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After the 2004 paradigm changes

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The EU and its Neighbours: In Search for New Forms of Partnership

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Executive Summary

For the last four years, the European Union has been conducting neighborhood policy in an international environment that is significantly different than the one in which the policy was conceived. Since 2004 the strategic map of Europe has been dominated by three paradigm changes: domestic changes in Russia, regime changes in key countries in Eastern Europe, and obstacles within the European Union itself; specifically, the EU's inability to complete institutional reforms and an overall enlargement fatigue. These differences mean that the European Neighborhood Policy (ENP), as it presently stands, will not reach the goals that have been set for it. The policy needs new approaches, new forms of partnership.

The ENP does not offer what key states in Eastern Europe most desire: prospects of eventual membership as a goal for their domestic transition and international orientation. The strategic gaps in the ENP led to several reform proposals, all driven by member states. The balance between eastern neighbors and southern neighbors is also off center. The EU must either come to terms with expansion over the long term or offer an alternative program with sufficient substance that the eastern neighbors find attractive.

The extension of European values and of cooperation beyond the present borders of the European Union will remain a pressing item on the agenda, quite independent of the EU's internal debates on institutional reform and possible enlargement. An updated ENP could enable the Union to engage its neighbors flexibly, keeping options open for closer future integration, and ensuring that the present goodwill toward the EU does not dissipate among small-bore initiatives and quibbles about which region matters more.

After the 2004 paradigm changes

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1. The paradigm change since 2004

Initiating the European Neighborhood Policy (ENP) in 2004 was a logical consequence of the previous enlargement concept, as well as the related new strategic challenges. As early as the middle of the 1990s, countries such as Ukraine and Moldova that would directly border the Union after the big enlargement in 2004 put EU membership on their foreign policy agenda, without drawing the consequences for internal transition and readjusting relations towards Russia. Meanwhile the future European neighbors developed strategic partnerships with the incoming EU members.¹

Beyond
enlargement

The ENP is targeted at creating security and stability beyond the EU's external borders, and avoiding a new dividing line as a potential negative side effect of enlargement. From this perspective the Neighborhood Policy reflects the intention of the European Commission that European integration should not end with offering membership. Instead, it should strengthen security and stability for Europe as a whole by offering a strategic option to emancipate the neighbors from Russian influence by integrating them into Euro-Atlantic structures. The concept potentially includes implementing free movement from Lisbon all the way to Luhansk. Beyond functional cooperation, however, the ENP does not offer any kind of institutional ties. As Romano Prodi said, the ENP includes "sharing everything but institutions," which is the most important difference between ENP and the option of membership.

"Everything but
institutions"

Originally, the concept of a European Neighborhood emerged from the process of EU eastern enlargement and the awareness of the need to avoid

¹ Ministry of the Republic of Poland. Non Paper: Eastern Dimension, Warsaw 2003. "The Eastern Dimension of the European Union. The Polish View." Speech by Włodzimierz Cimoszewicz, Polish Minister of Foreign Affairs, at the Conference "The EU Enlargement and Neighbourhood Policy" Warsaw, 20 February 2003.

a new dividing line that might burden the relations between the new member states and other Central and Eastern European countries that would lie outside of the EU's new eastern borders. The inclusion of Mediterranean countries into the ENP involves a different set of cultural, geographical and historical issues. France and other southern EU member states have been concerned that the ENP could potentially create a discrepancy between Eastern European countries with membership prospects and southern neighbors that are increasingly excluded from European developments. France has a strong interest in avoiding a new shift of priorities in EU external relations and favors a stronger association between the EU's Mediterranean partners and the economic and political structures of the European continent. In addition to keeping the EU's external policy priorities balanced between east and south, southern EU member states are also particularly interesting in keeping migration from North Africa under control.

Combining the
Eastern and
Southern
Neighborhoods

Starting in 2004, the paradigms of the 1990s came into question because of several developments. Russian President Vladimir Putin's second term in office, which started in March 2004, led to changes in Russia that altered the chaotic but open-minded Yeltsin period into an era characterized by attempts to create a strong state based on (1) recentralization of the political system, (2) the "dictatorship of law" and (3) a *Souverenaya Demokratiya*. Since 2004, Russia has staked its claim to a new role in the international system as an energy-based power that must be taken seriously in international organizations, in conflict resolution and in fighting against terrorism. Even if Russia and the European Union do not share the same values, both partners need each other, and widespread linkages have superseded Cold War thinking.

Russia
becoming an
energy-based
power

The Color Revolutions in Georgia (2003) and Ukraine (2004) initiated a new wave of transition, both in the national arena —aiming for democracy and a market economy — and closely linked to the countries' international orientation. Not only Georgia and Ukraine, but potentially also other states formerly or still belonging to the Kremlin's sphere of influence, are struggling for transition, Western orientation and a balanced position vis-à-vis Moscow.

Deterioration of EU-Russia relations affects more than just Russia itself. Moscow sees countries such as Ukraine, Georgia, Belarus and Kazakhstan as its “near abroad,” while Brussels regards them as the “new neighborhood.” As former United States National Security Advisor Zbigniew Brzezinski asserted, democratic and Western-oriented states bordering Russia would be the most reliable guarantee to prevent any kind of post-Soviet power play. As far as Russia is concerned, the paradigm change of the Revolutions indicates alternatives for post-Soviet transition while at the same time limiting Russia’s international influence.

The impact of
the Color
Revolutions

By 2004, the European Union was a success story of simultaneous broadening and deepening. The EU grew to 27 member states, ten of them from the former Soviet bloc and sensitive about building new relations with the Kremlin. Since then, however, European integration has suffered from both the failure to adopt the constitutional treaty and a more general enlargement fatigue. The Irish “No” vote in June 2008 called the ratification of the treaty into question, potentially stalling both internal development and external initiatives. Decision-making in the EU of 27 now depends greatly on national influence and strategic alliance building among members. The intention of strengthening national interest in European integration has been a driving force developing the ENP.

Decision making
in the EU of 27
member states

2. Realty check

Four years after the introduction of the ENP it is time to assess to what extent its goals have been implemented, and how to develop the agenda further.

Originally based on enlargement, the ENP’s first goal is to help create security and stability beyond EU’s external borders. The overall goals for countries included in the ENP would be their transition towards democracy, market-based economies and European values. In contrast to the enlargement process, the ENP lacks clear-cut reform goals as well as sticks and carrots to help implementation. The most decisive difference is related to the missing membership perspective of ENP, which is reinforced by the

Lacking clear
sticks and
Carrots

fact that the Eastern neighbors, Ukraine and Moldova anticipated joining the European Union as a strategic target for their domestic transition and the change of their international orientation from Russian dominance to Western cooperation. Since 2003 the Color Revolutions in the ENP countries were perceived as a step toward fulfilling Western expectations. Contrary to expectations from the region, the European Commission has not yet acknowledged the domestic changes by offering institutional cooperation. This has led to disappointment within the region.

The second ambitious goal is related to the geographical coverage of the neighboring countries in the East and South. In general terms, the ENP countries' strategies and action plans are preconditions to offering each ENP country a tailor-made strategy. Implementation of the concept, however, is encountering very different preconditions in each target country. These range from countries such as Ukraine that are stuck half-way in the transition but are generally interested in approaching the European Union (including membership), to *rentier* states whose elites see their national interests based on oil and gas resources as Azerbaijan (the country with the highest GDP growth in the world), to the Mediterranean neighbors that worry the southern EU members with illegal migration. In 2007-2010 budget terms, the European Neighborhood and Partnership Instrument (ENPI) foresees €343.3 million for the Mediterranean and €223.5 million for the East European neighborhood countries, prioritizing cooperation with the Mediterranean neighborhood.

Widespread
geographic
coverage

Considering the specific character of the ENP countries makes it very complicated to apply the same strategic instrument to all of them, with their very different preconditions. Given these differences in domestic and foreign policy orientation, economic potential and challenges for transition, as well as differences in how the ENP is perceived by the targeted countries, the ENP is more of a one-size-fits-all approach than a tailor-made strategy.

Shortcomings of
a one-size- fits-
all approach

In sum, the most important outcome of the ENP is being part of the European agenda. Nevertheless, the ENP neither fulfils the expectations from the eastern neighbors nor does it fully meet the goals of the European

Commission. Despite the shortcomings of the current ENP, the value of the concept is agenda setting. Debates on reforming the ENB consider three main aspects: geographical coverage and priority setting; becoming an attractive alternative to membership; and shaping decision-making about the future architecture of Europe.

ENP and
beyond

3. Reforming the ENP

The ENP constantly sparked debates about its reform. These arose from contradictions involved in only partly meeting the strategic expectations of membership, creating security and stability beyond the external borders and keeping geographic balance between the Eastern and Southern neighboring countries.

Initiating
debates

In preparation for the German EU presidency in summer 2006, the German Foreign Office proposed an “ENP-Plus” concept that concentrated on the eastern part of the neighborhood agenda: Moldova, Ukraine and Belarus (presuming a future democratic transition), as well as the countries of the Southern Caucasus: Georgia, Armenia and Azerbaijan.² One key issue of the new strategy is how to transfer part of the *acquis communautaire* to the ENP countries, particularly those sections covering overlapping interests in the areas of internal market, energy, transportation and justice and home affairs. Furthermore, the strategy also proposed a concerted broadening of institutional cooperation with potential for including the ENP countries in the EU’s decision-making process.

On the eve of
the German EU
presidency: a
ENP-Plus

Similar to the German proposals, the Polish and the Lithuanian governments issued non-papers calling for strategies beyond the current ENP.³ Both governments differentiate between “European neighbors,” who require an institutional perspective, and “neighbors of Europe,” who do not. European

² Berlin entwickelt neue Nachbarschaftspolitik. Sorge vor sicherheitspolitischen Vakuum im Gebiet zwischen Europäischer Union und Russland, in: Frankfurter Allgemeinen Zeitung, 3 July 2006, p. 1.

³ Policy proposals from Lithuania. Reform of the European Neighbourhood Policy, 20 September 2006. European Neighbourhood Policy – Eastern Dimension and EU-Ukraine relations – food for thought/ Polish proposals.

neighbors are characterized by their adherence to European values of democracy, market economy, rule of law and civil society. Most of the European neighbors pursue the ultimate goal of joining the EU, regardless of how long the process might take. The most important difference from the neighbors of Europe is that the latter do not aspire to EU membership but rather concentrate on cooperation with the European Union.

European
neighbors –
neighbors of
Europe

The Central European concepts go as far as to propose Integration Treaties for the European neighbors, including the extension of the EU *acquis* beyond the EU's borders through a harmonization process of the legal standards and a focus on the internal market. Sectoral agreements between the European Commission and the European neighbors would be another pillar of the integration treaties. Areas such as trade, visas, energy and transport infrastructure development could be issues of particular interest. Furthermore, a new institutional setting should offer a platform for political cooperation, initiatives in the fields of Common Foreign and Security Policy, the internal market, justice and home affairs, and economic and energy cooperation. Newly created structural dialogues would monitor the progress achieved in implementing the objectives of the Integration Treaties and the appropriate sectoral agreements.

The decisive difference between the German ENP-Plus on the one side, and the Polish and Lithuanian non-papers for an Eastern dimension of the European Neighborhood Policy on the other is related to the amount of institutional cooperation, as well as to how explicit a perspective should be offered to countries that aspire to membership. Vilnius and Warsaw favor offering, first and foremost to Ukraine, a European perspective corresponding to the country's ambition to implement European values and to readjust external orientation from Russian hegemony to being part of the Euro-Atlantic community. The German proposal contains neither this membership perspective nor does refer to emancipation from Russian influence. However, all strategies agree to differentiate between two agendas, the Eastern European and the Mediterranean.

Promoting a
membership
perspective

Assuming Germany's potential impact on a new Eastern policy and the emerging support from Central Europe, the Commission seems to have felt the pressure for ENP reform. On December 4, 2006, the Commission communicated to the Council and the European Parliament its draft paper "On Strengthening the European Neighborhood Policy."⁴ Compared with the strategy papers on European Neighborhood Policy, the Communication is more specific in detail, reflecting the pressure from the East European ENP countries, as well as Germany's ability to influence Europe's Eastern policy during its EU presidency. With the new outline, the Commission also tried to anticipate other far-reaching reform proposals for the ENP that would not reflect the lowest common denominator among the EU member states. Therefore, even the proposal made in December 2006 on the eve of the German EU prospects for membership or prioritizing the East European neighbors. This shows that the Commission has been managing to keep reforms expected from an ENP-Plus within a certain strategic limit.

The
Commission's
approach:
setting limits

In addition to the efforts of the European Commission to keep the balance between the Eastern and the Southern priorities of the ENP, the German EU presidency in 2007 promoted amplified regional cooperation in the East. Strengthening the Mediterranean Dimension of the EU's foreign relations consequently became a paramount interest for the southern member states, especially for France. Like Germany, France used the upcoming EU presidency in the second term of 2008 to shape the European neighborhood. President Nicolas Sarkozy's idea of building a "Mediterranean Union" intentionally emphasized launching an autonomous field of regional cooperation, while at the same time it rhetorically remained in the European context, having been compared to the Northern Dimension and the Baltic Sea Council.

Mediterranean
Union

The French proposal for a Mediterranean Union aims for intensified cooperation between the European Union member states and the

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

Mediterranean countries. It was formulated for the first time during Sarkozy's election campaign in 2007 and originally implied a selective approach, suggesting that only France, Spain, Italy, Portugal and Malta should confederate with the five North African countries Morocco, Algeria, Tunisia, Mauritania and Libya. The Union was supposed to place emphasis on cooperation in the fields of counterterrorism, illegal immigration, sustainable development and energy security. It was planned as a looser grouping than the EU. Having been backed especially by Italy and Spain, the proposed Union would reduce imbalances between the North and the South of the European Union. After Sarkozy's election, the plans for the Mediterranean Union gained substance. In addition to the ten potential members, further states were considered for entry: Turkey, Egypt, Cyprus, Greece, Israel, the Palestinian Authority, Jordan, Lebanon and Syria. Energy supply should be a main pillar of the Union, granting France access to the gas supplies of the North African countries, while in return transferring civilian nuclear energy technology to them.

At a Foreign Ministers meeting in May 2008 in Brussels, Poland, in cooperation with Sweden, continued the row about strategies for reforming the ENP. The newly created tandem is reinforcing the EU's ties with its eastern neighbors with a view to putting at least some of them on the path to EU membership. The eastern partnership is to be based on the ENP, but will go beyond the current approach. This approach confirms, on the one hand, the differentiation principle towards relevant neighbors, in line with the ENP assumptions, and, on the other hand, builds horizontal links between these neighbors and the EU.⁵ Emphasis should be put on Ukraine, but also on the Southern Caucasus, particularly Georgia. The new initiative is seen as a complement to the French-driven Mediterranean Union proposal, but unlike the original French vision, the Polish-Swedish proposal clearly states that it would be embedded into existing EU structures and does not seek additional funding. It is financed solely out of the ENP budget. Furthermore,

Eastern
partnership: a
Polish –
Swedish
initiative

⁵ Polish-Swedish proposal: Eastern Partnership, Brussels 23. May 2008.

cooperation between Poland, the driving force of Eastern policy among the new member states, and Sweden, which so far has been more neutral is a new strategic approach reflecting decision making in the European Union of 27 member states.

Summing up the current state of the ENP: The agendas are driven by a diverse set of interests and goals. While the Mediterranean agenda is first and foremost concentrated on domestic interests of EU member states and keeping the balance of interests in European integration, the Eastern agenda of the ENP has been driven by developments in Eastern Europe. Some of the new EU members from Central and Eastern Europe have a strong interest in combining two agendas: their membership in Western organizations and at the same time strengthening the counterbalance against the Kremlin. To avoid a new dividing line on EU's Eastern border, ENP countries such as Ukraine, Moldova and Georgia are demanding EU membership as a strategic goal for transition and foreign policy orientation.

Concepts enhancing the ENP are mostly driven by EU member states either concentrating on the Eastern or Southern neighborhood. Considering the historic, geographic and cultural differences between the Eastern Mediterranean and Southern Caucasian ENP countries, creating a regional identity is a challenge that is far from solved by an EU strategy implemented from above. The ongoing debates conducted by the member states point out that the ENP is not fulfilling its strategic goals but is opening a door for new strategic thinking, which is so far dominated by particular — mostly national — interests.

Particular
interest as a
driving force of
ENP

4. Towards an attractive Ostpolitik

The reality check of the ENP demonstrates the need to develop the concept further. First of all, the ENP should decrease the gap between the Eastern and Southern agendas. Second, it is important to consider the balance between the reform pressure from the neighboring countries, which are demanding further cooperation and integration, and the EU members that

Reform agendas

are interested in pushing their national interests. Finally, it is necessary to think about designing a future strategic map of Europe that goes beyond the current dimensions of the EU.

The Polish-Swedish proposal for an Eastern Partnership illustrates how decision-making in a European Union with 27 and more member states requires new approaches to building alliances. Overstretch in the geographic reach of the ENP can only be reduced by concentrating on those countries directly bordering the European Union that are currently undertaking a transition dedicated to European values. Implementing this goal would not mean annulling the ENP but rather a regional differentiation between Mediterranean and Eastern Europe, putting the focus on the latter.

An alliance for a
new Eastern
policy

Furthermore, implementing a new Eastern policy also depends on support from the southern EU members. Due to obvious interests, they have so far prioritized the Mediterranean agenda of the ENP. These member states have to be brought on board for a balanced East-South ENP. For this to succeed, the Eastern neighboring states should try to become socially and economically interesting partners, as well as attractive and reliable in foreign and security policy.

Implementing a new Eastern policy successfully also has to be considered in the appropriate budgets. Using 70 percent of the ENP budget for the Mediterranean agenda does not reflect having Eastern Europe as a priority. To reduce the gap between finance and strategy, additional funding from EU member states and the international financial institutions should be considered.

As long as EU membership is not a realistic option, integration has to be supported by other mechanisms. The neighboring countries and the European Union should use the expiring Partnership and Cooperation Agreements (PCA) to redefine bilateral relations. Considering the 2004 paradigm changes, the PCAs have to overcome their former blueprint approach by considering the national interests and related European

From the PCA
to enhanced
agreements

challenges.

Today, the potential for regional cooperation, for instance cooperation in the Black Sea or the Baltic Sea, to create stability and security is not fully used. Facilitating free movement of peoples, decreasing trade barriers and creating common institutions oriented toward European integration can be sustainable contributions to regional well being. Regional cooperation might also be an approach dealing with frozen conflicts, such as the Transnistrian or Abkhazian conflicts, integrating the autonomies within a broader framework of cooperation.

During the Color Revolutions, Western capitals were not only deeply impressed by the democratic developments in neighboring Ukraine and also Georgia, but also showed at least some willingness to open the EU and NATO. Due to domestic crises and backsliding, developments have not proceeded in the direction of membership, and the Orange and Rose spirits have lost their momentum. As a result, Ukraine's and Georgia's international positions are still moving targets between East and West.

Pressure from
the neighboring
countries by
successful
transition

Color Revolution countries would be well advised to maintain a balance between dependence on the Kremlin and looking towards the West. Yet this approach also runs the risk of repeating the mistakes of the Kuchma era fluctuating between Russia and the West. If EU and NATO integration is the new foreign policy priority, it must be the number-one national priority, guiding both internal and international developments—a strategic decision that requires support from the broadest possible political, social and economic consensus. But even without incentives from the EU, the countries already have taken some important steps in this direction. What is important now is to implement reforms and meet the Copenhagen criteria.

In addition to the official progress reports by the European institutions, the neighboring countries are also called upon to present their own reports assessing the implementation of the action plan. In addition to reform

policies, Ukraine and Georgia need to find partners who support their plans for Western integration. Good relationships with Poland, the Baltic States, and Slovakia are already in place. Assessing the national character of EU decision-making, which dominates community discussion in Eastern policy, the neighboring countries would be well advised to use the upcoming Polish EU presidency in 2011 as an instrument for promoting EU membership.

With its shortcomings in European values, Russia can be a difficult partner, but at the same time the Russian Federation is too important to neglect. It has significant impact on both territorial conflicts and energy cooperation in the ENP countries. Creating a win-win situation should be an overall goal, considering both the Russian interest in keeping influence on the neighboring countries, as well as the neighboring countries' aspirations to European values. The European Union should create a trilateral institutional framework, bringing together the ENP countries, Russia and the EU institutions. Furthermore one should also use Russia's membership in the Council of Europe and the OSCE as a platform for democratic dialogue.

Redefining
Russia in
Eastern Europe

Overcoming the strategic gap should include a debate about the future of Europe. As long as the European Union cannot overcome its fatigue concerning integration and enlargement, the toolbox that the EU can offer its neighbors will be reduced to "neighbors of Europe", guided by cooperation, and not a "European neighbors" approach, targeted at integration.

Mapping the
future of Europe

The paradigm changes since 2004 caused by Russia, the Color Revolution countries and the crises of European integration have created a new strategic environment, one also marked by American foreign policy that has shifted attention and resources from Europe to the Middle East. So far the common U.S.-European grand strategy is lagging behind the new challenges on the nearest European periphery. The EU should build linkage with NATO to continue the mapping of Europe with the transatlantic partners successfully initiated at the beginning of the 1990s in the Baltic States and Central Europe by offering membership. NATO's Bucharest summit in April

2008 demonstrated some fractures in the alliance. Members should also revise the instruments such as MAP to guide the new EU and NATO member states according to the requirements of the 2004 paradigm change.

Possible NATO membership should still be part of Ukraine's and Georgia's Western orientation. Technically, accession to the North Atlantic Alliance is less complicated than joining the EU. Yet the Ukrainian public's support for NATO membership is currently too low to implement this decision. However, Kyiv needs to be conscious of the sensitive nature of moving in this direction and act accordingly. Difficulties include the condition of the Ukrainian armed forces, the Black Sea Fleet, and Russian concerns more generally. In the case of Georgia, public support of NATO membership is much higher, but the unsolved territorial conflicts in Abkhazia or South Ossetia are perceived as a threat for NATO and an opening for a Russian veto over membership. Closer ties with NATO would offer a strong signal about Ukrainian and Georgian foreign policy priorities. This could win over Washington as a partner and compel it to send clear signals.

The 2004 paradigm changes go far beyond the European Neighborhood Policy, which added values related to agenda setting and animating further discourse. As such the ENP is worth contributing to the mapping of the future of Europe enlarging democracy, security and stability to a maximum extent, but to reach its full potential, the policy must be developed and supported as apart of an overall strategy for relations in the immediate neighborhood.

