Kratochvíl in this volume.
- 58) Compare K. Frankenberger, “Berlin entwickelt neue Nachbarschaftspolitik. Sorge vor sicherheitspolitischem Vakuum im Gebiet zwischen Europäischer Union und Russland”, *Frankfurter Allgemeine Zeitung*, 3 July 2006; and Judy Dempsey, “New Policy on Russia splits German leaders. Merkel sceptical of ministry’s approach”, *Herald Tribune*, 7–8 Oct. 2006.
- 59) Discussion with the Ukrainian author Mykola Riabchuk, Genshagen, September 2006.

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## THE SOUTH CAUCASUS: A CHALLENGE FOR THE ENP

VÍT STRÁTECKÝ

During the last 15 years the EU has allocated much more than one billion euros to the South Caucasus region. Though much of this money has been put to good use, the results cannot be seen as truly impressive. One of the reasons for this is that though the EU has behaved as a generous donor, it has taken a rather secondary role in the region. Until recently the EU was not visible in the region, which corresponded to its somewhat tarnished reputation. In comparison with the OSCE or the UN, the EU was seen as a very reluctant actor primarily when it came to controversial security issues. The situation has improved with the appointment of the EU Special Representative for the South Caucasus, and with the inclusion of Armenia, Azerbaijan, and Georgia into the European Neighbourhood Policy.<sup>60)</sup>

The aim of this chapter is first to connect the divergent interpretations of the ENP with the realities of the South Caucasus region. The next part should focus on former EU activities in the area and hence trace the process leading to the incorporation of Armenia, Azerbaijan, and Georgia into the ENP. The third part will address the problems of the ENP Action Plans preparations. As the Action Plans have still not been definitely approved and published at the time this article was written, I will suggest some crucial points that should not be overlooked as well as make some recommendations driven by the recent development. The concluding part will mention some general conditions, which frame any political engagement in the South Caucasus.

It is important to note that at present the debate on the European issues is particularly weak in the region. The most developed country from this perspective is Georgia, which has also attracted the greatest attention from the international observers. The situation seems to be

improving in Armenia, though the debate has been rather sporadic. Finally, for Azerbaijan involving the word “debate” would be unrealistic. For these obvious reasons this chapter will focus mostly on Armenia and Georgia.

## INTERPRETING THE ENP IN THE SOUTH CAUCASUS

Petr Kratochvíl in the opening chapter to this volume elaborated on the divergent interpretations of the ENP.<sup>61)</sup> He argues that the greatest obstacle to the success of the ENP lies in the vagueness of the policy that produces a number of clashing interpretations, which are supported by different actors both from within and outside the EU. He then continues to analyse into four of them. The ENP can be interpreted as an enlargement substitute, pre-enlargement policy and zone of influence, as well as a revisiting of the Barcelona Process. Besides the latter, they could all be relevant to the South Caucasus, particularly to Armenia and Georgia.

As I will argue later the EU’s motivation in the South Caucasus region has been widely explained by its interest in building a stable and predictable neighbourhood.<sup>62)</sup> Other aspects, such as energy resource diversification, have been mainly brought by international observers. The EU officials have been particularly vague on the future of the EU-South Caucasian relations, and have never openly expressed the possibility of full membership for Armenia, Azerbaijan, and Georgia. The former European Commission President Romano Prodi before his visit to the region in September 2004 stated that “[t]his first-ever visit by a European Commission President highlights the EU’s interest in the region following the inclusion of all three countries in the European Neighbourhood Policy. My visit is intended to send the important message that the EU is fully committed to supporting the Southern Caucasus countries as they work to build stable societies based on democratic values and to affording these countries real prospects of strong ties with the European Union that bind them into Europe.”<sup>63)</sup> More recently the Commissioner for External Relations Benita Ferrero-

Waldner during the visit to the region in February 2006 expressed the EU's view quite similarly while stating that “[by] including the countries of the South Caucasus in the ENP we have opened a new chapter in our relations with these countries. I hope that we can swiftly conclude our work together with Armenia, Azerbaijan and Georgia on the Action Plans so that these relationships can intensify further. I also hope that in 2006 we can see good progress on the peaceful settlement of the conflicts in the region. During my visit I will be explaining how we can support the countries on their way to a more stable, prosperous and democratic future. This process not only supports Armenia, Azerbaijan, and Georgia individually, but brings benefits for the South Caucasus region as a whole.”<sup>64)</sup> Obviously, the top EU officials never mention possible membership and similarly the latest ENP Country Reports strictly talk about “partnership”.<sup>64)</sup> Hence from the EU's perspective the ENP appears to serve as a clear alternative to enlargement.

The issue gets more complicated when it comes to the application of the zone of influence hypothesis. This view is definitely promoted by the former regional hegemon – Russia.<sup>66)</sup> However, it should be stressed that this Russian attitude does not reflect only historical geopolitical experience, but also deeper fundamentals of the Russian foreign policy. Yet, as Kratochvíl agrees, this interpretation in general implies the non-cooperative nature of policies and relations, which is in complete contrast to the reasons behind the European policies. It seems to me that part of the problem with this theory is that the EU would unlikely intend to enter such a game for influence in the region with Russia.

Although Georgian officials in particular have taken a very pro-European stance, they remain realistic about the possibility of full membership. Most recently the Georgian Minister of Foreign Affairs Gela Bezhuashvili spoke in Brussels about the “reinforcement of Georgia's relations with the European Union”.<sup>67)</sup> His colleague, the Minister of European and Euro-Atlantic Integration Giorgi Baramidze, responded to the question about possible membership with: “First of all, I have to tell you that at this stage we are not even talking about membership, because we are realistic. We know that we are not ready, Europe is not ready. We don't want to be anybody's headache. We want

to be good neighbours and good partners of Europe. Therefore, we are happy about the new [European] Neighbourhood Policy. Moreover, Germany is planning to strengthen the new ENP, have it as a kind of 'ENP-Plus', or enhance the ENP. So we will be concentrated on the ENP, and building our relationship with the European Union based on ENP and then on the new structural document that will define our relationship."<sup>68</sup>) It should also be stressed that Georgian diplomacy has been currently focused mainly on gaining an invitation to enter NATO. We could conclude that although Georgian officials do not openly deny possible membership of the EU, they also realistically interpret the ENP, with regard to the situation inside the EU, basically as an enlargement substitute.

I have already mentioned that the discussion in Armenia, due to its internal political situation, has not developed as much as in Georgia. However a discussion about the concept of national security has recently begun. The document *European Neighbourhood: Policy and Security*<sup>69</sup>) elaborated by the Armenian Centre for Human Development interestingly mentions a working document called "Benchmarks of Armenian Security" which is currently being discussed in certain circles.<sup>70</sup>) According to the authors of the former document, the Benchmarks document, which could become a basis for a future security conception, includes a statement that Armenia does not intend to apply for a NATO membership, as well as not containing a single word indicating that Armenia should become an EU member.<sup>71</sup>) As the closest ally of Russia in the South Caucasus, Armenia could view the EU's engagement, through Russian geopolitical lenses, as being motivated by an endeavour to extend its zone of influences. However, the more realistic streams in Armenian politics would in all probability interpret the ENP as an enlargement substitute.

## THE EU FORMER ENGAGEMENT

Looking at the relationship with the EU, the evident problem of the South Caucasus is that the region has no advocate or proponent inside

the EU. The exclusion of the three states from the first wave of the ENP, although they had been members of the Council of Europe and the Partnership for Peace, serves as an example of this. This characteristic differs significantly from that of Northern African or the Mediterranean states. Therefore it is unsurprising that the most accommodating EU countries have been the small member states, the most positive moves occurring during Dutch, Swedish, Finnish, and Greek presidencies. It should be noted that the Scandinavian and new EU members from Central and Eastern Europe could in particular become reasonable proponents and supporters of the South Caucasian states' interests.<sup>72)</sup> This problem is also related to the problematic image the EU has, especially compared to the other organisations engaged in the region. The situation worsened after the failure of the European Constitutional Treaty project, which was observed, probably rightly so, by the regional elites as removing the chances for possible accession as well as substantial imitating the Common Foreign and Security Policy of the EU. However the view of the EU is also shaped by the fact that the EU's agenda in the South Caucasus has so far corresponded in only a very limited way with the main visible issues, which are principally security oriented.

Till recently the EU served mainly as a rather invisible donor, though still far less than that provided by the US. The TACIS national allocations between 1992 and 2004 reached roughly 100 million euros for each country. Other substantial funds came from the EAGGF in the same period.<sup>73)</sup> The EU is also an important trading partner. Approximately one third of Azerbaijan's exports and two thirds of imports are from trade with EU members. In the case of Armenia these figures total about 45% and 35% respectively. Interestingly Georgia still trades predominantly with former Soviet countries and Turkey. Its exports with the EU members reach approximately 20% and imports 25%.<sup>74)</sup>

The EU's approach to the region during the 1990s did not differ from that applied to other former Soviet countries. In 1996 principally technical and economic-based Partnership and Cooperation Agreements were signed and the supporting, yet almost always cash-

starved, TACIS programs were implemented.<sup>75)</sup> The Commission prepared prospective Country Strategy Papers for the period 2002–2006, where priority areas were defined as rule of law, human rights, poverty reduction, and conflict resolution and prevention. The Georgian paper was revised in 2003 due to the changing security and political situation, and became the most carefully formulated and ambitious of the three.<sup>76)</sup> In general the EU reflected the distinct political situations in all three countries and set different priorities. Most importantly the EU bypassed the issues concerning human rights, civil society development and judiciary, as well as law enforcement reform in the cases of Armenia and Azerbaijan.<sup>77)</sup> Additionally the expectations of the countries have varied significantly. The highest expectations and subsequent words of dissatisfaction came from Georgia, which pushed the EU for more active engagement in security issues. Armenia took a rather pragmatic position, mainly demanding help with economic, technical, and trading problems. Azerbaijan could be considered as the most ambitious as regards to mutual importance or complementarity, while naturally building its stance on its energy resources. However, in general, it has become more and more obvious that the success of the EU's engagement is conditioned by more active involvement in conflict prevention and resolution. So far this has been a weakness of the EU, which feels generally much stronger in post-conflict reconciliation and peace building role.

In Abkhazia the EU stands outside the UN-sponsored negotiation, the so-called Geneva Process, but instead functions as a generous donor. EU-sponsored programs are focused on enhancing economic and institutional stability, and are strictly depoliticised so that the project-related decision making would not become a sphere of Georgian-Abkhaz conflict.<sup>78)</sup> The circumstances suggest that, in staying outside the conflict resolution process, the EU basically gives up any resolution attempts. Its strategy may help to improve social, political, and economic conditions but it does not touch primary conflict resolution fields such as demobilisation, disarmament, and reintegration. The EU rather than working on the conflict, is working around it. The projects are again donor driven, have a weak regional

anchor and most importantly do not use any scopes of conditionality.<sup>79)</sup> This seriously undermines the power of any positive effects coming from Brussels.

The situation in South Ossetia is different in the respect that projects funded by the EU, which are focused on economic and infrastructural development, are tied to the negotiation and need agreement in the Joint Control Commission (JCC). The Commission also participates in expert groups at the JCC. By appointing the EU Special Representative the challenge for the future would be a full-fledged seat on the JCC; this would open new space for a strategy of conditionality, although this would be fairly limited by the close links between South Ossetia and Russia.

I have left the case of Nagorno Karabakh issue till last. This is rather symbolic since the EU, after the peace agreement signed in 1994, has not touched the Karabakh problem at all. However it should also be that both parties, especially Azerbaijan, resolutely refused any EU engagement. Their attitudes have changed recently after critique and subsequent pressure coming from the international environment, particularly the Council of Europe. The space for the EU's involvement appears to be mainly in the fields of reconciliation and confidence building. The relations in Karabakh are still so damaged that only a significant shift in these areas would open the door for economic and infrastructural support programmes.

The EU made one important strategic decision even before it incorporated Armenia, Azerbaijan, and Georgia into the ENP. The Greek presidency of the EU decided to implement an originally German proposal, and appointed an EU Special Representative to the South Caucasus (EUSR). In fact this was the first attempt by the EU to implement a common strategy for all three countries. It should be stressed that the position of the EUSR is particularly complicated by many factors already mentioned in this chapter. Firstly, in many possibly cooperative issues the region of the South Caucasus does not work as a region. Secondly, the political performance of the EUSR must include many neighbouring countries such as Iran, Russia, and Turkey, as well as at least two other international organizations.



Finally, to convey a common standpoint of the EU, the EUSR has to unify the positions of the EU members and institutions that are already involved in the area. This implies in particular France, which, together with Russia and the US co-chairs the Minsk Group mediating on the Nagorno-Karabakh conflict, and France, Germany, and the United Kingdom, which serve as members of the Group of Friends, which assist the Special Representative of the UN Secretary-General in Abkhazia.<sup>80)</sup>

Experience so far has shown that there is still a lot of space for strengthening the role of the EUSR, so it becomes more visible in the region as well as in Brussels. The former Special Representative Heikke Talvitie travelled extensively throughout the region; however he was naturally more focused on Georgia. Moreover his main office was based in Helsinki. In this respect a change may occur because his successor Peter Semneby has decided to stay officially near the Commission in Brussels.<sup>81)</sup> The problem however lies more in the mandate obtained by the Special Representative. The previous representative did not include enough space for conflict resolution. Hence, together with the problematic connection to the Commission, his position was weak and, more importantly, was considered as being such in the region.

## ENP IN THE SOUTH CAUCASUS

The beginning of the negotiation of the ENP Action Plans purely resembled the countries' expectations mentioned above. Armenia and Georgia drafted their own "Framework Proposals for Action Plan" in June 2005. After several rounds of negotiations Armenia has basically accepted the result of negotiation with the Commission. The negotiation process with Azerbaijan has been complicated by the completely unrelated conflict with Cyprus; however the content of the document seems to have been agreed upon. Georgia on the other hand has been most active during negotiations, and remains highly unsatisfied with the results. According to the Georgian representatives, the most disputable points concern the EU's unwillingness to

incorporate more tools for conflict resolution, particularly from the ESDP toolbox, and also to accept more security commitments compensating for Russian influence.<sup>82)</sup> Armenia and Azerbaijan have expressed some satisfaction that the EU further intends to support the OSCE Minsk group's endeavour to find a solution to the conflict in Nagorno-Karabakh. From this perspective Armenia changed its stance and played into the EU's hands, since the Commission expressed the view that both countries should agree the same wording in the parts concerning conflict resolution. Obviously, this will make the chapters purely invalid.

The final negotiations on the ENP Action Plans for Armenia, Azerbaijan, and Georgia are taking place in the days of the writing of this chapter (September 2006). Although both general and public reflections of these events are particularly low in these countries, I will try to indicate some key issues entering the basics of the debates in Armenia and Georgia.

Armenia sees democratic reforms as the priority for the ENP Action Plan, which will serve as the condition for successful performance. The implementation should also open some perspective for its European aspirations that are mostly targeted at the EU internal market. Other key issues are related to poverty reduction and the fight against corruption. From this perspective Armenia will benefit from extensive financial and technical support and an extension of the EIB mandate, as well as from mechanisms such as Twinning and TAIEX.<sup>83)</sup> However, questions remain about the actual wording of the part concerning the Nagorno-Karabakh conflict.

Armenians view the ENP initiative as very much security-driven, and understand that the motivation of the EU is to have a stable and predictable neighbourhood, which will be prone take up European values. Correspondingly, it should be noted that Armenia still has not adopted its security strategy, which should clearly define its security interests. The security discussions, mostly for political reasons, have been mostly centred on the conflict in Nagorno-Karabakh. Hence the ENP could also be used as an instrument promoting a security strategy for the country. According to Armenian analysts, besides the issue of

Nagorno-Karabakh, the EU document should also address the danger of Armenian isolation, which is evidently connected to the geopolitical realities presented earlier. In correlation to that, Armenians are concerned about cultural security that implies the demolition of Armenian heritage outside Armenia, as well as a certain armenophobia, which has been on the increase.<sup>84)</sup>

Georgia has already started massive political, economic, and social reforms after the Rose Revolution.<sup>85)</sup> And in fact, as I mentioned earlier, the revolution also pre-empted some EU supporting mechanisms. I have already noted that Georgia was the most proactive in asking for the EU's active engagement for the solutions of the regional conflicts. The discussion about the EU in general has been definitely most vivid in Georgia, and similarly Georgia is under the gaze of several foreign analysts.

The two crucial issues for Georgia are strengthening the state and breaking the status quo regarding the territorial challenges coming from Abkhazia and South Ossetia. For the first point the ENP Action Plan should address specific steps in juridical reform, and hence take over from the previous Rule of Law Mission in 2004–2005. The problem of law enforcement seems to be the main obstacle and danger for ongoing political and economic development. The EU could also use the EUSR team to solve this issue. The new mandate of the second EUSR is also more insistent on their role in seeking a settlement of the Georgian conflicts. The ENP Action Plan should steer Georgia towards opening up the conflict zones, as well as taking some pragmatic steps that could promote the interest of the regional leaderships to engage in negotiation with Tbilisi. The EU should then exceed its already increased involvement in rehabilitation and reconstruction activities, and back this endeavour materially and financially. In actual fact, interest has been expressed on the part of the Georgian government, that the ENP Action Plan would include a chapter on shared border management. This is to negate the problem's caused following the withdrawal of the OSCE border mission and the subsequent border management crises. The EUSR has received a special mandate in this area. Besides other managerial and training support, the EU could also

consider deployment of the EU Border Assistance Mission, which could operate on the ground-plan already used by the Moldovan-Ukrainian border launched at the end of 2005.<sup>86)</sup>

## GENERAL CONDITIONS FOR THE EU'S ENGAGEMENT

In geopolitical terms, in the period after the fall of the Soviet Union, the South Caucasus was characterised by the unconditional political and economic dependency on its former centre. This substantially enabled Moscow to fulfil its geopolitical goals. Most importantly, the support of Ossetian and mainly Abkhazian separatism led to the creation of Russian military bases on Georgian soil.<sup>87)</sup> However, it should also be noted that a similar strategy did not turn out to be so successful in the case of the Nagorno-Karabakh conflict. The new geopolitical impetus also attracted two other regional powers – Turkey and Iran, even if their impact proved to be considerably limited. The European powers and the USA took an extremely reluctant position, particularly towards Georgian and Azerbaijani signals and almost expressed no interest in regional affairs. These attitudes were formed around certain ideas so as not to provoke deeper Russian intervention and further complicate relations with Moscow on these sensitive issues. Furthermore the inner instability of the nearly disfunctioning states constituted a principal hurdle for any Western interest.

The situation changed dramatically after the 20<sup>th</sup> September 1994, when the so-called Contract of the Century was signed.<sup>88)</sup> During this period, shortly after the official end of the war in Nagorno-Karabakh, the geostrategic importance of the region fundamentally increased. The US, regardless of uncertain economic prospect,<sup>89)</sup> chose to support the BTC pipeline.<sup>90)</sup> Russia's geopolitical counter-strategy and strength was based on attempts to destabilize the region through the monopolisation of conflict management and the freezing of the conflicts in Abkhazia, South Ossetia, and Nagorno-Karabakh, hence increasing the investment risk.

The terrorist attacks on the 11<sup>th</sup> September 2001 brought new incentives for American involvement in the Caucasian-Central Asian region. The planned operation in Afghanistan motivated the Americans to open a military base north of the Afghan border. In October 2001 such a base was placed in Khanabad in southern Uzbekistan. This was the first time that a NATO member established a military presence in the former Soviet Union. The base in Khanabad has recently been followed by the NATO airbase in Bishkek in Kyrgyzstan. The obvious particular circumstances of these moves basically precluded any Russian protests and forced Moscow to accept it.

The new conditions of the War on Terror prompted not only the USA but also the EU to deal seriously with the problem of diversification of strategic resources. The definite approval of the BTC pipeline also came in October 2001. Since spring 2002, the US, under the pretext of the war against the (Chechen) terrorists, started extensive military cooperation with the crucial transition point - Georgia. Fortunately the latest political and geopolitical changes also “awakened” the EU, which for a long time had marginalised the importance of this region.<sup>91)</sup> In summer 2003 a Special Representative for the South Caucasus was appointed to the region.<sup>92)</sup> The European Commission also employed a Rapid Reaction Mechanism to support democratisation processes in post-revolutionary Georgia as well as allocating 32 million euro for economic development confidence building programmes. Finally, in order to conclude this geopolitical part, in June 2004 the EU corrected the mistake made in March 2003 by incorporating Armenia, Azerbaijan, and Georgia into the ENP.

As I have already noted, the EU has been only slowly recognising the strategic importance of the region. The South Caucasus is a peripheral region, which does not offer much as both a region of production and as a consumer market. However, the EU’s interests should be provoked by at least one positive and various negative aspects. For the former, we should mention the energy resources and their transportation, which can create a relevant possibility for the required diversification of these resources. The negative side implies the understanding that, even while constituting a European

periphery,<sup>93)</sup> the South Caucasus may become a threat to European security. This issue is not only connected with the unresolved conflicts that have the potential to ignite wars in the European neighbourhood, but even more importantly with international crime and trafficking.<sup>94)</sup>

First and foremost the general situation in the South Caucasus is complicated by the mutually impaired bilateral relations between the states of the region and regional powers. Tense relations naturally prevailed between Armenia and Azerbaijan due to the unresolved conflict over Nagorno Karabakh. After the ceasefire in May 1994 Azerbaijan lost about one sixth of its former territory, while the number of internally displaced persons (IDPs) reached almost 1 million. Also the fact that for more than a decade, constant negotiations have not brought practically any results, further complicates any prospect for an imminent solution to the conflict. The Karabakh issue also substantially affects relations with regional powers. Most importantly it hinders relations between Turkey and Armenia, which have been further burdened by historical animosities.<sup>95)</sup> The openly expressed Azerbaijani Western strategic orientation has naturally created negative reactions in Moscow. Finally, Azerbaijan has complicated relations with its Southern neighbour, Iran. The problems are created by the separatist activity of the Azerbaijani minority living on the border region in Iran, as well as by Iranian support provided to the Islamist forces in Azerbaijan.

Georgia always remained neutral in the conflict over Nagorno-Karabakh. Yet, even if the other unresolved conflicts in Abkhazia and South Ossetia are internal Georgian problems, their effects and circumstances fundamentally poisoned relations with Russia. The latest current Russian attempt to complicate the export of Georgian wine and mineral water was another expression of a long-term mutual lack of trust and misperception.<sup>96)</sup> As the problem with the Russian military bases on Georgian soil could soon be solved, the most painful issue remains the Russian support of the separatist regions of Abkhazia and South Ossetia. It has been reported that Russia has provided military assistance to South Ossetian authorities, and most obviously Moscow offered Russian citizenship to the population of these provinces. Russia also controls some strategic resource supplies – especially gas – which

became “obvious” during the recent gas “shortages” which markedly coincided with the negotiations over military bases. In general it can be concluded that Russian strategy still counts on substantial influence in the former Soviet South. This view is also present in the Russian National Security Concept, according to which any weakening of integrationist ties in the CIS is seen as a threat. Also the creation of a common economic space, and joint participation in the protection of the external borders of the CIS, is viewed as necessary.<sup>97)</sup>

The entire problematic complexity of security, political, and economic relations has paralyzed any regional cooperation that could be based on shared interests. This is based on regional and interstate problems as much as on relations with external actors. The countries of the South Caucasus have practically never established any common framework to deal with regional and world powers or international organisations such as the EU or NATO. This situation has led some analysts to conclude that, even if theoretically the South Caucasus display some typical regional characteristics, in reality it does not make sense to consider it as a region in terms of security. From this point of view the South Caucasian states have renounce strategic advantage which has been proven to be advantages many times for instance by the Central European states.

It is more than obvious that the unresolved conflicts over the former Soviet autonomous regions constitute the most important impediments to any possible security, political, and economic developments. Although they affect all three countries they naturally pose the most serious challenge for Georgia, which could, in the case of successful separation, lose a substantial part of its territory. Moreover, Abkhazia is without doubt a place with a solid strategic and economic potential, and South Ossetia borders the heart of the Georgian historical state. Both conflicts also have the potential to destabilize the whole country and possibly the entire region. One should also be reminded that the BTC pipeline spans most of the Georgian territory. From this perspective it becomes clear why Georgia seems to be in the centre of the US Eurasian strategy as well as appearing to be in the main focus of the EU’s regional engagement.

## CONCLUSION

This chapter has highlighted several problems. Firstly, I have tried to frame the situation in the South Caucasus into the general interpretations of the ENP. I have shown that even if there has been a certain level of desires, particularly on the part of Armenia and Georgia, the official representatives have remained realistic, which has brought them close to the positions espoused by the EU representatives. Secondly, I have shown the necessity of the EU's engagement in the region while also indicating some key problems the region has faced. Having done this I looked in more detail at the process of the ENP Action Plan negotiations and highlighted some key issues. Finally, I have mentioned some natural obstacles that may have limited any political engagement. I have also correspondingly mentioned the blemished image of the EU in the region. Although the situation has been improving, it should be stressed that the image of the EU may only be altered if the EU starts to deal with the most pressing issues on top of the political and security agendas. It should be also noted that there is significant space for more engagement by the EU, which has also been raised by the three countries. In other words, there are good reasons for the EU to be involved in the Caucasian region, and furthermore the countries of the region continue to lay their hopes and trust on it. From this perspective the deployment of the ENP could be seen as a good step forward.

## ENDNOTES

- <sup>60</sup> According to recent surveys about 80% of Georgian and Armenians are in favour of European Union accession. For more see, Conflict Resolution in the South Caucasus: The EU's role, International Crisis Group, March 2006, p. 3.
- <sup>61</sup> See, Kratochvíl's The European Neighbourhood Policy: Clash of Incompatible Interpretations in this volume.
- <sup>62</sup> For a rather sceptical view on the positive influence of the ENP see, Devdariani 2004.
- <sup>63</sup> See, please, [ec.europa.eu/comm/external-relations/ceeca/news/ip04-1104.htm](http://ec.europa.eu/comm/external-relations/ceeca/news/ip04-1104.htm).
- <sup>64</sup> See, [europa.eu/rapid/pressReleasesAction.do?reference=IP/06/161&format=HTML&aged=0&language=EN&guiLanguage=en](http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/161&format=HTML&aged=0&language=EN&guiLanguage=en).



- <sup>65)</sup> All three ENP Country Reports can be found here: [ec.europa.eu/world/enp/documents-en.htm#2](http://ec.europa.eu/world/enp/documents-en.htm#2).
- <sup>66)</sup> See, for example, Arbatova 2004.
- <sup>67)</sup> See, Comment of the Minister of Foreign Affairs of Georgia on the results of his visit to Brussels on September 15 2006, at [www.mfa.gov.ge/index.php?lang-id=ENG&sec-id=35&info-id=2144](http://www.mfa.gov.ge/index.php?lang-id=ENG&sec-id=35&info-id=2144).
- <sup>68)</sup> See, [www.rferl.org/reports/caucasus-report/2006/09/32-220906.asp](http://www.rferl.org/reports/caucasus-report/2006/09/32-220906.asp).
- <sup>69)</sup> See, European Neighbourhood Policy and Security at [www.ichd.org/files/pdf/21-ENP5.pdf#search=%2221-ENP5%22](http://www.ichd.org/files/pdf/21-ENP5.pdf#search=%2221-ENP5%22).
- <sup>70)</sup> As far as I know it is only possible to get an Armenian version of the text.
- <sup>71)</sup> See, European Neighbourhood Policy and Security at [www.ichd.org/files/pdf/21-ENP5.pdf#search=%2221-ENP5%22](http://www.ichd.org/files/pdf/21-ENP5.pdf#search=%2221-ENP5%22).
- <sup>72)</sup> For one of the arguments, see Moshes 2006.
- <sup>73)</sup> The TACIS allocations amounted to 99 million € for Armenia, 111 million € for Georgia, and 123 million € for Azerbaijan. From EAGGF 65 million € was sent to Azerbaijan, 62 million € to Georgia, and 50 million € to Armenia.
- <sup>74)</sup> These figures are certainly rounded and reflect average for the last years.
- <sup>75)</sup> All three PCAs can be found at [ec.europa.eu/comm/external-relations/ceeca/pca/index.htm](http://ec.europa.eu/comm/external-relations/ceeca/pca/index.htm).
- <sup>76)</sup> The Country Strategy Papers can be found at [ec.europa.eu/comm/external-relations/sp/index.htm](http://ec.europa.eu/comm/external-relations/sp/index.htm).
- <sup>77)</sup> Recently the Commission has designed and covered a project supporting juridical environment in Azerbaijan.
- <sup>78)</sup> The most significant is The Economic Rehabilitation Program for Georgia/Abkhazia promulgated this year by the Commission. The Program will last three years during which 4 million EUR will be provided.
- <sup>79)</sup> See Conflict Resolution in the South Caucasus: The EU's role, International Crisis Group, March 2006, pp. 17–18.
- <sup>80)</sup> For more see, Coppieters 2003, Lynch 2006.
- <sup>81)</sup> See, Conflict Resolution in the South Caucasus: The EU's role, International Crisis Group, March 2006, p. 23.
- <sup>82)</sup> See, draft proposal for ENP Action Plan at [www.eu-integration.gov.ge/pdfs/ENPActionPlanENG.pdf](http://www.eu-integration.gov.ge/pdfs/ENPActionPlanENG.pdf) and other corresponding documents at [www.eu-integration.gov.ge/eng/](http://www.eu-integration.gov.ge/eng/).
- <sup>83)</sup> See, ENP Armenia Action Plan Summary, at [www.armeniaforeignministry.com/pr-06/060202-action-plan.doc](http://www.armeniaforeignministry.com/pr-06/060202-action-plan.doc).
- <sup>84)</sup> See, European Neighbourhood Policy and Security at [www.ichd.org/files/pdf/21-ENP5.pdf#search=%2221-ENP5%22](http://www.ichd.org/files/pdf/21-ENP5.pdf#search=%2221-ENP5%22).
- <sup>85)</sup> For an overview and some critical points see, please, Jawad 2005, Legvold & Coppieters 2005.
- <sup>86)</sup> This paragraph draws particularly on, Lynch 2006, see also Conflict Resolution in the South Caucasus: The EU's role, International Crisis Group, March 2006, and Gogia & Helly 2005.
- <sup>87)</sup> The bases were situated in Batumi (Adjara), Akhalkalaki (Armenian-populated province of Dzhavakheti), Gudauta (Abkhazia), and Vaziani (near the capital Tbilisi). The latter two were closed in 2000 and 2001 in accordance with the Istanbul Agreements signed in 1999. The issue of the Russian military bases still remains highly controversial and even more complicates Georgian-Russian relations.

- <sup>88)</sup> The contract was originally signed between Azerbaijani national agency SOCAR and Western Oil Konsorcium comprising British Petroleum (GB), Amoco (USA), Lukoil (Russia), Pennzoil (USA), Unocal (USA), Statoil (Norway), Mc Dermott International (USA), Ramco (Scotland), Turkish State Oil Company (Turkey), Delta-Nimir (Saudi Arabia).
- <sup>89)</sup> For detailed analysis see, for instance, Baum 1998, Soligo & Jaffe 1998, and Stauffer 2000.
- <sup>90)</sup> The crucial transit point for Azerbaijani and possibly Kazakh and Turkmen oil is Georgia, since it has no alternative after the rejection of the pipeline through Armenia, Iran, and Russia.
- <sup>91)</sup> For the deeper analysis, see, Coppieters 2003, Lynch 2003
- <sup>92)</sup> The first Special Representative, the Finnish diplomat Heikki Talvitie, was in February 2006 replaced by the Swedish diplomat Peter Semneby.
- <sup>93)</sup> See, Coppieters 1998.
- <sup>94)</sup> See, for instance, Cornell 2003.
- <sup>95)</sup> The issue of the genocide of 1915 is particularly vivid in Armenia. See [www.armenian-genocide.org/](http://www.armenian-genocide.org/).
- <sup>96)</sup> See, for example, RFE/RL Caucasus Report, 11 April 2006.
- <sup>97)</sup> See Darchiashvili 2003 (pp.109-110). It should be also noted that Georgia already left the Council of Defence Ministers of CIS in February 2006 because of her NATO membership aspirations.

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# **THE BARCELONA PROCESS: AN ASSESSMENT OF A DECADE OF THE EURO-MEDITERRANEAN PARTNERSHIP**

HAIZAM AMIRAH-FERNÁNDEZ AND RICHARD YOUNGS

**Theme:** On 27 and 28 November Spain hosted the Euro-Mediterranean Summit commemorating the tenth anniversary of the Barcelona Process – also known as the Euro-Mediterranean Partnership, or EMP. This paper attempts to shed some light on the achievements and deficiencies of the main themes of the EMP.<sup>98)</sup>

**Summary:** In November 1995, the creation of the Euro-Mediterranean Partnership (EMP) represented what appeared to be one of the European Union's most ambitious and innovative foreign policy initiatives. The EMP forged a partnership between the then fifteen EU member states and twelve southern Mediterranean states, across a comprehensive range of economic, social, cultural, political and security issues. The intervening decade has witnessed a gradual if undramatic solidification of the Partnership.

**Analysis:** There is general agreement that the EMP has failed to meet the loftier objectives enshrined in its founding Barcelona Declaration<sup>99)</sup> and has struggled to adapt to changes in the strategic context, in particular those associated with the Israeli-Palestinian conflict. However, beyond this common judgement that improvements are needed to match EMP rhetoric with reality, differences of interpretation abound.

These differences exist over the meaning and significance of what has been achieved under the EMP during the last decade; over how firmly embedded the Partnership really is after a decade in existence; and over who the EMP has most benefited, northern or southern partner governments, private sectors or civil societies. Consequently,

differences also take shape around the question of future strategy, how much of the Barcelona philosophy is worth preserving and which elements merit fundamental revamping. Differences on such questions are evident between EU member states; *within* each of these states; between the European Commission and southern Mediterranean partners; between southern Mediterranean governments and civil society voices; and between Arabs and Israel. Amongst analysts a greater uniformity of robust critique is evident, although with a range of views on the continuing merits of the Partnership.

Many of these differences were present at the EMP's birth. Some observers and policymakers argue that competing interests and perspectives have since converged, thanks to the socialising impact of the EMP. Others, however, are more inclined to highlight the persistence of divergence, after a decade of supposedly common partnership. It is certainly the case that, whether narrowing or widening, these differences have assumed a particular pertinence in the context of efforts to revitalise the Barcelona Process.

#### *The Changing Context of the Past Decade*

The EMP was launched at a moment of considerable optimism over the future of the southern Mediterranean. This was largely due to the initial dynamics generated by the Oslo Accords between Israel and the Palestine Liberation Organisation (PLO). Further negotiations between Israel and some Arab states created a propitious background for discussions over the possibility of developing a Euro-Mediterranean “zone of peace, stability and security”, as stated in the Barcelona Declaration. As time passed and the Middle East peace process stagnated – and indeed, intra-regional tensions deepened – the EMP entered a period of severe difficulty. The increasingly unhelpful regional environment, added to the EU's own internal inertia, undermined the capacity and political willingness of EMP partner countries and institutions to implement the wide range of reforms originally adumbrated in the Barcelona Declaration.

Ten years after the EMP was launched, the political, social and economic context of individual Arab countries, as well as of the Arab

region as a whole, has changed dramatically. Most observers, Arabs and non-Arabs, agree that challenges to Arab human development remain grave. Some would argue that the Arab development crisis has even deepened and grown more complex in recent years. The UNDP 2004 Arab Human Development Report has identified “the acute deficit of freedom and good governance in the Arab world as the most stubborn of all the impediments to an Arab renaissance”.<sup>100</sup>

Intervention by foreign powers, such as the ongoing occupation of the Palestinian territories by Israel and the US-led occupation of Iraq continue adversely to influence the levels of security and well-being in the region. Other impediments relate to the existence of political, social and economic structures within Arab countries that continue to underpin authoritarian regimes. The apparent beginning of political reform processes in the Arab world has attracted much comment. Such incipient change is of undoubted significance, and promises to impact in important ways upon the Barcelona Process. However, political openings in the southern Mediterranean have so far remained cautious, selective and controlled by incumbent regimes. Reforms have been fragmentary, and have not yet had any discernible impact on easing the human development crisis in the region. The international context, marked since 11 September 2001 (9/11) by the US-led “war on terror”, is also having an effect on Arab freedoms, with several governments having imposed even tighter controls and restrictions on their citizens and citing fear of terrorism as the justification.

Despite all the limiting factors, calls for reforms to address some of the critical challenges facing the Arab world have emanated in recent years both from within the region and from external powers. It is widely perceived that much debate over reform has been prompted by a new US (declared) commitment to back democracy movements in the Middle East. The Broader Middle East and North Africa Initiative (BMENA), which was adopted at the G-8 summit in June 2004, along with the US’s Middle East Partnership Initiative (MEPI), represent new elements in the policy environment conditioning the EMP.

Alongside these international trends, developments within the European Union itself provide a backdrop to the EMP that looks

significantly different today than it did in 1995. Change within the EU has been no less noteworthy than within the Arab world. During the last decade, the EU has incrementally strengthened its profile as an international actor. Undramatic but steady reform has been introduced to the EU external relations machinery. This has increased expectations throughout the world that the EU is better able to meet its own stated objectives of an effective, unified and values-based foreign policy. The accession of ten new member states in May 2004 accorded the EU greater weight and potential international influence, incorporated a range of states having recently undergone the kind of political and economic transformations that the EMP propounds for the southern Mediterranean and has also given further impetus to ensuring that the EU possesses adequate procedures more efficiently to make foreign policy decisions.

The Constitutional Treaty, rejected by French and Dutch voters, had promised to inject greater commitment behind a number of EU policy aims, in particular in relation to comprehensive approaches to security, development and human rights. It had additionally incorporated key institutional improvements, including the post of EU foreign minister, ostensibly aimed at cohering the Union's increasing range of policy instruments. So far, the fate of such reforms to the EU's foreign policy machinery remains uncertain.

On the back of these general developments, the moulding of the new European Neighbourhood Policy (ENP) has added a new dimension to relations with the southern Mediterranean. The ENP purports to foster a "ring of friends" on the EU's new post-enlargement periphery. This initiative has bred some confusion over how the linking together of southern Mediterranean states with countries such as Ukraine, Moldova and Armenia under a single policy framework will impact upon the EMP. Official EU doctrine is that the Neighbourhood Policy reflects a continuation and reinforcing of the Barcelona Process. Debate remains open, however, on the precise division of policy initiatives between these two frameworks.

In short, a plethora of developments – the ENP, new debates over European values and internal democratic vibrancy, eastern enlargement, evolving EU foreign policy mechanisms and the rejection

of the Constitutional Treaty – combine to produce a changing context for EU strategies towards the southern Mediterranean. With the precise implication of these changes remaining unclear, they are important ingredients in the mix of considerations that inform perspectives on the record of and prospects for the Euro-Mediterranean Partnership.

### *Assessment of a Decade of the Partnership*

Given the vicissitudes of the international and domestic environments, the failure to secure more far reaching economic, political, social and strategic results cannot be attributed only to the shortcomings in the design and implementation of the EMP. Moreover, it might justifiably be suggested that ten years is a relatively short period of time over which to assess the extent of profound economic and political transformation processes in such a large region. And yet, it is unanimously considered that change is required to the Barcelona Process that extends beyond the superficial.

An assessment of the first decade of the EMP yields the following preliminary conclusions:

- A widespread and pervasive disappointment with the EMP's ten-year record, allied with a judgement that many of the bases have, nevertheless, been laid for correcting current shortcomings. Disillusionment with the Barcelona Process appears particularly acute on the southern shore of the Mediterranean. Many observers identify a twin paucity of achievement: the EMP has helped neither governments to development and grow their way to modernisation, nor civil society forces to pressure their way to reform.

- Revitalising the Barcelona Process properly requires more than simply “doing more of the same”. Progress on the principles and commitments of the 1995 Barcelona Declaration requires more than simply providing a little more funding in some areas of cooperation, strengthened political will and improved implementation mechanisms. Rather, on a number of key issues and trends, some fundamental rethinking is merited on the approaches pursued through the EMP.

- A judgement that policy developments since 9/11 have, if anything, taken the Partnership further away from some of its key



founding principles – at precisely the moment when those very principles find such resonance in the challenges affecting the Middle East. “Securitisation” is the spectre either implicitly or explicitly haunting the preoccupations of many analysts. This requires policy-makers, dealing with undoubtedly difficult security issues on a day-to-day basis, to take a step back and assess broader trends in strategic approaches that threaten the longer term self-interest of both the EU and Arab partners.

- The United States’ presence has been increasingly felt in the EMP’s evolution across the economic, political and security realms. This also suggests itself as a crucial issue requiring deliberation, in order both to clear the way for more productive cooperation with the US where this is appropriate and to better understand exactly how and where Europe should seek to retain distinctiveness in its relations with southern EMP partners.

- The need to move towards clarifying the relationship between the Barcelona Process and the European Neighbourhood Policy (ENP). The Neighbourhood Policy is presented by many as a double edged sword, simultaneously offering real advantages over the Barcelona Process, while also threatening to undermine the latter’s genuinely strong points.

- A recognition that complexity remains striking in the relationship between, on the one hand, changes within the multilateral EMP and, on the other hand, the national policy developments of the Partnership’s member states. A decade on from the EMP’s inception, the incremental dynamics of “socialisation” have brought about a refashioning of some national interests around a shared commitment in the Barcelona Process. However, both European and Arab governments still seek to and succeed in counter-balancing such “Barcelona identification” with more instrumental national interest-maximising strategies. States have been able either to harness or to temper the EMP’s “reach” as they deem desirable for specific national governmental purpose. Indeed, the relationship between national governmental agency and the EMP has, if anything, become more complex and varied since the attacks of 9/11.

### *Rethinking Policies*

The EMP was launched in 1995 within a context of optimism, both in the Middle East and the EU. Since then, many reversals that were not directly linked to the EMP have led to a decrease in the initial level of optimism and culminated in an overall sense of paralysis. The efforts that are currently being undertaken to reinvigorate the Process are taking place within a very different context, marked by the crisis caused by the French and Dutch rejection of the Constitutional Treaty and the difficulties in reaching an agreement on the EU's 2007–2013 financial perspective (a critical aspect for the future of the Barcelona Process). Such a scenario could lead one to be sceptical concerning the evolution of the Barcelona Process in the short term. Nevertheless, a more positive reading would suggest that these difficulties will increase the resolve of governments and civil societies working to create conditions for more optimism in the long run.

Achievements within the first basket of the EMP, which deals with issues of political and security dialogue, are so far considered to have been meagre. However, the different initiatives that have been implemented within this domain have generated a process of socialisation that has contributed positively to the creation of a Euro-Mediterranean identity.

Despite the fact that the Barcelona Declaration refers repeatedly to *democracy and human rights*, the main point is to consider how these stated objectives complement other aims, such as attaining peace, stability, prosperity, human development and cultural cooperation. Differing perceptions in Europe and the United States on the root causes of terrorism emerging from the Arab world should not detract the EU from the end goal of its reform plans for the Mediterranean. Indeed, a balance between the EMP's various objectives needs to be maintained. Besides, EU policies should be primarily directed towards the citizens and civil societies of partner countries in order to create the necessary political and institutional conditions for peaceful social change. This implies establishing dialogues with all political and social forces that renounce violence explicitly and are willing to cooperate with the West.

There is ample debate on both shores of the Mediterranean concerning the use of conditionality by the EU. This debate is at the heart of proposals for re-launching the EMP and is directly linked to the expectations raised by the ENP. In contrast to what has happened in the case of new EU member states, the use of positive conditionality in the framework of the EMP has been rather weak during the last decade. In part, this is due to the limited interest that the southern Mediterranean partners have in the rewards and advantages offered to them so far by the European Union. The ENP envisages greater incentives for those countries that implement reforms in line with the agreed Barcelona principles and the action plans that are a result of a “reinforced political dialogue”. The EU should offer more appealing incentives, especially in areas that are of high priority for southern Mediterranean countries, such as migration, the free movement of people and free trade in agricultural products.

In this sense, debate persists over the use of negative and positive conditionality. If the offer of rewards more tightly linked to specific reforms in southern Mediterranean countries emerges as a point of broad agreement, from the southern shore in particular are sceptical over the desirability of more punitive European pressure. As a minimum, it is essential that European countries develop greater unity on this question amongst themselves. Otherwise, political difficulties will continue to arise every time the EU addresses local realities that provoke negative reactions in non-democratic governments and among conservative religious and nationalist sectors in the southern Mediterranean. So far, it has been the case of some Arab governments conditioning the EU more than vice versa, in what could be termed a “reverse conditionality”.

There is a need to establish clear mechanisms and policies related to *security and defence* issues in the Mediterranean. Police reform and human rights training of police forces in southern partner countries should be developed as a higher priority for the EU. Policies should not be limited to enhancing the efficiency of these police forces in preventing undocumented migration across the Mediterranean, as has largely been the case so far.

One of the consequences of the democracy deficit in Arab countries is a range of deficiencies in the defence sectors of these states, such as the limited civilian participation in and oversight over security policy-making, the limited separation of police and military forces and the high levels of defence spending accompanied by a serious lack of transparency and public accountability. In order to help overcome these deficiencies, there is a series of measures that the EU can help promote through the ESDP, such as increasing cooperation in the area of conflict prevention and crisis management, and creating networks among civilians and military personnel of EMP countries involved in crisis management and peacekeeping. Most crucially, security policies need to have a precise mandate under the EMP in order to avoid the use by governments in the region of the US-led “war on terror” as an excuse to impose ever tighter controls and restrictions on their citizens, citing the fear of terrorism as a justification.

Numerous analyses of the second basket of the EMP, which deals with *economic and financial affairs*, coincide in showing the weakness of some of the basic economic premises that have been at the core of the EMP since its inception. Firstly, the assumption that there is a causal link between economic and political liberalisation has proven to be incorrect. This sequencing has not taken place and in fact there are some countries where economic reform has coincided with political deliberalisation. Secondly, repeated claims that economic reforms in southern Mediterranean countries would lead to an increase in foreign direct investment, which would in turn help create new jobs, have not been realised. Indeed, during the last decade much of the potential domestic investment has fled the region towards more profitable markets elsewhere. The southern Mediterranean countries have had trouble attracting foreign investment because they lack comparative advantages outside of the oil and gas industries. A range of factors continues to discourage investors, including the lack of transparency and public accountability, inadequate physical and virtual infrastructure, the insufficient level of training and qualified labour, and the small size of national markets. A decade of the Barcelona Process has not helped southern Mediterranean economies sufficiently

to integrate into the global economic system. Higher levels of European direct assistance should be assigned for building and reconstructing physical infrastructure and revitalising human resources in partner countries. The EU should come up with imaginative formulas for co-financing this type of projects within the framework of the European Neighbourhood and Partnership Instrument (ENPI).

Economic reforms in southern Mediterranean countries, including the privatisation of former state monopolies, have usually not been implemented in a transparent fashion. It is reasonable to believe that regimes that are not accountable to anyone will favour their own narrow interests during transitions to a more liberalised economy. One of the measures that the EU could take to counter this tendency would be to scrutinise those southern Mediterranean companies owned or chaired by members of the ruling regimes or their families. It is this which could help ensure that economic reform leads to the emergence of new centres of power that are willing to compete with existing ruling regimes.

*Cultural activities* across the Euro-Mediterranean space have increased significantly since the launching of the Barcelona Process. Achievements in the third basket of the EMP (social, cultural and human domains) have been modest during the last decade. The holding of Civil Forums accompanying EMP foreign ministers' summits has allowed for enhanced dialogue between civil society actors across the Mediterranean. However, civil society actors have as yet to demonstrate their capacity to put forward concrete proposals in terms of policy substance.

Initiatives have proliferated in areas such as education, culture, youth and civil society cooperation. Nevertheless, these initiatives have faced a series of shortcomings that affect the functioning of the EMP as a whole. There is broad consensus on the fact that the Partnership has become a highly bureaucratised process. The existence of a broad number of initiatives with diverging objectives hinders overall coherence and requires greater degree of coordination. Also, there is a real need for increased financial resources for efforts to have a real impact on societies of both sides of the Mediterranean and for the Partnership to gain

visibility at the societal level. Many argue that the limited participation of non-official actors in the decision-making process of EMP initiatives and programmes is one of their major shortcomings. The creation of the Euro-Mediterranean Non-Governmental Platform, as well as increased dialogue between officials and civil society actors in the run-up to the tenth anniversary summit, are positive measures that could lead to more constructive cooperation in the future.

The extension of educational programmes such as Tempus – and possibly Erasmus – to the southern Mediterranean is most certainly an achievement. Critics, however, consider that such programmes are elite-oriented and remain relatively unknown outside certain milieux. Furthermore, exchanges tend to be mostly one-way. The EU Commission proposal in April 2005 to substantially increase member states' support for educational and vocational training in southern Mediterranean countries, including scholarships for university studies in Europe with a percentage of grants reserved for women, is a step towards addressing such critiques. Crucially, however, EU institutions and member states need to address the constraints to mobility that hinder cultural exchange. Accordingly, European migration and visa policies need to be adapted to bring down the barriers that prevent true cultural dynamism from taking place within and among Euro-Mediterranean societies.

Since 9/11 and as a result of terrorist attacks – including those on European soil – the cultural aspects of the EMP have acquired political salience. This has led advocates of the third basket of the Partnership to highlight its distinctiveness; because of the transversal nature of cultural and social activities and their interconnectedness with economic and political aspects, the third basket could become an effective tool – in conjunction with the first and second baskets – to advance democratic reform. It is necessary to include cultural programmes in European policies aimed at promoting democracy in the Euro-Mediterranean space and to monitor the results of these initiatives. Such a suggestion is consistent with the UK Presidency's proposal to focus on a series of benchmarks to be achieved during the next decade.

Over the past few years, the European Union has launched a series of initiatives to deal with issues related to *migration*. One problem facing the EU is the persistence of a deeply-rooted security approach to migration. Such a security-oriented approach is exemplified by the decision to place issues related to illegal immigration under the third basket of the Barcelona Process, along with other “transnational risks” such as terrorism, organised crime and drug trafficking, instead of in the political and security section. The increased regularisation of illegal immigrants living and working in European countries, such as the regularisation process that took place in Spain in the first half of 2005, has emphasised the limitations of restrictive visa policies. A possible way of establishing more realistic policies would lie in the creation of a more flexible visa system, as recommended by the European Parliament. Restrictive migration policies merely encourage the growth of illegal immigration. This is certainly an area where the drift of current policy developments threatens to undermine other areas of cooperation and the general sense of “partnership” that ostensibly guides the EMP.

### *Seizing the Moment*

Recent years have witnessed a shift in the US administration’s Middle Eastern policy from a discourse of benign neglect to one of proactive engagement for democratic reform. Such declarations have still to bear fruit. In the post 9/11 international context, the EU should seek to complement its democracy-promotion efforts in the Mediterranean with other initiatives that have similar objectives, such as the American Broader Middle East and North Africa (BMENA). Nonetheless, the European Union has already built up an *acquis* in this area that should maintain its own specificities, to avoid possible confusion in targeted countries concerning the aims and means of each initiative. The EU is currently in a good position to encourage Arab countries to reaffirm their commitment to the Barcelona principles, which are viewed by many as less interventionist and more respectful to national sovereignty than the policies of the Bush administration.

Europe should take advantage of this momentum to encourage southern Mediterranean governments actively to engage in the promotion of democracy and the rule of law. At the same time, the EU needs to provide a significant amount of resources to offset the negative effects that economic liberalisation is having on societies in transition. Current EU funding to the Mediterranean, although far more generous than American funding, is still insufficient to meet the enormous challenges facing the region. If the EU does not accompany its well-intentioned rhetoric with a larger involvement in the Mediterranean at all levels, especially through engagement with southern Mediterranean civil societies, the Barcelona Process runs the risk of losing its relevance, as fatigue on the part of potential reformist partners could divert their attention to other non-European proposals.

If the evolution of US policy renders new European effort and ideas opportune, changes within the EU also make it essential that the Barcelona Process reaffirm its relevance to contemporary challenges. The bilateral approach underlying the ENP can be viewed as a response to the lack of coordination that besets the policies of the southern Mediterranean countries. Such an approach could be advantageous for countries that want to deepen their relations with the EU at a faster rate than others. However, policy-makers need to be aware of the risk inherent in this approach, as it could widen existing differences among southern partners and undermine the creation of a common Euro-Mediterranean region in the process. The EU has still to clarify missing details in relation to the implementation of the ENP and how the relationship between the Neighbourhood Policy and the EMP will be articulated. The EMP's very success in establishing itself firmly as an innovative framework of relations between European and the southern Mediterranean provides a firm foundation for reassessment and self-critique. A failure to utilise this potential for change would corrupt the very principles upon which the Barcelona Process was founded ten years ago.



## ENDNOTES

- <sup>98)</sup> This paper is an abridged version of the book *The Euro-Mediterranean Partnership: Assessing the First Decade*, co-edited by Haizam Amirah-Fernández and Richard Youngs and published by the Real Instituto Elcano de Estudios Internacionales y Estratégicos and the Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE). Available at [www.realinsti tutoelcano.org/publicaciones/libros/Barcelona 10-eng.pdf](http://www.realinsti-tutoelcano.org/publicaciones/libros/Barcelona_10-eng.pdf)
- <sup>99)</sup> The Barcelona Declaration is available at [europa.eu.int/comm/external-relations/euro med/bd.htm](http://europa.eu.int/comm/external-relations/euro-med/bd.htm).
- <sup>100)</sup> *Arab Human Development Report 2004. Towards Freedom in the Arab World*, UNDP, New York, 2005, p. 4.

# **EURO-MEDITERRANEAN RELATIONSHIPS AFTER THE BARCELONA SUMMIT<sup>101</sup>**

JESÚS A. NÚÑEZ VILLAVERDE

The recent Barcelona summit (November 2005) has left a bittersweet aftertaste. Ten years on, the Euro-Mediterranean Partnership (EMP) seems consolidated. However, the regional situation is still worrying, while the 35 partners show no sign of the political will which is needed to reach their objectives. The Mediterranean is, or rather must be, an area of priority interest for Europe and the EU, but in spite of successive attempts, today it is still far from being a prosperous and stable region.

We face what is perhaps the last chance to repair the existing deep faults before a general meltdown occurs. This is due to the combined effects of a lack of expectations for a large portion of the population in Non-EU Mediterranean Countries (NEMC)<sup>102</sup> and the fact that some of the governments in those countries suffer growing problems of legitimacy, as they show little political initiative in carrying out the necessary reforms of their states. The EMP, whatever its shortcomings, is today still a valid formula for creating a Euro-Mediterranean sphere of shared peace and prosperity. But for that, greater EU involvement is needed, and a mobilization of its huge capabilities. Spain as one of the countries most interested in the future of the area must be more proactive, and direct the machinery of the EU towards this direction.

## **CONTEXT**

The reason behind this worry of a general meltdown is derived from the following:

- The NEMC are suffering the prolonged effects of economic, social, and political mismanagement, in an environment of growing demographic pressure with open conflicts spattered more or less everywhere, and with a rise of radical/reformist Islam.

- The EU is politically in a stalemate, unable to act abroad in a single voice, and therefore also unable to set its priorities for the region.

- Spain is exposed to direct risks from the region, but only very recently the Mediterranean is coming back to be again a real priority in its foreign agenda.

For Spain and the rest of the EU, stability and prosperity in its southern periphery are vital. In structural terms, European development and security cannot be realised without a substantial improvement in the livelihood of their southern neighbours, which requires reducing the growing inequality gap between both sides of the Mediterranean (something not achieved so far). Spain basis a large part of its security on the stability – both economic and social – of this region. In addition to this, Spain has an interest in using its privileged position with the NEMC in order to bolster its role on the international stage. The reason behind this is obvious: development and security of the Mediterranean are basic for our own wellbeing and security.

## SCENARIOS

After the last Barcelona summit, taking into account the current positions of the 35 partners, there are three possible scenarios, each with very different implications for Spain:

### *A) Continuity*

The program approved in Barcelona will continue to function as it has. It will not go beyond the limits that the EU has imposed on itself so far. It sets as a principle what has been a course adopted in practice ten years ago. The approach is to manage Euro-Mediterranean affairs rather than fixing specific problems, which are as serious as they are well known (migratory pressure, international terrorism, along with

areas of violent conflict). Not even the Antiterrorist Conduct Code seems to be an operative tool, because it has not achieved a definition of the problem, and only reaches the lowest common denominator in a declared condemnation that leaves everyone satisfied by demanding nothing of substance.

### *B) Exclusion*

The dissatisfaction of some with the EMP, plus different geographic priorities of other member states along with the launch of the new European Neighbourhood Policy (ENP) may well lead to a gradual exclusion of the Mediterranean from the EU agenda. This could even lead to an abandonment of the EMP in mid-term. Though for the time being the ENP does not offer any serious advantageous alternatives.

### *C) Renewed advocacy*

If the Mediterranean is to play a relevant position in the EU agenda in practice, the current EU impasse must be unblocked, and there must be a substantial increase in the number of resources available to the EMA. Assuming this, the EMP (better alone than with the ENP) could serve as a vehicle to promote the necessary changes in the area, if the integration of our neighbours into the EU dynamics is to become a reality.

## OPTIONS FOR SPAIN

The grave problems affecting the NEMC are not going to be fixed short-term, only through a change of approach by its current leaders can real change occur. As a whole, the main priority of the NEMC leaders appears to be to stay in power. They dare not risk modifying the foundation of their society in order to better respond to the needs and desires of their people. From this perspective, real change is not possible without a decisive push coming from external actors, convinced that there is little to expect from the current leaders of almost any NEMC, and working together with any emerging civil society.

Assuming the above, for Spain the two first scenarios described above are undesirable.

The A Scenario (Continuity), which is the most probable, leads directly to a worsening of the situation. In practice (though its strategic formulation aims higher) the EU fails to obey the EMP demands on free trade, particularly regarding the trade in agricultural goods. Moreover, the EU assumes a secondary role on security issues (waiting in the hope that other actors will find solutions for the problems of the region) and it resists increasing economic assistance to its Southern neighbours (the Financial Perspectives 2007–2013 do not really offer better prospects than MEDA II). Lastly, in the political area, the EU still supports governments, which have little enthusiasm for reform and simply hope that by staying in power it will deter the emergence of radical/reformist Islam. However, the experience in the area shows that the opposite is instead likely to happen: the more immobility, the more radicalism.

Scenario B (Exclusion), which cannot be dismissed, would leave Spain far more exposed to the threats from the area. Its individual capabilities (or those of any EU member state) would not be enough to defend its interests and overcome the problems posed by a re-nationalisation of the Euro-Mediterranean relationships. It is nonsensical to stick to an abbreviation simply by having been one of the promoters of the idea, but the fact is that the EMP today is still the best available tool for the EU for avoiding the very negative trends of the region.

Scenario C (Renewed advocacy) is the best fit for Spain's particular interests. If Spain assumes a continued advocacy, this would serve to defend its interests in collaboration with the EU and would increase its political weight abroad. This scenario is the only one with attractive prospects (integration, which is distinct from inclusion as full members in the EU's dynamics), which can overcome the resistance to change in NEMC regimes, and substantially increases the living conditions of the population in those countries. It is, however, the least likely scenario in the short term.

## RECOMMENDATIONS

- Considering that the means to defend its interests are not sufficient, Spain must combine its strengths with other EU-members (mainly with France, Germany, and Italy), and must understand its regional policy as complementary to that of the EU, in order to attempt to reach scenario C as quickly as possible. For this to occur Spain must have a more active attitude, daring to propose initiatives in all of the EMP cooperation chapters, even in the event that most will not meet with success. The defence of the EMP must be constant, assuming the prerequisites of the Partnership, which are at least as ambitious as the aims proposed by the ENP demands, and at the same time, must be designed more specifically to manage Mediterranean area issues and avoid dissipation of effort.
- A well defined substantial change related to the NEMC, must be approved no later than 2010. This must ease the participation of the NEMC into the EU dynamics, within the idea of “all except for institutions”. Turkey’s example is very useful, because it shows that if the incentives to our southern neighbours are substantial and adjusted to their needs, it may spark a deep reform process even if full membership remains out of the question for the time being. This implies that an individual bilateral process of negotiations is a good starting point with each single NEMC member. This process must start where reforms are more advanced, Morocco is a perfect target for this. However all the countries must be included, and a renewed effort must be undertaken to integrate Libya and Mauritania into the EMP ranks. Negotiations must be oriented towards the signing of agreements, which may give access to EU funds, programmes, and structures. All this is invariably bound to the fulfilment of certain conditions in the social, political, and economic fields.
- Spain cannot content itself to simply follow the EU, but instead must aspire to recover its privileged interlocutory position with the NEMC (as a middle man and defence lawyer). For this to occur it is necessary to add more human, physical and financial resources.

- Following the same line, it seems appropriate to focus on some specific proposals which have already been circulated:
- In the institutional field, it is advisable to create a permanent secretariat of the EMP; for this and other matters, the idea of co-property must be taken into account. It is necessary to rotate the people and locations of the representative organs between the EU and the NEMC.
- In the political field, without forgetting that an end to the Israeli-Palestinian conflict is the key issue, the following must also be done:
  - Renewing interest in the idea of a Charter of Peace and Stability for the Mediterranean.
  - Establishing transparent criteria (written down in the association agreements and equal for everyone) of positive political conditionality, in order to stimulate reform in the NEMC – in economic terms as well as social and political terms (rule of law, democratic values, human rights, market and social economy...).
- Directly promoting the emergence of open societies in the area, which means including permanently open channels of dialogue with emerging actors unrelated to the governments. Regular contact is required not only with progressive groups and women's associations, but also movements of radical/reformist Islam. The latter are indispensable actors on the political scene in the NEMC, and their participation is essential in order to dismantle the violent strategy of Islamic terrorist groups.
- In the economic field, the following must be tackled:
  - Abandoning the tooth and nail defence of professional and corporate interests (as is occurring in agriculture), aim to create a true free trade regime by 2010.
  - Accelerate the process to create a Mediterranean Bank of Development.
  - Begin an EU initiative on foreign debt relief that would be directed into investment projects for infrastructure, environment, or other activities with a potential to foster development and create jobs. This initiative must be linked to a reduction of military spending within the NEMC.

- • Fostering dynamics of job creation and professional training, in order to allow the full participation of students and professionals in various EU projects.
- • • In the social fields, necessary changes include:
- • • Framing the Alliance of Civilizations initiative inside the EMP, as another component of the necessary social, cultural, and human dialogue this would not be open to the governments as much as to the civil society in all its manifestations.
- • • Strengthening the role of the civil society. For this to occur it is necessary to increase the participation of NGOs (in specific programmes of decentralised cooperation), women (improving gender equality as an encompassing issue in the three fields of the EMA) and corporate actors (with team action for creating jobs, introducing new technologies and professional training).

## ENDNOTES

<sup>101</sup>This text was originally published in Spanish as a Memorandum (Memo 5/2006) for the Observatorio de Política Exterior (Fundación Alternativas) in February 2006.

<sup>102</sup>Morocco, Algeria, Tunisia, Egypt, Israel, Palestinian Authority, Syria, Jordan, Lebanon and Turkey. Libya and Mauritania are just observers in the EMP, in process to become some day in the future full members.





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The two authors were editors of the following volume: Amirah Fernández, Haizam and Richard Youngs (eds.) (2005), *The Euro-Mediterranean Partnership: Assessing the First Decade*, Madrid, Real Instituto Elcano de Estudios Internacionales y Estratégicos and FRIDE. Available at: [www.realinstitutoelcano.org/publicaciones/libros/Barcelona10-eng.pdf](http://www.realinstitutoelcano.org/publicaciones/libros/Barcelona10-eng.pdf).

**The EU and Its Neighbourhood: Policies, Problems, and Priorities** looks at the European Union's neighbourhood from a different perspective than most recent literature: The book explores those aspects of the EU's external policies which are usually omitted from scholarly analysis. However, while focusing on the policies' blind spots, the aim is not to suggest a fundamental reshaping of these policies or even an outright rejection of them. We have a much more modest objective in mind – we hope that through laying bare their advantages, weaknesses, and hidden agendas we can contribute to a further reformulation and refining of the EU's external policies, which in the end should be welcomed not only by the EU's partner countries but also by the Union itself. Among the contributions, some examine the clash of different interpretation of the European Neighbourhood Policy, others focus on neglected regions, which have become part and parcel of the policy while another contribution shows how this policy is related to the Union's previous policies and instruments.