Partners and neighbours: a CFSP for a wider Europe

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Preface **Nicole Gnesotto**

'*Extending the zone of security around Europe*' *is now one of the Union's strategic objectives – together with strengthening the international order and countering the new threats – listed in the security concept presented by Javier Solana to the European Council at Thessaloniki in June 2003: 'Our task is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.'*

Enlargement of the Union profoundly changes the number, identity and nature of the new neighbours or partners who will now form the 25 countries' external frontier. De facto, this new neighbourhood will also modify the objectives and the sometimes conflictive dynamics of the Union's foreign policy.

A first tension can already be discerned between the Union's global and regional roles: enlargement widens the CFSP's scope, indeed its geographical priorities, especially to the East, at a time when the global dimensions of security – notably terrorism and the proliferation of weapons of mass destruction – have themselves become a priority. What is more, this tension between the CFSP's different objectives is bound to affect Euro-American relations. The new agenda post-11 September is essential to the consolidation of the partnership with the United States – the Bush administration having made terrorism and proliferation its sole priorities – whereas a majority of European countries, and in particular the Union's 10 new members, will also have security priorities centred much more on stabilisation of their immediate neighbourhood.

A second tension will appear in the Union's internal dynamics. There is no doubt that, on the one hand, enlargement to 25 will de facto add to the Union's external responsibilities: finding itself increasingly closer to crisis zones, inaction and passivity will become less possible as options for the Union. However, the increase in the number of member states participating in the CFSP will mean greater differentiation, even divergence, over individual countries' national priorities regarding neighbouring zones or CFSP instruments to be used. Arriving at a permanent consensus among the 25 on how to deal with the Union's neighbours and partners will certainly be one of the major institutional challenges that the enlarged Union will rapidly have to resolve. Equally, apportioning financial resources and fixing priorities for use of the Union's military forces in support of the CFSP will become more difficult: according to what security policy criteria will the Union in

future decide the relative urgency of the situation in Africa, Moldova, the Balkans or the Middle East?

These dilemmas, and many others besides, occupy a central place in the Institute's work. They also form the core of this first collective Chaillot Paper *to be published since the creation of the Institute on 1 January 2002. The majority of the Institute's researchers have been involved in its production, but Antonio Missiroli, who is responsible for work on CFSP, put forward the initial idea and has played a leading role.*

More generally, all the levers that might be used in implementing the Union's stabilisation policy will have to be revisited in the light of enlargement. For many of the Union's new neighbours, there is no prospect of membership, or only a very distant and vague one. Yet this perspective of full membership of the Union was for over ten years the main instrument used by the 12 and then the 15 to stabilise their external frontier. And in that respect the current enlargement that will bring in ten new member countries is by all accounts the Union's external stabilisation policy's greatest success. But as this lever cannot be extended infinitely, other instruments will need to be created to help the 25 consolidate, on their periphery, an arc of good governance, something that is essential to the security of all. Among those various tools, it has to be recognised that there is a place for military intervention, especially in crisis management and peacemaking policy. In the Balkans, for instance, intervention and integration in the Union have worked, and continue to work as an effective duo in stabilising former Yugoslavia. That model is of course not directly applicable to all other zones, but, among the Union's policies for stabilising its periphery, the potential role of the Union's military instrument should not be overlooked.

The most important thing, however, is undoubtedly that, after the single currency, enlargement has been the Union's greatest success story, and it has above all to stay that way. The more the Union remains consistent, effective and united within its frontiers, the more it will be effective and credible to its new neighbours and partners, some of whom will perhaps be members one day. The development, security and stability of the wider Europe's partners are indeed inseparable from the success of the institutional functioning of the Union itself.

Paris, September 2003

Introduction

This *Chaillot Paper* is the product of collegial reflection by the EUISS research team.

As the current enlargement process moves towards its culmination with the accession of ten new member states in May 2004, its effects are already making themselves felt not only on the internal but also the external policies of the widening Union. New borders and neighbours bring new challenges while reconfiguring old ones. This new reality requires more than just additions to already existing policies. The entire neighbourhood, or proximity, policy of the enlarged EU will have to be reassessed and reformulated.

First, enlargement itself – for long the most successful regional policy of the EC/EU – may be reaching its geographical and functional limits. For the Union, the main problem will become how to exert influence on its neighbours comparable to that exerted in the past decade on the Central and East Europeans *without* offering the prospect of membership linked to strict 'conditionality'. Belonging to 'Europe' and joining 'EU-Europe' are distinct conditions and processes, which may overlap and coincide in terms of both policies and 'identity' but which may have to remain separate in the short term.

Second, those neighbours that are entirely excluded from the enlargement prospect – such as the southern Mediterranean countries and, though less explicitly, Russia – demand no lesser engagement on the part of the EU. For them, the Union has to devise appropriate policies short of the kind of 'conditionality' that only accession requires, but policies still capable of offering incentives and applying rewards and sanctions. Both the overall amount and the actual use of the EU funds and programmes allocated to them requires constant review in the light of the policy goals the Union sets itself.

Third, all neighbourhood or proximity policies have to strike an effective balance between regional and individual approaches – that is, between creating, or maintaining, a common regional

framework for relations with the EU and more targeted and specially tailored programmes that take into account the peculiarities of each neighbour. For instance, Ukraine and Moldova are different both from each other and from Israel and Morocco, yet they share land borders with both Russia and the enlarged EU. Similarly, Turkey is a Muslim and a populous country, but a very different one from Egypt or Algeria as concerns its relations with the Union. And even the western Balkan countries, though all 'potential' candidates to join the EU, often present very different policy problems. The most effective approach would be a mixed one, regional and individual at the same time, yet in diverse combinations.

Finally, neighbourhood/proximity policies will require commitment and coherence on the part of the EU: they will be effective only if and when their recipients (the various neighbours) receive clear messages and are presented with clear options by the Union and by all the member states as well. Commitment and coherence should be shown in trade, aid, assistance, and border policies, as well as in the political will to act in accordance with values, norms and principles set out in advance. This has not always been the case so far – but should become common practice for the enlarged EU.[1]

Draft versions of the chapters of this *Chaillot Paper* were presented at a conference organised by the EUISS in early June 2003 in Paris (a report of which can be found in www.iss-eu.org). The authors are grateful to all the discussants and participants for their feedback and criticism, which have helped them improve on their initial texts. Responsibility for the arguments presented here, however, lies entirely and exclusively with us, individually and collectively.

1. Shortly before this *Chaillot Paper* went to print, the Notre Europe association published an extremely interesting paper on this same bundle of issues: William Wallace, 'Looking after the Neighbourhood: Responsibilities for the EU-25', in *Policy Papers* no. 4, July 2003 (www.notre-europe. asso.fr).

The EU and its changing neighbourhoods: stabilisation, integration and partnership

Antonio Missiroli

Over the past decades, the European Union has pursued at least two distinct approaches (and policies) towards its immediate neighbourhoods:

◗ an approach aimed, first and foremost, at *stabilisation*, mainly based on fostering regional cooperation and broad partnerships (regionalism); and
◗ an approach (in addition to, or instead of, the above), aimed at *integration* proper, i.e. at bringing neighbouring countries directly into the EU through a bilateral process based on strict 'conditionality'.

Arguably, both approaches are typical of the foreign and security policy of any regional power, and they are also fully legitimate, provided they are carried out with peaceful means. The European Union, however, is nothing like a traditional 'power' – let alone a 'superpower' – and certainly not one with the attributes, goals and instruments of a nation-state (however big). One can even question the extent to which such terms as 'foreign' and/or 'security' policy proper may be used in conjunction with current EU policies. That said, it is conventionally assumed that the Union does have a set of common external policies going well beyond its strict Common Foreign and Security Policy (CFSP) remit, and that most of them notably address issues related to its immediate geographical neighbourhoods. This article aims at providing an overview of these policies over time and space, and assessing their interplay, sustainability and overall coherence in the light of the new context created by the current enlargement of the Union.

The stabilisation approach

The first policy approach – stabilisation as a goal, regionalism as a means – was first tentatively adopted vis-à-vis the crumbling Yugoslav Federation in the early 1990s, but with very little success.[1] It was then applied to the Central European countries and the Baltic States – the Balladur Pact of 1993-95 (and first Stability Pact proper) – and, in both cases, with a significant degree of success. In South-Eastern Europe, however, the same approach bore little or no fruit until it was blended with the second approach, which envisages integration (however distant) as a goal and conditionality (however strict) as a means.

East, south, and beyond

Moreover, between 1994 and 1995 the EU signed so-called Partnership and Cooperation Agreements (PCAs) with Russia, Ukraine, Moldova and Belarus. With the exception of Belarus (due to objections on the EU side to President Lukashenko's policies), the agreements have been ratified by all the countries concerned and have taken effect. They combine a Western interest in bilateral political cooperation and dialogue on democratic foundations with an Eastern interest in economic cooperation, managed through the Union's TACIS programme (Technical Assistance to the Commonwealth of Independent States). Strictly speaking, however, these agreements cannot be considered as aimed at *stabilising* the countries concerned. The PCAs with Ukraine and Russia were subsequently supplemented by a 'Common Strategy' for each, approved in June and December 1999 respectively, in the context of the Union's CFSP. Neither, however, adds much to the existing policies or envisages eventual EU membership.[2] More recently, Moldova has been included in the Stability Pact for South-Eastern Europe as a recipient country, although it does not entirely belong to the region geographically or politically. In fact, the dividing line between the Russian and Ottoman Empires ran though its current territory – and still does, in a way, with Transnistria now cut off from the rest of what could now qualify as a small (if peculiar) 'Balkan' country.

The Euro-Mediterranean Partnership (EMP) process initiated in 1995 – now more commonly referred to as the Barcelona process or Euromed – can be considered a by-product of this

1. For a tentative overview, see Geoffrey Edwards, 'The Potential and Limits of CFSP: The Yugoslav Example', in Elfriede Regelsberger et al. (eds.), *Foreign Policy of the European Union: From EPC to CFSP and Beyond* (Boulder, Colo.: Lynne Rienner, 1997), pp. 173-95.

2. In December 2000 the Secretary-General of the EU Council and High Representative for the CFSP, Javier Solana, released an 'evaluation report' on the three 'Common Strategies' hitherto adopted by the Union that sounded fairly critical of the method and the substance of the exercise, which had been introduced at the Treaty of Amsterdam). See 'Common Strategies Report', reproduced in Antonio Missiroli (ed.), 'Coherence for European Security Policy: Debates – Cases – Assessments', *Occasional Paper* 27 (Paris: Institute for Security Studies of WEU, May 2001), Annexe E, pp. 80-6. Common Strategies are expected to be in force for five years. For specific evaluations, see Gwendolyn Sasse, 'The EU Common Strategy on Ukraine: A Response to Ukraine's pro-European Choice?', in Ann Lewis (ed.), *The EU & Ukraine: Neighbours, Friends, Partners?* (London: The Federal Trust, 2002), pp. 213-20; Hiski Haukkala and Sergei Medvedev (eds.), *The EU Common Strategy on Russia: Learning the Grammar of CFSP* (Helsinki-Berlin: FIIA-IEP, 2001).

approach in that it was not, and still is not, meant to lead to full integration in the EU. Arguably, it was rather meant to prevent just such an eventuality, at least for the foreseeable future (Morocco had famously manifested an interest in applying for EU membership), by setting up an alternative form of partnership based on economic/trade cooperation and a rather unspecified political 'basket'. Yet the lack of solid incentives – the 'carrots', as opposed to the 'sticks' – on the Union's side, coupled with the heterogeneity of the Mediterranean partners involved in the Euromed framework (let alone the different priorities of the EU member states), has made it less and less effective: the relevant 'Common Strategy' adopted in June 2000 said next to nothing as to the way ahead in the process.[3]

Finally, over the years the EU has set up a wide array of multilateral and bi-regional arrangements – the so-called 'group-to-group' diplomacy – with areas far away from the European continent: Central and Latin America, Asia with the Asia-Europe Meeting (ASEM) and Africa, not to mention the peculiar world of the former European colonies that are tied to the EU through preferential trade arrangements, the so-called ACP (African, Caribbean and Pacific) countries.[4] None of the latter properly fits in the 'neighbourhood' policy of the Union, although they shape (along with North America) a wider web of relations based on historical and economic ties – what one might call a 'non-geographical proximity'.

The 'Balladur Pact'

The first Stability Pact was launched by then French Prime Minister Edouard Balladur in the spring of 1993 as an instrument of preventive diplomacy in post-Communist Europe. Its main objective was to set out in detail and implement some basic principles with regard to borders and minorities in the area and to organise and coordinate the action of the institutions involved, especially the EU, the Conference/Organisation for Security and Cooperation in Europe (CSCE/OSCE) and the Council of Europe. It also built upon the existing web of multilateral subregional relations established through the Central European Free Trade Agreement (CEFTA), launched in late 1992 by the Visegrad group (the then Czechoslovakia, Hungary and Poland) and later extended to fellow applicants, and other partnerships in the area, all partly supported

3. See Marc Maresceau and Edward Lannon (eds.), *The EU Enlargement and Mediterranean Strategies: A Comparative Analysis* (Basingstoke: Palgrave, 2001); Claire Spencer, 'The EU and Common Strategies: The Revealing Case of the Mediterranean', *European Foreign Affairs Review*, vol. 6, no. 1, pp. 31-51.

4. On the CFSP machinery, see Jörg Monar, 'Political Dialogue with Third Countries and Regional Political Groupings: The Fifteen as an Attractive Interlocutor', in Regelsberger, op. cit. in note 1, pp. 263-74. See also Martin Holland, *The European Union and the Third World* (Basingstoke: Palgrave, 2002); and, more generally, Christopher Piening, *Global Europe: The European Union in World Affairs* (Boulder, Colo.: Lynne Rienner, 1997).

also by the EU's Interreg programme. In December 1993, the EU Council approved a CFSP 'Joint Action' to support this initiative, and in May 1994 a conference was held in Paris with the participation of the nine European countries that had then signed the Europe Agreements (Slovenia was to follow suit in 1996/97). Regional round tables were organised in the following months, and a concluding conference took place in Paris, once again, in March 1995.

The resulting Stability Pact consisted of a political declaration and about 100 bilateral agreements, the most tangible one being a treaty between Slovakia and Hungary regarding the Magyar minority in Slovakia. It included also a series of projects on regional cross-border economic, cultural and environmental cooperation to be funded by the PHARE programme (Action plan for Coordinated Aid to Poland and Hungary; the abbreviation comes from the French). The Pact's follow-up was handled by the OSCE and has a mixed legacy: on the one hand, of the approximately 50 bilateral agreements or arrangements concluded between the EU member states and the Central and East European associates/candidates, only half have been registered with the OSCE. On the other hand, the OSCE – and notably its High Commissioner on National Minorities – played an important (if hardly visible) role in advising the Baltic States on how to solve the thorny issue of Russian-speaking minorities inside their borders.[5]

On the whole, however, it is fair to say that the relative effectiveness of the first Pact on Stability in Europe was mainly due to the 'golden carrot' of EU membership, that is, to its early overlap with the second approach. In other words, full integration and direct conditionality have largely superseded (for the better) the initially more limited scope of the first approach – including that of CEFTA, which had by 1997 more or less achieved its goal of creating a tariff-free area for trade in industrial goods and had constituted a starting point for the countries' accession to the Union's single market.

The special case of Turkey

Turkey signed an Association Agreement with the European Community as early as September 1963, i.e. long before Greece and the Iberian countries, let alone the current candidates: Art. 28 of that

5. On this entire phase, see Karen E. Smith, *The Making of EU Foreign Policy: The Case of Eastern Europe* (New York: St. Martin's Press, 1999); and Paul Luif, 'The European Union's Projection of Security and Stability onto Central and Eastern Europe', in Paul Luif (ed.), *Security in Central and Eastern Europe: Problems – Perceptions – Policies* (Wien: Braumüller, 2001), pp. 307-42. For a broader approach and a thorough analysis of the various subregional groupings and initiatives, see Andrew Cottey (ed.), *Sub-regional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea* (New York: East-West Institute, 1999).

Agreement explicitly opened up the prospect of Turkish EC membership. At that point in time, the assumption (on both sides) was that the road to full membership would be very long indeed and in any case not to be taken for granted. The agreement was based on genuine common economic and political interests – Turkey's strategic position on the Cold War chessboard being key – and warmly blessed by Washington. However, Ankara never fully implemented its side of the deal, especially regarding the lowering of trade barriers, while Brussels responded in a similar fashion with the financial protocol. The ambivalence and half-heartedness of the relationship – although Turkey's 'European vocation' was never officially questioned – was further strengthened by domestic turbulences, the division of Cyprus (1974), and Greece's accession to the EC in 1981. In April 1987, Turkey formally applied for membership, but two years later the European Commission published a negative 'opinion' that put the candidacy on the back burner for a while.[6]

Nevertheless, Ankara's relevance to European security did not decrease at all, quite the contrary: within both NATO and the Western European Union (WEU) Turkey continued to play a role, with the silent support of the United States, and often found or put itself at critical junctures in transatlantic and intra-European security debates. Such was the case, in particular, with the so-called 'Berlin-plus' arrangements, first between NATO and the WEU, then – after the onset of the European Security and Defence Policy (ESDP) in 1999 – between the Alliance and the EU proper. To a large extent, Turkey used its strategic position and membership of NATO as an 'asset' in relations with the W/EU, trying to exploit its leverage in the Alliance (and/or on divided Cyprus) to extract better conditions from the Union in both ESDP and the accession process. Such an approach, complemented with an uncompromising conduct and policy 'style', long represented a point of convergence between the traditional 'Kemalist' élites (especially the military) and the modernising urban middle classes.[7] For both, albeit to different degrees, this was a way of carrying out the 'Westernisation' of Turkey ('Europeanisation' being only an ingredient thereof) and being faithful to Kemal Atatürk's historical legacy without giving up on its peculiarities and 'identity'. Similarly, at the EU end, Turkey's diplomatic behaviour constituted a welcome excuse to muddle through without making

6. For an overview, see John Redmond, *The Next Mediterranean Enlargement of the European Community: Turkey, Cyprus and Malta?* (Aldershot: Dartmouth, 1993); Vojtech Mastny and R. Craig Nation (eds.), *Turkey Between East and West: New Challenges for a Rising Regional Power* (Boulder: Westview Press, 1996); David Barchard, *Turkey and the European Union* (London: CER, 1998); Robert Anciaux (dir.), *La République laïque turque* (Bruxelles: Editions Complexe, 2003). It is also worth recalling that during this time Turkey underwent two military coups, in 1971 and 1980.

7. On this bundle of issues see Gareth Jenkins, 'Context and Circumstance: The Turkish Military and Politics', *Adelphi Paper* 337, 2001; Gilles Dorronsoro, 'The EU and Turkey: Between Geopolitics and Social Engineering', *Occasional Papers* 34 (Geneva: GCSP, 2002). On 'Berlin-plus' in particular, see Antonio Missiroli, 'EU-NATO Cooperation in Crisis Management: No Turkish Delight for ESDP', *Security Dialogue*, vol. 33, no. 1, 2002, pp. 9-26.

any strategic choice on membership while keeping the prospect formally open, thus preserving some influence over certain domestic decisions.

Such constructive ambiguity and half-heartedness on both sides came to a head in the mid-1990s with the acceleration of the EU enlargement process and the Balkan wars. At first, controversy over the Customs Union enforced in January 1996 – lack of administrative compliance on Turkey's side, following lack of financial compliance on the EU side – seemed to replicate the traditional pattern of relations. However, when the Luxembourg European Council of December 1997 put Cyprus in the first row of EU candidates and plainly excluded Turkey, the stakes were crucially raised on all fronts, from the stalemate on 'Berlin-plus' to domestic politics: the forced resignation of Prime Minister Necmettin Erbakkan, the repressive campaign against Kurdish militant groups, and the waves of illegal immigrants arriving on Italy's shores were all part of the picture. In the end, the Helsinki European Council of December 1999 decided to give Ankara candidate 'status', although without opening pre-accession negotiations as long as Turkey did not meet the so-called 'Copenhagen criteria' and settle all its disputes with Greece, either bilaterally by 2004 or through the International Court of Justice at The Hague.

By doing so, however, the Union did not solve the issue – although things have tangibly improved on many fronts since – but only raised the bar one notch higher. For its part, Turkey still thought that its policy of taking political 'hostages' ('Berlin-plus', Cyprus) and using them as bargaining chips would eventually pay off – whereas these were liabilities rather than assets in dealing with the EU.

Balkan evolutions

All these considerations may help explain why, as compared with the opening of the accession route, the so-called 'Royaumont Process' had such a modest impact on the EU's immediate neighbourhood. At the suggestion of Brussels and, again, based on a French initiative, a 'process of stability and good-neighbourly relations' in South-Eastern Europe was inaugurated at the Royaumont meeting, near Paris, in December 1995. It tried to take into account the experience of the previous Stability Pact and the latest developments in Bosnia-Herzegovina. However, it lacked substance in that

it failed to address the key issues (notably, borders and minorities) and limited itself to promoting dialogue and better understanding between governmental and non-governmental actors in the region. On top of that – but understandably so, at that point in time – the Process did not establish any link between policy change and future association with the EU, thus offering no 'carrots' whatsoever to the countries in question. Although the Union went as far as to appoint a special coordinator in November 1997, the Royaumont Process never got off the ground.

Only in the summer of 1999 – in the wake of the fourth consecutive war of Yugoslav succession, so to speak, namely that over Kosovo – did the Union change its approach by offering a framework for economic and political cooperation between the EU (plus other international organisations) and the countries of SEE that put some solid 'carrots' on the table. However, it stopped short of creating direct 'conditionality', i.e. an explicit link between compliance and good behaviour and the accession process. This is probably why the jury is still out on whether the Stability Pact for South-Eastern Europe (SPSEE) – in which the EU acts as a coordinator and facilitator – has represented a fundamental policy shift towards the Balkan countries, and whether it has acted as an effective means for either stabilisation or integration, or both at the same time. In fact, the SPSEE encompasses successor states of former Yugoslavia but also countries – such as Bulgaria and Romania – that have already signed Europe Agreements (EA) and started accession negotiations, thus blurring the possible nature of the Pact as a more or less explicit antechamber of the Union.[8] And it aims at regional stabilisation rather than pre-accession proper (however gradual).

Moreover, since late 2000 the Union has independently set in motion a so-called Stabilisation and Association Process (SAP) intended to foster peace, prosperity and democracy in the Western Balkans. It sets out elements of a policy that – by resorting to a 'contractual' relationship between the EU and the five or six relevant states or entities (Albania, Croatia, Bosnia-Herzegovina, Macedonia/FYROM, Serbia and Montenegro, plus Kosovo) – tries to bridge the gap between 'simple' stabilisation and 'full' integration, and supplements this with an ad hoc programme called CARDS (Community Assistance for Reconstruction, Development and Stabilisation), due to expire in 2006.[9] To date, only two countries (Macedonia/FYROM in April 2001 and Croatia in

8. See Ralitza Dimtcheva, 'La Bulgarie et la Roumanie dans le Pacte de Stabilité', *Occasional Paper* 41 (Paris : EU Institute for Security Studies, janvier 2001).

9. For an overall assessment, see Martin Brusis and Nathan Galer, 'South-Eastern Europe and the EU: Problems, Actors, Policies', in Wim van Meurs (ed.), *Beyond EU Enlargement, vol. II, The Agenda of Stabilisation for South-Eastern Europe* (Gütersloh: Bertelsmann Foundation Publishers, 2001), pp. 45-71.

October 2001) have signed so-called Stabilisation and Association Agreements (SAA) with the EU. Their successful implementation is a prerequisite for any further assessment of their respective prospects for accession, although there is still no formal linkage between them. In fact, the maximum status that the SAP can bring is that of a 'potential' future member of the Union, as stated by the Feira European Council in June 2000 and maintained the following November at the regional EU summit in Zagreb. At any rate, even the two SAAs have not entered into force yet but for the interim agreements on trade-related measures, since unanimous ratification by all EU member states is still lacking. Of the other potential contractual partners, only Albania has started negotiations (early this year). Finally, there is still no clear connection between the SPSEE and SAP – which are expected to be complementary but without any agreed division of labour – or between the SAP and pre-accession proper.

It is no accident, therefore, that Croatia filed a formal application for membership in February 2003, while Macedonia/FYROM plans to follow suit by the end of the year, thus de facto making a unified strategic approach towards the Western Balkans more difficult. Meanwhile, the EU has decided temporarily to 'freeze' the drafting of the fourth CFSP 'Common Strategy' envisaged after Amsterdam, notably on the Balkans.

To a certain extent, such EU ambivalence over the final outcome of the process is understandable, particularly in the light of the past instability of the region: it would be the first time, in fact, that apparent failure, rather than prospective success, was rewarded with EU membership. Such ambivalence is also partly due to a fundamental uncertainty (and a certain number of internal divisions) over the future geographical and functional scope of the European Union as such, for which the Balkans constitute an important test case and a precedent. The combined effect of ambivalence and uncertainty on the EU side, however, risks creating a quintessentially 'catch-22' situation in the region: the commitment eventually to grant full membership cannot be made without substantial progress on rule of law and economic viability, but these cannot be achieved without that commitment.

The integration approach

By contrast, the second policy approach – based on integration as a goal and conditionality as a means – has been much more successful. Actually, enlarging the EC/EU has been, and still is, a very effective security policy. It is a security policy by other means, so to speak, and a security policy in its own right. By other means, because extending the Union's norms, rules, opportunities and constraints to successive applicants has made instability and conflict on the Continent decreasingly likely. And it is a security policy in its own right, too, because the entrants have brought in interests and skills that have broadened the scope of common policies and strengthened the EC/EU as an international actor.

Enlargements

This was the case with the first enlargement of the European Community, which incorporated the British (and partially Danish) overseas connections and also gradually stimulated an Anglo-Irish détente via Brussels. It was even more the case with the southern enlargements of the 1980s, which paved the way for the successful completion of post-authoritarian transition to democracy in the countries concerned, provided a significant reinforcement of the EC's presence in the Mediterranean basin and added an equally significant extension of European influence in the Americas. Finally, the 1995 enlargement of the newly created EU brought more stability to the Baltic 'rim' and strengthened the Union's drive to cooperate with the UN and the OSCE.

The current enlargement, however, is nothing like the previous ones. It is fundamentally different in size, scope, and character: going from an EU of 15 to 25-plus member states – as decided at the Copenhagen European Council of December 2002[10] – means an increase of population of 20 per cent but an increase in GDP of only a few percentage points (estimates range from 5 to 9), coupled with an increase of 'small' members from the current 10 to 19. It is therefore likely to change radically the institutions, the policies and even the very nature of the Union.[11]

10. Accordingly, the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia signed the accession treaty in April 2003 and will become full members from April 2004. For a first evaluation, see Heather Grabbe, 'The Copenhagen Deal for Enlargement', *Briefing Note* (London: CER, 20 December 2002); Antonio Missiroli, 'Two Enlargements and a Devolution', *Newsletter* no. 5 (Paris: EU Institute for Security Studies, January 2003).

11. For a general overview, see Graham Avery and Fraser Cameron, *The Enlargement of the European Union* (Sheffield: Sheffield Academic Press, 1998). See also the recent Report to the European Commission coordinated by the former Dutch PM Wim Kok, 'Enlarging the European Union: Achievements and Challenges' (Florence: EUI Robert Schuman Centre for Advanced Studies, Florence, 26 March 2003); and Marise Cremona (ed.), *The Enlargement of the European Union* (Oxford-New York: Oxford University Press, 2003).

It may also affect the way in which the EU projects itself externally: perhaps not so much in terms of its common foreign and defence policy, to which the current applicants are expected to add relatively little in terms of interests, inclinations and capabilities (with the significant exception of a tangible pro-US orientation). However, its impact will be much greater in terms of regional, proximity and, to a certain extent, also security policy, ranging from border issues (permeability vs. control) and rights of transnational minorities, up to the ultimate *finalité géographique* of the EU.[12]

It is worth noting that the process finalised at Copenhagen in 2002 started out relatively early: PHARE was created in December 1989 to support the economic reform process in Poland and Hungary, and was subsequently extended and adjusted. The Europe (Association) Agreements were signed in early 1992 by the Visegrad countries, followed shortly by Romania and Bulgaria, the Baltic States and, finally, Slovenia. However, only at the Copenhagen European Council of June 1993 was the direct link between association and (future) membership made clear and explicit, thus giving the Agreements a wide-ranging and hitherto unique scope. This included 'conditionality' as spelt out in the so-called 'Copenhagen criteria', which set a series of benchmarks from the opening to the successful completion of entry negotiations. Such benchmarks were later to be incorporated in Art. 49 of the Treaty on European Union (TEU).

At that point in time it was widely assumed that the next enlargement of the Union would be quite selective in the first instance, and the criteria served the purpose of drawing a relatively objective functional 'road map' for EU membership. Therefore, it came as no particular surprise that the Luxembourg European Council in December 1997 earmarked only six applicants for the opening of accession negotiations: Poland, Hungary, the Czech Republic (the three countries which had been invited to join NATO a few months earlier), Estonia, Slovenia, and Cyprus. It was only two years later, under pressure from some member states, that the Helsinki European Council extended the procedure to the five remaining applicants plus Malta. As already mentioned, it also awarded Turkey (the longest-waiting associate country) the status of 'candidate', though one not yet ripe for opening accession negotiations.[13]

12. See Antonio Missiroli (ed.), 'Bigger EU, Wider CFSP, Stronger ESDP? The View from Central Europe', *Occasional Paper* 34 (Paris: EU Institute for Security Studies, April 2002). For a post-Copenhagen evaluation, see Antonio Missiroli, 'EU Enlargement and CFSP/ESDP', *European Integration*, vol. 25, no. 1, 2003, pp. 1-16.

13. See Ulrich Sedelmeyer and Helen Wallace, 'Eastern Enlargement', in Helen Wallace and William Wallace (eds.), *Policy-Making in the European Union* (Oxford: Oxford University Press, 2000), pp. 427-60.

Challenges of success

In the end, therefore, the integration/conditionality approach has fundamentally taken over as the dominant approach in most of Central and Eastern Europe, not least because the tension and the potential contradiction with the stabilisation/regionalism approach was damaging the over-arching security goal (stability) by triggering a 'beauty contest' among the applicants and fostering a dangerous sense of exclusion among those who lagged behind, thus also potentially undermining existing subregional cooperation. Actually, such a risk cannot be ruled out once and for all even now that the EU enlargement process has come full circle: 'from Copenhagen to Copenhagen', so to speak. The 2002 controversy over the Hungarian law on Magyars living abroad, especially the so-called 'Benes decrees' in postwar Czechoslovakia, showed that there remained a potential for subregional tension, if not open conflict (in particular over minority issues), which perhaps only the EU's norms and obligations can help overcome.[14]

In addition, the fact that Romania and Bulgaria have missed – at least for the time being, given that in Copenhagen a target date (2007) was set for their entry – the forthcoming wave of accessions may create some problems, especially if their eventual integration takes longer than foreseen due to the aftershock of the first wave inside the Union and the possible attendant repercussions on the two countries (who have now been joined by Croatia and, possibly, Macedonia/FYROM). In this respect, Romania's and Bulgaria's inclusion in the other wave of enlargement, namely that of NATO – as decided at the Prague North Atlantic Council of November 2002, a few weeks before Copenhagen[15] – is expected to prevent such an eventuality or, perhaps more importantly, prevent it from having critically destabilising effects. More generally, such problems will not necessarily go away even once the current enlargement process has been completed and all the applicants have been brought into the EU fold. New minority and border issues are bound to emerge, especially with the new neighbourhoods of the enlarged EU.[16]

By the same token, a possible third Eastern enlargement of NATO from 2004-05 – namely, to such Balkan countries as Croatia, Macedonia/FYROM and Albania – may help dispel their fears of exclusion from the 'West' and further stabilise them domestically. However, it may also strengthen their perception of the

14. See Heather Grabbe, 'The Benes Decrees: Implications for EU Enlargement', *Briefing Note* (London: CER, June 2002); 'A Spectre over Central Europe', *The Economist*, 17 August 2002, pp. 23-4. More generally, see Eiki Berg and Wim van Meurs, 'Legacies of the Past, Ethnic and Territorial Conflict Potentials', in Iris Kempe (ed.), *Beyond EU Enlargement, vol. I, The Agenda of Direct Neighbourhood for Eastern Europe* (Gütersloh: Bertelsmann Foundation Publishers, 2001), pp. 129-63.

15. In Prague, the Atlantic Alliance decided to 'invite' Bulgaria, Romania, Slovenia, Slovakia, Estonia, Latvia and Lithuania to join the current 19 Allies by May 2004. By then, therefore, NATO will have 26 members, 19 of which will be in common with the EU.

16. For an initial appraisal see Jan Zielonka (ed.), *Europe Unbound: Enlarging and Reshaping the Boundaries of the European Union* (London-New York: Routledge, 2002).

Union as a less inclusive 'club' than the US-led Alliance. It is perhaps also for this reason that the EU is trying to resuscitate and relaunch the 'European Conference', initially invented in order to suit Turkey's peculiar status and encompassing all candidate countries no matter whether they have already met the Copenhagen criteria and started pre-accession negotiations. In fact, a special meeting of the new Conference was held in the wake of the official signing ceremony for the ten acceding countries, in Athens, on 17 April 2003 – but the odds for success are still uncertain.

Between integration and partnership

The two approaches described above have hardly corresponded to policies that were fully and/or thoroughly conceived from the outset. On the contrary, they have been more reactive than proactive, and a certain measure of ambiguity (however 'constructive') over the final outcome has always existed, fostered also by differing visions of enlargement among the current member states. Over time, however, it has become increasingly evident that such ambiguity or fuzziness has limits and may even prove counter-productive. Unlike NATO and its Partnership for Peace programme – which has managed, quite successfully, to blur the difference between members and non-members and thus distribute security benefits across the entire Continent without incurring significant institutional costs – the Union has serious problems in doing that effectively without clarifying (internally as well as externally) the ultimate goal of its partnerships and regional policies. Furthermore, unlike the OSCE and/or the Council of Europe, the EU cannot water down its nature and scope for the sake of extended membership: if it did, it would lose its main strength and, consequently, its very appeal.[17]

Differentiation

To address all of this, the Union needs to assess how far it can stretch its present structure and policies, both geographically and functionally. This may lead to the explicit introduction of forms of differentiation *internally* in order to accommodate potentially conflicting demands. The current institutional review process (the

17. For comparisons between the different enlargements of European organisations over the past years, see Stuart Croft et al., *The Enlargement of Europe* (Manchester: Manchester University Press, 1999); and Adrian Hyde-Price, 'The Antinomies of European Security: Dual Enlargement and the Reshaping of the European Order', *Contemporary Security Policy*, vol. 21, no. 3, 2000, pp. 139-67.

Convention on the Future of Europe and the ensuing Intergovernmental Conference) may well serve this purpose. In addition, a debate on the ultimate conceivable border of the wider Union – the *limes*, so to speak – may prove useful, if not conclusive. In fact, Article 237 of the Treaty of Rome, later integrated into Art. O (Title VII) of the Maastricht Treaty on European Union, states that 'any European state' can apply to become a member of the EEC (see Annexe 7 a). Since the 1993 Copenhagen summit and the Treaty of Amsterdam (Article 49 TEU), such 'European-ness' has been combined with conditionality (Annexe 7 b). The draft Constitutional Treaty released in July 2003 by the European Convention follows the same approach (Annexe 7. c). Accordingly, prospective candidates must meet the following criteria for membership: democracy, rule of law, enforcement of human rights, respect for minorities, a functioning market economy, the capacity to cope with competitive pressures and the ability to take on EU obligations. Finally, since the 1999 Kosovo war, the prospect of EU membership has been floated in areas of the Continent that had been hitherto ruled out, from the Balkans to Ukraine. Lately even Russia, in the aftermath of its rapprochement with NATO, has been quoted as a potential future candidate, although it is much more likely to remain an external (if possibly ever closer) partner. Meanwhile, the period of application of the 'Common Strategy' on Russia has been extended until June 2004. Perhaps it is time the Union addressed these issues in a more stringent manner and devised more coherent and articulated policies to resolve them.[18]

Moreover, the EU should consider forms of partnership and cooperation (bi- and/or multilateral) that may stop short of full eventual integration but, none the less, bring about a significant degree of cooperation and stabilisation. The difficulty lies in the fact that the most effective regional policy tool at the disposal of the Union to this end has been conditionality, and conditionality really works only when eventual membership is at stake. When it is not, it proves a much weaker instrument, as the experience of the past decade has shown and the general difficulty the Union's CFSP has met in enforcing 'negative' diplomacy towards third countries in order to force compliance with human and civil rights further proves. Therefore, if membership is the 'golden carrot' but is not on offer, what 'silver' and/or 'bronze' carrots can be devised for the EU as a regional power to carry out effective policies in its (old and new) neighbourhoods?

18. For an interesting overview, see Thomas Christiansen et al., 'Fuzzy Politics Around Fuzzy Borders: The European Union's "Near Abroad" ', *Cooperation and Conflict*, vol. 35, no. 4, 2000, pp. 389-415.

Probably, a certain degree of *external* differentiation with respect to the various areas and countries involved has to be put in place: not differentiation by accident and reactive improvisation, as displayed by the current array of institutional and contractual relations (from the PCAs to the SAP, from the EMP to other formats), but one that adequately takes into account the peculiarities of the actors and issues concerned. On the one hand, two basic 'menus' should be on offer, namely prospective membership (with tentative 'road maps' and signposts) or just partnership (with associated mutual obligations and benefits). On the other, not all the items on either menu would be available to all potential recipients and at the same time: implementation would be based on the ability and willingness to deliver on the part of each individual partner.

The Turkish conundrum

First of all, the Union will certainly have to sort out its collective attitude vis-à-vis Turkey. The constructive ambiguity that dominated talks and negotiations on both sides until recently may have to be overcome sooner rather than later: either towards full membership, with a 'road map' for negotiations and a tentative deadline, or towards a structured bilateral partnership *without* full membership. The timetable for Cyprus's entry in May 2004 may still become an important catalyst for this. In Copenhagen, in fact, Turkey obtained a 'rendezvous for the rendezvous' in December 2004, at which point in time, after the current enlargement has been completed, Turkey's credentials will be thoroughly assessed in the light of the 'Copenhagen criteria' and a clear decision hopefully taken. It is worth recalling that, to date, all the countries that have started negotiations with the EC/EU have also completed them and – with the exception of Norway, but due to its own autonomous national decision – have ended up as full members. The endgame is approaching, therefore, and its outcome will have repercussions on several counts. The 'European Conference' that was invented in 1997 to accommodate Turkey's peculiar status has proved an empty shell in this respect, and the Customs Union with Ankara has not entirely got off the ground. At the same time, Turkey is a crucial NATO ally, is engaged on the ground in the Balkans and is an important partner in the Middle East, the Gulf, and the Caucasus, although it is still difficult to predict how the

events that preceded and accompanied the US-led war on Iraq in the spring of 2003 will affect Ankara's attitude.

At any rate, the structural imbalance between the country's important strategic position and its economic weakness has to be addressed with instruments capable of meeting the specific (and at times contradictory) demands that come from both Turkey itself and the broader eastern Mediterranean region. Meanwhile, the new Turkish government elected in November 2002 has shown a readiness to change and compromise – from the status of Cyprus (albeit not so much, unfortunately, in the run-up to and aftermath of Copenhagen) to the so-called 'Berlin-plus' arrangement between NATO and the EU – that bodes well for the crucial decision to be taken in 2004, provided other subregional developments do not derail the whole process.[19] Much remains to be done, of course, but the new leadership seems to have understood what specific requirements need to be met for the prospect of EU membership to materialise. In a way, it has reversed the traditional Turkish approach in that it is trying to extract better conditions from the EU by showing a more accommodating attitude – rather than an uncompromising one – on those issues that matter most to the EU: 'Berlin-plus', human rights and, hopefully, Cyprus.

This said, and wishing every success to Prime Minister Recep Tayyip Erdogan and his moderate Islamic Justice and Development Party (AKP), the domestic situation is still far from settled. Moreover, Turkey – unlike the ten currently acceding countries – cannot rely on a strong constituency within the EU to support its membership bid. Valéry Giscard d'Estaing famously declared his opposition to that in November 2002, shortly after the electoral tsunami that brought the AKP to power. In turn, Greece's support – at least since the 'earthquake diplomacy' of September 1999 – is as much unexpected as it is qualified and conditional. To a certain extent, Athens has managed to 'Europeanise' its relations with Ankara, but remains vigilant on its core interests, from Cyprus to airspace and territorial disputes in the Aegean Sea.[20]

On the one hand, it is arguable that Turkey, whose religious roots and 'identity' are coming to be considered an asset rather than a liability in that the 'West', especially since 9/11, is desperately searching for a democratic success story in the Muslim world. The AKP's sweeping victory in the November 2002 elections is a clear sign of democratisation, and of a democratisation that is increasingly being linked to the prospect of adhesion to the

19. An initial deal on 'Berlin-plus' was eventually struck in December 2002 in the wake of the Copenhagen summit: it foresees *inter alia* that Malta and Cyprus will not participate in any EU military operation conducted with NATO planning and logistical support. For recent reappraisals see Michael S. Teitelbaum and Philip L. Martin, 'Is Turkey Ready for Europe?', *Foreign Affairs*, vol. 82, no. 3, 2003, pp. 97-111; Gareth Jenkins, 'Muslim Democrats in Turkey?', *Survival*, vol. 45, no. 1, 2003, pp. 45-66; Philip Robins, 'Confusion at Home, Confusion Abroad: Turkey between Copenhagen and Iraq', *International Affairs*, vol. 79, no. 3, 2003, pp. 547-66; and Antonio Missiroli, 'Turkish Delights? A Response to Bilgin', *Security Dialogue*, vol. 34, no. 3, 2003, pp. 348-52.

20. See Giscard d'Estaing's interview to *Le Monde*, 9 novembre 2002, and Yves Mény, 'L'Europe, Dieu et les Turcs . . . ', *Le Monde*, 15 novembre 2002. See also Daniel Vernet, 'L'Europe médiatrice entre Grecs et Turcs', *Le Monde*, 23 juin 2003, and the discussion of the pros and cons of Turkish EU membership, *Internationale Politik*, Transatlantic Edition 2, 2003, pp. 48-64.

EU. On the other hand, however, Turkey's sheer size and economic backwardness – in the light of current trends, by 2014 it could be at the same time the poorest and the most populous EU member – clearly act against its chances of admission.

For all these reasons, postponing the decision and muddling through indefinitely may in the end have more negative than positive consequences, in domestic as well as strategic terms. Furthermore, if the December 2004 decision is a positive one and formal accession negotiations get under way, the traditional policy 'style' of Turkish diplomatic and military élites may well be called crucially into question. In fact, the country would then have to negotiate with Brussels from a position of structural weakness, as was (and still is) the case with the current wave of enlargement – a position Turkey is not used to and may find difficult to deal with, with consequences that are hard to foresee.

Outsiders as insiders

As regards Norway, Iceland and Switzerland, the decision between structured partnership and full membership lies exclusively with them. All three countries are already de facto members of the single market through the European Economic Area. Norway and Iceland are also part of 'Schengenland' through the Nordic Passport Union. Finally, acceptance of these countries among EU citizens is very high, as the Eurobarometer polls consistently show, and they would be most welcome also because they would immediately – unlike almost all the currently acceding countries – become net contributors to the EU budget. In these particular cases, in other words, there is nothing new to be put on the table: all the elements are there already. Regarding Norway, interest in joining the enlarged Union seems to be on the rise after Copenhagen and could well lead to a renewed bid, after the failures of 1972 and 1994, when the accession deals were eventually rejected in popular referendums.

Balkan dilemmas

As explained earlier, the jury is still out as far as the (remaining) Balkan countries are concerned, especially Serbia and Montenegro, Bosnia-Herzegovina, Albania and, to a lesser extent, Macedonia/FYROM. As already mentioned, some of these are also candidates

for NATO membership, and the further expansion of the Alliance may influence EU policy towards them. Unlike Croatia, however, they are still objects and recipients – albeit at different levels of intensity – of NATO-led and/or EU-led security policy operations. In other words, they still fall short of providing a stable domestic and regional picture and meeting the Copenhagen criteria in full. And this is unlikely to change in the short term, with the possible exception of Macedonia/FYROM.

In the medium to long term, however, the crucial issue is whether and under what conditions full EU membership would be both conceivable and acceptable to the Union. If it is conceivable (all the countries in question meet the geographic 'European-ness' criterion), it also has to be made acceptable, first through stringent scrutiny of the implementation of the SAP and a better use of the instruments provided especially by the SPSEE and CARDS (with a view to reducing aid dependency and substituting external assistance by indigenous growth), then through a closely monitored 'road map' to eventual accession (see Annexe 3). Finally, the highly sensitive issues of status – including borders and statehood – that linger over most of the region have also to be tackled, though preferably in conjunction with standards and benchmarks of good governance.[21]

To these ends, the Thessaloniki European Council of June 2003 reiterated its support for the 'European perspective' of the western Balkan countries, due to 'become an integral part of the EU once they meet the established criteria': their 'privileged relations' with the Union will be strengthened and the SAP 'enriched', although the overall financial package is to rise only marginally (see Annexe 2). This said, doubts remain as to whether the whole process can overcome the low acceptance by EU citizens of most Balkan countries, which may eventually play a decisive role. In fact, integrating countries whose social and economic development is lagging and marred by criminal networks, and whose democratic credentials are unproven and administrative practices pre-modern, is a daunting challenge. To that, one should add the possible emergence of both enlargement 'fatigue' after the 2007 wave (or even earlier) and a specifically Balkan 'fatigue', given the considerable amount of financial and military resources deployed to the region.

A possible fall-back position could be either (in the event of accession) an ever-increasing internal differentiation in the

21. See Marie-Janine Calic, 'The EU and the Balkans: From Association to Membership?', *SWP Comments*, 7 (Berlin: SWP, May 2003).

enlarged Union – something very close to a multi-tier EU – or else, at least temporarily, a very solid 'silver carrot' encompassing for example a brand new status of 'associate member'. This would provide both tangible benefits (customs union, economic and administrative assistance) and a European 'identity' (*photo de famille*, structured political partnership) without imposing the risks, for both sides, of an undesired or unaffordable membership. In a way, the choice is between further enlargement proper, with all its foreseeable costs on both sides, and a sort of 'enlargement by other means'. At the same time, once again, it may be in the short-term interest of the Union to postpone such a choice as long as possible in order to exploit all the potential of the 'golden carrot', especially in so far as postponement helps to conceal differences within the EU over the ultimate objective of the process – which could well remain open-ended until further notice.

New (and old) neighbours

Once the current enlargement process has been completed, in 2004, the wider EU (without Turkey) will automatically acquire some new neighbours, starting with Ukraine and Belarus and ending with Moldova. By contrast, Russia is already a neighbour of the Union by virtue of its long border with Finland. Additional new neighbours will be the western Balkan countries (all 'potential' future members), while the countries on the southern Mediterranean 'rim' – Turkey apart – constitute a different kind of neighbourhood, strategically as well as geographically.

The 'Eastern dimension'

To a certain extent, some of the dilemmas illustrated above for the Balkan countries may apply also to the three westernmost members of the Commonwealth of Independent States (CIS). Much as they differ significantly one from another in terms of history, size and potential problems, they are all 'European', at least geographically, but they are also all far behind on their path to 'Europeanisation'. Moreover, Ukraine and (though less explicitly) Moldova – but not Belarus – have expressed their interest in becoming, one day, EU members, although none of them has ever received any encouragement from Brussels.

In any event, the challenge for the Union will be to try and separate the two main virtues it has in the eyes of most of the neighbouring countries, namely being both a vehicle for change and a potential end-goal. This implies conceiving an approach that (a) conveys a sense of inclusion in 'Europe' separate from the end-state of full EU membership, while (b) working to foster the kind of change that may make it conceivable at some point in the future, and given appropriate circumstances, to consider that very membership. This in turn entails a reversal of emphasis, stressing the process of adaptation to (rather than the end-goal of integration in) EU structures and policies. The countries concerned, in other words, must be helped find their way into 'Europe' without necessarily aiming directly at belonging to 'EU-Europe'.

What the Union can sensibly do is, first, increase the Eastern neighbours' awareness of the membership requirements and, second, foster ever more decisively the process of democratisation, state consolidation, administrative reform and economic liberalisation – which will both contribute to stabilising the Eastern 'rim' of the enlarged EU and facilitate its gradual entry into the European 'mainstream'.

This said, the peculiarity of the three 'new' Eastern neighbours – as distinct from all other potential members and partners – is their relationship with, and dependence on, *Russia*. As such, this may shape a sort of 'Eastern dimension' of the EU, namely one based on a set of trilateral relations in which these countries also represent, to varying degrees, an interface between Moscow and the Union as an explicit element of their direct bilateral partnership. In the case of Belarus, its likely eventual inclusion into the Russian Federation would clearly simplify the current picture.[22] Moldova's Russian connection is mainly (but not exclusively) linked to the issue of secessionist Transnistria but is matched by an equally delicate Romanian connection, which makes the country a particular test case for the enlarging EU.[23] As for Ukraine, its willingness to 'go West' is still not matched by consistent domestic reforms, while its strategic position in the energy supply market makes it a crucial partner for both Russia and the EU.[24]

In principle, therefore, the EU could envisage a neighbourhood policy to the East that included either or both of two components: the reinforcement of links with each of the three countries, with due regard to their specificity, and/or the development of a regional approach – an *Ostpolitik* in its own right – that would

22. See Ann Lewis (ed.), *The EU & Belarus: Between Moscow and Brussels* (London: The Federal Trust, 2002); Leonid Zaiko, 'Give a Dog a Bad Name', in Anatol Lieven and Dimitri Trenin (eds.), *Ambivalent Neighbors: The EU, NATO, and the Price of Membership* (Washington, DC: Carnegie Endowment for International Peace, 2003), pp. 90-107.

23 Dov Lynch, 'Crisis in Moldova', *Newsletter* no. 2 (Paris: EU Institute for Security Studies, May 2002), and his 'Case Study of a Joint Approach to the Moldovan Conflict', in Dov Lynch, 'Russia Faces Europe', *Chaillot Paper* 60 (Paris: EU Institute for Security Studies, May 2003), pp. 96-103; see also Michel Bran, 'Les Moldaves et le passeport roumain', *Le Monde*, 29 novembre 2002, p. 17; and Charles King, 'The Europe Question in Romania and Moldova', in Lieven and Trenin (eds.), op. cit. in note 22, pp.245-68.

24. For example, Taras Kuzio and Jennifer D.P. Moroney, 'Ukraine and the West: Moving from Stability to Strategic Enlargement', *European Security*, vol. 10, no. 2, 2001, pp. 111-26; Oleksandr Pavliuk, 'An Unfulfilling Partnership: Ukraine and the West 1991-2001', *European Security*, vol. 11, no. 1, 2002, pp. 81-101; Lewis (ed.), op. cit. in note 2; and Alexander J. Motil's and James Sherr's articles in Lieven and Trenin (eds.), op. cit. in note 22, pp. 15 ff. and 108 ff. respectively.

encompass all three and place them in the context of EU-Russia relations.[25] As things stand now, however, the former is more likely to be chosen, although cooperation with Moscow, possibly in the framework of OSCE, may well turn out to be quite effective in and with Moldova, after having failed in and with Belarus. In either case, it is worth stressing that the countries in question tend to reject the term 'neighbourhood policy', which they consider as a polite form of exclusion, and they view with particular concern the gradual establishment of a 'Schengen curtain' between them and 'EU-Europe'.

Finally, it is also predictable that the 'acceding' countries – as the ten candidates accepted in Copenhagen are now called ahead of their actual entry – will push for the reinforcement of such an 'Eastern dimension' of the Union's policies, as much as Finland (and to a lesser extent Sweden) did over the past years with the 'Northern Dimension' blueprint.[26] It is no accident that in the run-up to Copenhagen, on 18 November 2002, the Council decided to launch a 'New Neighbours Initiative' focused on 'the need for the EU to formulate an ambitious, long-term and integrated approach towards each of these countries' (see Annexe 1). In turn, Poland delivered a policy non-paper on the 'Eastern Dimension' as concerning mostly Russia, Belarus and Ukraine.[27] In a similar vein, on 11 March 2003 the European Commission delivered a Communication on 'Wider Europe' that encompasses future relations with *both* Eastern *and* Southern neighbours (Annexe 2) – a relatively unexpected association that is discussed in more detail in the Conclusions of this publication.

Beyond Barcelona

Finally, the Barcelona process may have to be streamlined and redefined, with a more realistic but also more tangible prospect of structured partnership for the Mediterranean countries. This could (and probably should) include a certain degree of differentiation among them, especially since the demand for separate 'Action Plans' now comes notably from some Euromed partners. Of the 12 included in the EMP, three (Cyprus, Malta and Turkey) are already involved in the current enlargement, one (Morocco) tried – not long ago but in vain – to be accepted as a potential candidate, and two (Israel and the Palestinian Authority) are still

25. See Iris Kempe and Wim van Meurs, 'Strategic Challenges and Risks of EU Eastern Enlargement', in Kempe (ed.), op. cit. in note 14, pp. 11-43; Stephen White et al., 'Enlargement and the New Outsiders', *Journal of Common Market Studies*, vol. 40, no. 1, 2002, pp. 135-53; Catherine Guicherd, 'The Enlarged EU's Eastern Border: Integrating Ukraine, Belarus and Moldova in the European Project', *SWP-Studie* 20 (Berlin: SWP, June 2002); and William Wallace, 'Does the EU Have an *Ostpolitik*?', in Lieven and Trenin (eds.), op. cit. in note 22 , pp. 44-66.

26. For an overview see Hanna Ojanen, 'The EU and Its 'Northern Dimension': An Actor in Search of a Policy, or a Policy in Search of an Actor?', *European Foreign Affairs Review*, vol. 5, no. 3, 2000, pp. 359-76. See also Chris Patten and Anna Lindh, 'Europe's Crucial Northern Dimension', *Financial Times*, 20 December 2000.

27. See John Reed, 'Poland Suggests New Eastern Policy for EU', *Financial Times*, 28 January 2003, and more generally Chris Patten and Romano Prodi, 'A coté de l'Union européenne un cercle de pays amis', *Le Monde*, 19 mars 2003.

caught up in a bilateral conflict while both being important EU trade partners and recipients of aid. In other words, the Euromed partners can hardly be considered a single and homogeneous unit. The eastern Mediterranean (now part of the EU enlargement process proper), Israel/Palestine, the Mashraq and the Maghreb can be considered as distinct subregional units, each with its own specific features.

With this in mind, much can still be improved in terms of existing programmes and their implementation, starting with the unrealistic (and perhaps also undesirable) goal of establishing a free-trade zone by 2010, continuing with the way in which MEDA funds are spent (or not) and concluding with the extremely delicate security aspects. These have become ever more important with the growing debate over how to address the proliferation and spread of weapons of mass destruction (WMD) in the wider region, which strikes extremely sensitive chords in the Mediterranean while being potentially divisive inside the European Union. Important also because, from 2005 onwards, the Barcelona process may well end up encompassing only Israel and a whole set of Arab countries (perhaps including also Libya), with all the imaginable implications.

The same applies to the other highly sensitive issue in Euromed relations, namely the link between economic cooperation (trade and aid) and the incentives (negative and/or positive) to be set on the extension of human rights and democracy, or simply good governance (see Annexe 4). In this domain the EU has been at times inconsistent with its own principles and declared objectives, giving priority to static internal regime stability – which is not necessarily the same thing as *regional* stability – over the defence and promotion of democratic rights in partner countries over which it has some leverage. Here too – after setting a shared and more credible policy framework – it may be both wiser and more effective to envisage a set of targeted programmes based on a contractual relationship and aimed at addressing issues both common to the region and country-specific.[28] A recent case in point – and one that is becoming ever more important politically, as the Presidency Conclusions of the Thessaloniki European Council of June 2003 show – is the control over illegal immigration flows from the southern Mediterranean 'rim' into EU territory, which may require both a general framework and more targeted instruments.

28. See Fred Tanner (ed.), *The European Union as a Security Actor in the Mediterranean* (Zürich: Zürcher Beiträge zur Sicherheitspolitik und Konfliktforschung, 2001); Martin Ortega, 'Military Dialogue in the Euro-Mediterranean Charter: An Unjustified Absence', *The International Spectator*, vol. 35, no. 1, 2000, pp. 115-25; Sven Biscop, 'The ESDP and the Euro-Mediterranean Security', *Security Dialogue*, vol. 34, no. 2, June 2003, pp. 183-98. See also Dorothée Schmid, 'Optimiser le processus de Barcelone', *Occasional Paper* 36 (Paris : EU Institute for Security Studies, juillet 2002), and George A. Papandreou and Chris Patten, 'Garantir la stabilité régionale', *Le Figaro*, 26 mai 2003.

The EU and its proximities

As mentioned at the start, a policy towards the immediate geo-graphical neighbourhood is an essential feature and requirement of any *regional power*, and the EU intends to be(come) a fully-fledged one. It is therefore not only normal but consistent with the Union's nature and principles that it aims at building 'a ring of friends' around its borders, as the Commission Communication of March 2003 states. In turn, Article I-56 of the draft Constitutional Treaty delivered by the European Convention reads: 'The Union shall develop a special relationship with neighbouring states, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation' (see Annexe 7. d).

At the same time, the Union also sees itself as an *international actor*, at least on the economic and (to a lesser extent) diplomatic front. That does not mean that it has the ambition to become a *global* power in its own right, nor that it can/will operate worldwide across the board, especially as regards military intervention and such strategic issues as non-proliferation or energy supply. However, the nature of the challenges with which the EU countries are increasingly confronted is making it both inevitable and desirable for the Union to adopt a more systematic and comprehensive approach to the wider world – as shown especially by the security strategy paper delivered in June 2003 by the CFSP High Representative. On the one hand, in fact, the paper stresses the need 'to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean, with whom we can enjoy close and cooperative relations' without creating 'new dividing lines in Europe'. On the other hand, it also emphasises that 'in a world of global threats, global markets and global media' Europe's security and prosperity 'depend on an effective multilateral system' based on 'pre-emptive engagement' worldwide and the readiness of EU countries 'to share in responsibility for global security' (see Annexe 6).

That said, if one looks for instance at the aid flows emanating from the EU, it becomes clear that the range of its interests and partnerships is still rather selective and corresponds to that of a regional power with some clearly identifiable overseas interests.

Still in 2000 for instance, according to Commission estimates, out of the €12 billion of the Union's aid budget (EC plus European Development Fund), roughly €2 billion went to the Central and East European candidates, €1 billion to emergency, humanitarian and food aid (mostly directed to Africa), €1 billion to the Mediterranean, and €500 million each to the CIS, Latin America and Asia. In so far as it is directed overseas, EU aid mostly ends up in ACP countries, and the picture is more or less the same – with only minor variations – if one looks at the bilateral aid given by individual EU member states. This further proves that the Union has *a geographical proximity* (the immediate neighbourhood) as well as *a historical/economic proximity*, which basically coincides with the post-colonial links and the preferential partnerships of its member states.

As for security policy proper, the current planning assumptions for the European Security and Defence Policy (ESDP) envisage a virtual geographical radius for EU military crisis management (up to approximately 4,000 km from Brussels) that roughly covers the present immediate neighbourhood, starting with the Balkans but touching only lightly the CIS proper and the southern shore of the Mediterranean. It is also a fact that the first EU-led crisis management operations are being carried out in Bosnia-Herzegovina and Macedonia/FYROM. Yet it is interesting to note that talks are under way with a view to undertaking a joint EU-Russia peacekeeping operation in Moldova with an OSCE mandate. On top of this, the Union has recently taken on another similarly limited military/humanitarian operation in the Democratic Republic of Congo, following a request by the UN Secretary-General as well as past discussions over possible deployments notably in the African Great Lakes region or elsewhere in sub-Saharan Africa. This is only to prove that the 'outer' proximity of the EU now matters also in terms of direct military engagement, after the interesting precedent of East Timor in 2000 (although EU countries were not engaged under a Union flag). Actually, once again, the potential radius for purely humanitarian operations already stretches as far as 10,000 km from Brussels.[29]

In other words, there seems to be a discernible pattern and a substantial geographical overlap in the Union's various external policies: trade, aid, diplomacy, and now crisis management

29. Such planning assumptions were first formulated at the informal meeting of EU defence ministers at Sintra, Portugal, on 28 February 2000, in the margins of the 'food-for-thought' paper released on the occasion. However, they do not constitute an official EU 'doctrine', nor are they in any way binding politically. For the paper see Maartje Rutten (comp.), 'From St. Malo to Nice – European Defence: Core Documents', *Chaillot Paper* 47 (Paris: WEU Institute for Security Studies, 2001), pp. 94-107.

proper. What is still lacking is a more streamlined and coherent approach especially to the immediate neighbourhood, after a decade of mostly reactive decisions and constructive ambiguities. To give just one practical example: will it make sense, once the current enlargement process has been completed, to preserve the current rigid separation (in both bureaucratic and procedural terms) between the Interreg, PHARE, CARDS, TACIS and other programmes, thus perpetuating the tension between the two approaches analysed above? Fortunately, the Commission seems to be reflecting on this. More generally, the most effective approach is likely to be one that can combine elements of both stabilisation and integration, with regionally focused as well as country-tailored programmes, and an explicit political engagement on the part of the EU.

Interestingly, this also appears to be the approach that the Union as a whole intends to adopt if one looks at the General Affairs and External Relations Council Report on 'Wider Europe – New Neighbourhood' of 18 June 2003, which basically blends elements of both the Council's and the Commission's papers of recent months. In fact, the Report emphasises the need to set common policy goals for all (old and new) neighbours – to be 'seen as separate from the question of possible EU accession' as regulated by Art. 49 TEU – while increasingly resorting to 'differentiation' in dealing with individual countries. In the medium term, it argues, the Union's relations with neighbouring countries are to be based on 'Action Plans', i.e. 'political documents, building on existing agreements and setting out clearly the over-arching strategic policy targets, common objectives, political and economic benchmarks used to evaluate progress in key areas, and a timetable for their achievement which enable progress to be judged regularly.' Besides, such Action Plans 'should be concise, complemented where necessary by more detailed plans for sector-specific cooperation, and should inform EC country assistance': the latter, in particular, should encompass a thorough review of the 'interoperability' of the various instruments of regional policy as well as a potentially new 'Neighbourhood Instrument' specifically to address cross-border issues (see Annexe 5).

Hopefully the forthcoming enlargement, coupled with a growing demand for a more active foreign policy, will force an even more systematic approach onto the relevant policy-makers. For the time being, it seems to have markedly speeded up institutional thinking and bureaucratic action. It is telling that, after a new dedicated Directorate-General Enlargement was set up in 1999 and Commissioner Günter Verheugen was appointed to lead the whole process, in early July 2003 the Commission reorganised its services to deal mainly with 'Wider Europe', creating an ad hoc Task Force and partially merging staff from that DG and RELEX.

In terms of external policies, however, enlargement will add very little to the 'outer' proximity of the Union: none of the applicants – with the partial exception of the Central/Baltic European expatriate communities in the United States and, perhaps, Turkey (Middle East, Southern Caucasus, and Central Asia) – has an imperial past or overseas linkages. However, it will certainly have an impact on the new immediate neighbourhoods of the enlarged EU, which these countries were part of in the past and will be in close contact with in the future. Indeed, the most important contribution (and priority) of the new member states to the Union's external policies is expected to be in that domain, especially regarding the 'Eastern dimension': an interesting test case in this respect was the controversy over the transit to and from the Kaliningrad enclave in the autumn of 2002, including the way in which it was eventually settled.[30]

At the same time, however, the main geographical focus of CFSP, and in particular ESDP, is likely to be elsewhere, from the Balkans to the greater Middle East, from Europe's 'outer' proximities to (maybe) the wider world. Striking the right balance between such diverse interests will be a major challenge for the external policies of the enlarged EU.

30. While bordering Poland and Lithuania, initially backed by the Commission, pushed in this case for a strict application of the Schengen rules, some member states lobbied for a more accommodating position vis-à-vis Russian demands. A compromise solution was eventually adopted in the autumn of 2002. For some background see Sander Huisman, 'A New European Union Policy for Kaliningrad', *Occasional Paper* 33 (Paris: EU Institute for Security Studies, March 2002); Alexander Sergounin, 'Kaliningrad', in Lieven and Trenin (eds.), op. cit. in note 22, pp. 145-84.

The new Eastern Dimension of the enlarged EU

Dov Lynch[1]

2. On this question, the reader may refer to Anaïs Marin, 'La Dimension Septentrionale : une autre forme de la PESC en Europe du Nord,' in Dov Lynch (ed.), 'EU-Russian Security Dimensions', *Occasional Paper* 46 (Paris : EU Institute for Security Studies, July 2003).

3. 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', Commission Communication COM(2003), 104 final, Brussels, 11 March 2003.

4. Enlargement will bring the EU some 2,400 km of borders with Ukraine and Belarus, to which Romanian membership will add 450 km to its border with Moldova.

The title of this chapter may lead to confusion. A number of caveats must be noted at the outset. First, the discussion will not relate specifically to the proposals put forward by successive Polish governments on the need for an 'Eastern Dimension' of the European Union (EU). Those proposals were elaborated in response to Poland's recognition of an urgent need for Brussels to start considering the particular nature of the states that will adjoin the enlarged EU; that is, Ukraine, Belarus, Russia and, eventually, Moldova.

Second, the chapter will not discuss directly an area of EU policy that is evoked by the title, namely the Northern Dimension. The Northern Dimension, launched in 1997 as a Finnish initiative, will also be deeply affected by enlargement, acquiring a much more pronounced Russian focus. The question of how the Northern Dimension will proceed after enlargement merits attention in itself.[2] However, the geographical focus of this chapter falls specifically on the east, leaving aside the north-west. In particular, the chapter examines the states that are referred to in the Commission Communication of 11 March 2003 as the 'Western Newly Independent States' (WNIS) — Ukraine, Moldova and Belarus – as well as the Russian Federation.[3] The discussion does not address the other newly independent states (NIS), which lie further east and south, in the South Caucasus (Georgia, Armenia and Azerbaijan) and Central Asia (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan).

Finally, one may query the notion that this neighbourhood is 'new'. Certainly the geographical reality of an enlarged EU adds new borders to the Union, which raises specific problems related to the balance between openness and closure in EU border policy.[4] Yet, the 'Eastern question' is not new for Brussels. The collapse of the USSR forced the EU to consider the nature of its interests with regard to the new states of the former Soviet Union. Albeit with lit-

tle energy and focus, the Union has been giving thought to the questions raised by the East for over a decade.

This new neighbourhood differs from the others under discussion in this *Chaillot Paper* in a number of fundamental respects. First, the region experienced no major wars in the 1990s. Compared with the Balkans and the Mediterranean, the European states of the former Soviet Union have been a zone of stability. Russia's wars in Chechnya, in the North Caucasus, have impacted only indirectly on EU-Russian relations. The conflict in Moldova, between the central authorities in Chisinau and the separatist region of Transnistria, lasted a few months in early 1992. A cease-fire has held since then, and Russian peacekeeping forces have been deployed in a security zone along the Dnestr River, separating the two parties. The relative stability of the region has meant that the EU has not been forced to engage deeply in the region.

Moreover, this region differs from the others under discussion in the longevity and immediacy of its Soviet past. Relative to the states of Central and Eastern Europe and the Balkans, the Soviet experience was far more deeply imprinted in the social, political and economic make-up of Russia, naturally, as the Soviet heartland, but also Belarus, Ukraine, and even Moldova (except for the Bessarabian region, which was tagged to the left bank of the Dnestr after the Second World War). In addition, more than the Balkans and the states around the southern Mediterranean, these states experienced, and still do in Ukraine and Moldova, an intense domestic debate over their identity and the priorities that follow from choosing one direction over another. Certainly, all of them perceive themselves as being European, even if not all do with regard to Europe as defined by the EU (Russia and Belarus). As Alexander Motyl has put it, the gap between these states and the rest of Europe is *identitaire* and systemic,[5] not because their identities are accepted as being non-European and, therefore different, but precisely because they are 'European-*plus*' – plus Slavic, plus Russian, plus *unique*.

For Ukraine, Moldova and Belarus, Russia is a complicating factor. The outcome of Russia's identity debate, as the former imperial centre and new post-imperial power, impacts on them both positively and negatively. Moscow exerts a gravitational pull on these states, in terms of economic trade and energy provision and also as an orbit sought after by parts of their societies and seg-

5. Alex J. Motyl, 'Ukraine, Europe and Russia: Exclusion or Dependence?', in Anatol Lieven and Dmitri Trenin (eds.), *Ambivalent Neighbors: The EU, NATO and the Price of Membership* (Washington, DC: The Brookings Institution, 2003), pp. 15-45.

ments of their élites and rejected by others. The 1990s saw a Russia confused about its relations with the new states on its borders and coming to terms with the loss of empire and lands that had long been cherished as part of the Russian heartland. Russia has also been a complicating factor for the EU, in determining its relations with Ukraine, Moldova and Belarus. Russia's clear power dominance over the other states and its enduring geopolitical importance led to a marked Russia-centric approach initially. Even if this changed in EU policy, certain member states maintain a focus on Moscow to the near exclusion of the other capitals in the region.

This region is also different in that it was never seen by the EU as a 'region'. While there was, and remains, a certain fuzziness about the EU's definition of Central and Eastern Europe and the Balkans, Brussels never included Russia, Ukraine, Moldova and Belarus together in a regional category by themselves. Instead, the 'former Soviet Union' became the regional category of reference. The Commission's Technical Assistance to the CIS (Commonwealth of Independent States) programme — TACIS — reflects this thinking. EU assistance objectives were determined for the whole region — a region, it is worth remembering, which comprises twelve states with vastly different geographies and political cultures, and, therefore, futures. As a result, the Eastern neighbours became subsumed, not to say lost, within the 'CIS' and 'the former Soviet Union.'

Much of the analysis in this chapter relates to the Commission's Communication (11 March 2003) on 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours'. This communication seeks to launch a debate within the EU on the possible shape of relations with the Union's soon-to-be new — and old — neighbours, Ukraine, Moldova, Belarus and Russia. The premise is that the previous framework for relations with these states had, if not failed, then certainly not fulfilled its potential. Put bluntly, the EU needs a new policy. The question with regard to these states does not hinge on offering or refusing them the prospect for membership of the Union; not all of them are interested (Belarus) and none of them is ready to undertake this process. The EU faces the task of creating real proximity with these states, and of formulating a policy that can effectively support stability and development in them. For the past decade, enlargement has been the central plank of the EU as a foreign policy actor. Towards Belarus, Moldova and

Ukraine, the states discussed in this chapter, the EU must move beyond the enlargement approach – without necessarily precluding the option in the long term – to reinvent itself as a foreign policy actor with *other* tools, means and objectives.

The Communication is less a fully-fledged policy than a question. The question is one with which the EU has struggled so much over the last decade that one wonders if it is not intrinsic to the EU project itself. At the widest level, the question turns on the dichotomy of exclusion/inclusion and, more specifically, how the EU interacts with states on its borders that are not members of the Union and have no immediate prospect of accession. Depending on the border neighbourhood, the question is posed differently. With regard to the WNIS and Russia, the question is: how can the EU support the transformation of these states and this region into a zone of stability and prosperity without offering them the incentive of membership? How can the EU transform a region while keeping it at arm's length? Most fundamentally, can membership of the Union be blurred?

This chapter is divided into three parts. The first examines the range of general dilemmas and problems that the EU faces (and has created) in interacting with states on its borders, and particularly in the western part of the former Soviet Union. This will set the scene for a discussion of how the EU approached these states throughout the 1990s. The last section examines recent thinking in the EU on these states, and, in particular, the 'Wider Europe' Communication.

The focus throughout falls mainly on Ukraine, Moldova and Belarus. Although lying in the same geographical region of the former Soviet Union, these states are very different from each other. In fact, during the 1990s, these differences were so acute that it may be difficult to consider them as part of the same region. Under President Lukashenko, Belarus has been bent on re-integration with the Russian Federation and has fallen into isolation, with very limited ties to European security organisations and the EU. Ukraine is the largest country of this area and has declared its aspiration to accede to the EU in the long term, as has Moldova. Chisinau, however, has sought to position Moldova in a south-east European perspective rather than a former Soviet one. Russia is treated only indirectly in the discussion, mainly in terms of how it affects EU relations with the other three Eastern neighbours.

Dilemmas and problems

In addressing its Eastern neighbours the EU faces a number of dilemmas which are different to those raised by Asian or Latin American states. This stems from the paradox of this region's *proximity* to and *distance* from the Union. If these states were more 'close' or more 'distant,' the problem would not be posed. Indeed, these states are 'close' enough to consider the possibility of eventual membership but 'distant' enough that this option is complicated and far from obvious. Departing from this basic paradox, the EU faces a number of problems in interacting with these states.

First, the EU is both a vehicle for change in states on its borders and an end goal in terms of their possible accession.[6] The confusion between the two roles has meant that they have become tightly intertwined in the perception of the Eastern neighbours. This has led to a fixation on 'signals' by political élites in the states that have declared a desire to become members of the EU. At least since 1998, the Ukrainian and Moldovan leaderships have insisted the EU send a clear and unambiguous signal to them about the possibility of their eventual accession. Such a signal is seen as a vital impetus for them to undertake the transformation of their political, economic, legal and social systems. The absence of a signal is seen itself as a signal – that membership is not on offer and, therefore, that there is little pressing reason to undertake the painful process of transformation on the EU model.

Another problem stemming from the intertwining of the EU as vehicle for change and end goal concerns the blurring of membership. Although not always explicitly, the EU's approach to these states throughout the 1990s placed emphasis on their need to adopt the *acquis* as a broad model for their reform. Promoting the *acquis* as a transition model is fitting for states who have a realistic chance of acceding to the EU – to join, indeed, these states *must* become like 'us'. And adopting the *acquis* is appropriate for states that seek to integrate – and, therefore, *want* to become like 'us'. However, one may question if it is the best policy for the EU to pursue, and with such fixation, regarding states that have no immediate prospect of membership. In many ways, the range of possible topics of cooperation between the EU and these states has been eclipsed by a concentration on the need to adopt the *acquis* as a model and inspiration.

6. Catherine Guicherd makes this point in 'The Enlarged EU's Eastern Border - Integrating Ukraine, Belarus and Moldova in the European Project', *SWP-Studie* 20 (Berlin: SWP, June 2002).

Of course, it is a good idea to promote the EU model on the borders of the Union, as a source of stability, prosperity and mutual understanding. However, the insistence on the EU model in relations with these states has meant that the distinction between membership and non-membership is definite and cannot be blurred. This has resulted in the EU losing *strategic* perspective on these states and focusing too much on tactics. In strategic terms, developing relations with the Eastern neighbours can be seen as a vital EU interest, from which would flow a number of subsidiary requirements that would give a strategic hue to the overall relationship. However, promoting the *acquis* as a model is all about tactics (even if the long-term objective is strategic).

Moreover, the EU's promotion of their harmonisation with the EU model is completely misunderstood by the Eastern neighbour states. In the view of many of their élites, accession to the Union is a political decision and a political process – not a technocratic list of laws and regulations to be harmonised. Otherwise, it is often argued, why would some of the states in the Western Balkans be offered the possibility of accession? As a result, Kyiv and Chisinau read EU policy as disingenuous: the EU is insisting on their harmonisation with the EU model in order to divert attention away from the fundamental political question and create pretexts to delay the moment of decision.

This problem is linked with the psychological heart of neighbouring states' perceptions of accession. The inclusion/exclusion barrier is deeply embedded in these capitals' understanding of the scope of possibilities in relations with Brussels: if a state is not 'in', or on the way 'in', that state is 'out', irrevocably and completely. The sharp line between being 'in' and 'out' is similar to the 'sovereignty game' in world affairs that emerged after decolonisation, which diluted international society of all the gradations between types of international entities that had existed previously. The international game is now more zero-sum: there are states and there is little else.[7] Similarly, there is accession to the EU and there is an oubliette. Exclusion is absolute.

This psychological fear is exacerbated by the association between the European Union and 'Europe'. Since the end of the Cold War in Europe, and with successive waves of EU enlargement, the two have merged in the minds of many, and not only in the Eastern neighbour states. Romano Prodi, in a speech given in

7. See discussions in Kemal S. Shehadi, 'Ethnic Self-determination and the Break-Up of States', *Adelphi Paper* 283, 1993; David E. Paul, Sovereignty, Survival and the Westphalian Blind Alley in International Relations,' *Review of International Studies* vol. 99, no. 25, pp. 217-31; Oyrind Osterud, 'The Narrow Gate: Entry to the Club of Sovereign States,' *Review of International Studies*, vol. 97, no. 23, pp. 167-84; and James Mayall, 'Nationalism and International Society', *Cambridge Studies in International Relations* (Cambridge: Cambridge University Press, 1990).

December 2002 on the EU's proximity policy, called for a debate on the limits of Europe as a measure to decide where the boundaries of EU enlargement would be set.[8] The geographic scope of the Union lends itself to a conceptual overlay between the two notions. This conflation is sloppy work, and, if not dangerous, certainly counter-productive, as it deepens (and justifies) the identity/civilisational gap between those who are 'in' and those who are not.

The problem of the imperial past of the Eastern neighbours merits more attention. Yeltsin's dream of a new Russia in 1991 did not include the former Soviet Republics in the South Caucasus or Central Asia, which were seen by him as a burden on Russia's revitalisation, but it did include Belarus and Ukraine (Moldova never really figured as much on Russia's identity radar). This original vision lent a heavy dose of ambiguity to Moscow's perception of the viability and longevity of the latter states as fully independent from the Russian Federation. For example, in the early months of 1992, Russian troops intervened coercively in the conflict between Moldova and its separatist region of Transnistria. Russian-Ukrainian bilateral relations were not formalised until 1997, because of differences over ownership of the Black Sea Fleet and a host of other issues – all against a background of reluctance to accept the existence of Ukraine.[9] On the other hand, with Lukashenko at the helm, Belarus has moved towards integration with the Russian Federation in a series of treaties since 1996.

Moreover, Russia retains extensive forward military deployment in these states, embodied in the 1997 agreement on the Black Sea Fleet with Ukraine, the creation of joint military space with Belarus and the Russian Operational Group deployed on the left bank of the Dnestr in Moldova (to be withdrawn by the end of 2003, according to agreements within the OSCE). Russia also has an extensive economic presence throughout these states, both in the public sphere, in their energy dependence on Russia, and in the private sphere, through wide-ranging Russian investment in a number of key sectors of their economies. Finally, despite all the clarion calls to the contrary, the CIS is not completely dead. The original idea has been abandoned, but it lives on in certain sectors, at least formally, as a forum for cooperation between its member states. The announcement in 2003 of the plan to build a free-trade area between Russia, Kazakhstan, Belarus and Ukraine is a case in point.

8. Romano Prodi, 'A Wider Europe – A Proximity Policy as a way to Stability', SPEECH/02/619, Brussels, 5-6 December 2002.

9. On this, see James Sherr, 'Russia–Ukraine Rapprochement?; The Black Sea Fleet Accords', *Survival*, vol. 39, no. 3, Autumn 1997.

The geopolitical reality of this region as a grey zone between an enlarging 'empire' – the EU – and a former empire – Russia – complicates the EU's ability to engage constructively and justly in the region. If the analogy may be drawn, the EU is a reluctant 'empire', unwilling and unable to challenge the predominance of the Russian power in these former Soviet Republics.[10] Moreover, the EU is made up of member states, many of which entertain desires for close ties with Russia that overpass the region. Well aware of this, Russia has often sought to use its bilateral relations with key EU member states to protect its interests with regard to the EU. The example of negotiations in 2002 over transit to the Kaliningrad region is interesting in this respect.

Russia's presence in these EU neighbours, their dependence on Russia for energy and trade, and their internal debates about national identity and orientation – all have weakened the EU's will to engage proactively. It is legitimate to query the need to discuss a free-trade agreement with Ukraine when Kyiv has signed on to such an agreement with members of the CIS. Why should the EU waste its time?

The Russia factor has another effect on EU relations with these states. With regard to Ukraine, the largest neighbour state, the EU has been keen to retain equality between EU-Ukraine and EU-Russia relations. At the strategic level, almost every formal deepening of the EU-Russian political relationship has been matched by similar moves with Ukraine. Thus, Ukraine and Russia were the subjects of two out of only three Common Strategies ever formulated by the EU.[11] Moreover, Ukraine was offered similar arrangements to Russia, at the Seville Council in June 2002, for participation in EU-led peace support operations.[12] Russia and Ukraine were both invited to send a military liaison officer to the EU Military Staff (EUMS) in Brussels. Much of this has been inspired by member states, keen on balancing European engagement with Russia and Ukraine. The Ukrainian authorities have also been active in seeking to ensure such a matching. However much this serves a positive end, the strategic engagement of the EU with Ukraine has remained largely formal. The link with Russia gives that relationship an instrumental flavour.

These circumstances have not been accommodating for the EU when considering ways to stimulate the transformation of its neighbour states without offering the single most powerful incen-

10. Heather Grabbe draws the analogy in an excellent overview of EU enlargement policies, 'The Challenges of EU Enlargement,' in Anatol Lieven and Dmitri Trenin (eds.), op. cit. in note 5, pp. 67-89.

11. See the EU explanation of both Common Strategies: http://europa.eu.int/comm/external_relations/ceeca/com_strat/index.htm.

12. Seville European Council, *Presidency Conclusions*, 'Presidency Report on ESDP', Press Release 10160/2/02, Brussels, 22 June 2002: http://ue.eu.int/newsroom/makeFrame.asp?MAX=&BID=76&DID=71212&LANG=1&File=/pressData/en/ec/71212.pdf&Picture=0.

tive it has – accession. EU relations with the Eastern neighbours are a cocktail of paradoxes, misperceptions and harsh realities.

1992-2003: the PCA method and its limits

Following the collapse of the USSR in December 1991, the EU concluded Partnership and Cooperation Agreements (PCAs) with Russia (agreed in 1994 and in force in 1997), Moldova (agreed 1994 and in force in 1998), Ukraine (in force in 1998) and with Belarus (completed in 1995, but put on hold by the EU in September 1997).[13] Similar to Association or Europe Agreements, the PCAs constitute the basic framework that regulates relations between these states and the EU, defining the objectives and the scope of relations, the subjects for cooperation and the institutional mechanisms of interaction, as well as shaping expectations for the future development of ties. In some respects, the PCA method, adopted by Brussels for the states of the former Soviet Union, happened more by default than design, lacking long-term perspective and coordination and reflecting a mixed bag of tools transplanted from other EU policies.

The PCA method

The PCA with Ukraine reflects the general features of the EU's approach.[14] Thirty-seven pages long, the Ukraine PCA comprises one hundred and nine articles, distributed over ten chapters, including five annexes. The chapter headings range from political dialogue, to trade, business and investment issues, economic cooperation, intellectual property questions and cultural and technological cooperation. Valid for a period of ten years, the document sets four objectives for EU-Ukraine cooperation: to develop closer political dialogue; to promote trade, investment and harmonious economic relations; to provide the basis for mutually beneficial cooperation across a range of fields (detailed in the chapters); and to support Ukraine's transition and its democratic consolidation. The agreement creates three institutions: a Cooperation Council, which meets once a year at ministerial level, a Cooperation Committee that meets more regularly at the level of senior civil servants and has a number of specialised subcommittees, and a Parliamentary Cooperation Committee with the Euro-

13. All of these documents may be found on the EU website, 'The EU's relationship with the countries of Eastern Europe and Central Asia': http://europa.eu.int/comm/external_relations/ceeca/index.htm.

14. See *Official Journal of the European Communities*, L 49/3-49/39, 19 February 1998.

pean Parliament that meets annually. In addition, Russia and Ukraine are accorded regular summits at the highest level (Ukraine yearly and Russia biannually).

Financially, the TACIS programe has been the main instrument designed to support EU relations with these states and to promote these objectives. According to the EU, TACIS 'provides grant-financed technical assistance to 13 countries of Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan), and mainly aims at enhancing the transition process in these countries.'[15] TACIS is applied through national country programmes, regional programmes and small projects. For example, the TACIS programe in Moldova provided around ECU/€70 million between 1991 and 1999.

The limits of the method

Several features of the PCA method must be noted. First, PCAs reveal the heavily technocratic and non-political heart of the EU's approach to these states. These agreements are overwhelmingly focused on trade and economic questions. In meetings of the institutions created by the PCA, this has translated in practice into an emphasis by the EU on these states progressing in their transition and aligning their legislation, norms and standards with those of the EU. Harmonisation with the EU model is promoted as the most effective way for these states to benefit from enlargement.[16] In this respect, the reports of the Cooperation Council meetings have hardly changed since their inception, constantly featuring a stress on the need to implement the PCA and for these states to harmonise their legislation with that of the EU.[17] Many of these reports are interchangeable between years.

The frustration that is apparent in these reports may seem less than well justified given another feature of the PCA method. The PCAs are essentially static. Compared with other forms of agreement the EU entertains with third parties, the PCA offers little indication of progression in the relationship. Not only is the idea of accession simply not part of their universe, the PCAs hold little evolutionary potential at all. What is more, the agreements offer little in terms of market access to these states, providing no preferential treatment in trade. The PCA method, therefore, places the

15. See http://europa.eu.int/comm/external_relations/ceeca/tacis/index.htm.

16. See, for example, the 'Joint Statement' from the EU-Ukraine summit, Copenhagen, 10607/02, presse 195, 4 July 2002: http://ue.eu.int/pressData/en/er/71439.pdf.

17. See, for example, 'Bulletin EU 1/2 2000', 1.6.100, EU-Moldova Cooperation Council: ; and 'Bulletin EU 5/2001', 1/6/81, EU-Moldova Cooperation Council: http://europa.eu.int/abc/doc/off/bull/en/200105/p106081.htm.

burden for the 'transition' entirely with the new neighbours, claiming no responsibility to underpin the transformation that this entails and opening no future perspective to support it. Implicit in this approach lies the notion, prevalent in Western circles in the early 1990s, of the 'inevitability' of the transition process in these states, a notion that followed the deterministic development theories that were formulated in the 1950s. The position taken was: 'Undertake this list of reforms, because you have to and you will do them anyway, and then . . . well, nothing, just undertake the reforms.'

In addition, the PCAs combined with the TACIS programme to categorise the Eastern neighbours under a 'CIS' heading. Thus, Ukraine, Moldova and Belarus are included with a great power (Russia), three South Caucasian states and five Central Asian states. The Eastern neighbours perceive this category as confining them to a 'black hole' in terms of any possibility of eventual accession. It also links them with states of different political, social and economic compositions and, thus, different prospects for development and orientation. To Moldova and Ukraine, which have declared accession objectives, this categorisation has exacerbated fears of permanent exclusion. These states think the EU is making a category error of fundamental importance.

Finally, the emphasis on political dialogue in the PCA method has failed to acquire depth. Security and wider political questions have featured constantly on the agenda of the various mechanisms for dialogue, but with little substance. At the widest level, the EU's overall political objective since 1992 has been to support the independence of these states. For example, the EU Action Plan for relations with Ukraine in 1996 noted the EU's desire to see 'the development of Ukraine as a stable, independent, democratic, market-oriented, non-nuclear state and of undisputed territorial integrity'.[18] Similarly, the EU has repeatedly stressed the importance of protecting Moldova's territorial integrity and sovereignty, a country divided by Transnistria. The EU has recognised that Moldova's 'transition' depends on the settlement of this conflict.[19] To be charitable, CFSP was only nascent during this period, so expectations should not be unrealistic. Yet, the EU never developed a political role in either of the states. Other international organisations and states have assumed responsibility in the region – in Ukraine, the United States and EU member states, such as Britain; in Belarus and in Moldova, the OSCE. The EU had little

18. General Affairs Council, Brussels, 6 December 1996, Press: 366 Nr 12440/96.

19. See, for example, *Moldova: Country Strategy Paper, 2002-2006: National Indicative Programme*, 2002-2003, Brussels, 27 December, 2001: http://europa.eu.int/comm/external_relations/moldova/csp/02_06_en.pdf.

political profile, apart from formal declarations that never quite gained traction.

The PCA method does however have positive traits. For one, the institutional mechanisms created in these agreements have locked the EU and these states into a tight relationship. As a result, the EU has become more deeply engaged in them, and Brussels has been forced to develop positions on a range of questions, relating to domestic developments in the Eastern neighbours, which it otherwise might not have done. Certainly also, these ties have represented opportunities used by some élites in the Eastern neighbours to affirm their state's European aspiration. In this sense, the PCA institutions have acted as external sources of support to European-orientated élites in Ukraine and Moldova.

Moreover, the framework for EU relations with these states was not entirely static over the 1990s. In a number of respects, there was evolution in the PCA method. Most notably, the Commission conducted a major review of the TACIS programme in 1999, near the expiry of the first regulation, and relaunched it in December 1999 under a new Council Regulation.[20] In the words of the EU, the new regulation 'is based on an understanding that co-operation is a reciprocal process, encouraging a move from "demand-driven" to "dialogue-driven" programming. More flexibility in the way that TACIS is structured will allow potential technical assistance to be mobilised and implemented according to the capacity of each partner country.'[21] The new regulation was designed in response to problems that arose with regard to the procedures of assistance, contracting and implementation. The basic objective is to increase local 'ownership' of assistance programmes through greater involvement.[22]

The emphasis on 'ownership' in the Eastern neighbours was also pursued in the framework of the PCAs. For example, in response to repeated calls from Ukraine for the development of a free-trade area (FTA) with the EU, a *joint* EU-Ukraine study of the conditions necessary for an FTA was conducted in 1999. The study concluded that Ukraine had to fulfil a number of conditions before the FTA would be possible. The EU and Ukraine conducted a *joint* review in 2002 on Ukraine's implementation of the PCA. Published in March 2003, the report highlights the lack of implementation and different interpretations by Brussels and Kyiv of the nature of relations.[23] The EU Action Plan in Justice and Home Affairs (JHA), adopted in December 2001, was most innovative.

20. Council Regulation, no. 99/ 2000, 29 December 1999, *Official Journal of the European Communities*, L12/1-L12/9.

21. http://europa.eu.int/comm/ external_relations/ceeca/tacis/ index.htm.

22. See the TACIS publication, *Co-operation That Counts, 1999: A Focus on the EU's Tacis Programme*, which can be found at: http:// www.eur.ru/eng/neweur/show_ file.php?ident=143.

23. *EU-Ukraine PCA Assessment Joint Report:* http://europa.eu.int/ comm/external_relations/ukrain e/intro/pcarep.pdf.

The Action Plan was elaborated with Ukrainian input and will be implemented with clear benchmarks. A system of scoreboards has been created to ensure continual review of the process and pressure to push through reform. The first meeting of the JHA troika with Ukraine was held in November 2002, and agreed to focus on a limited number of areas (readmissions, border management, money laundering, trafficking in humans and drugs, corruption and child exploitation). While the success of the JHA Action Plan remains to be seen, its methodology has been conducive to greater engagement by Ukraine in the process – a necessary, if not sufficient, condition for success.

The EU Common Strategies on the Russian Federation (June 1999) and on Ukraine (December 1999) were other innovations in the Union's approach to the Eastern neighbours.[24] Both documents sought to develop a specifically strategic approach to both states, with an emphasis on greater political dialogue and cooperation to respond jointly to security challenges arising across the continent.[25] Developing in parallel with the birth of ESDP, these documents laid the ground for discussions with Russia and Ukraine on their possible support to EU military capabilities and participation in EU-led operations. Both states have been keen to develop the security dialogue in the military-technical field, emergency situation response and peace support operations.

Stalemate

On the whole, these shifts were innovations *within* the PCA framework. The EU approach to the Eastern neighbours lacked the possibility of a fundamental evolution of the relationship. It also subsumed these states into the wider category of the 'CIS', and disclaimed any real responsibility for their transition processes.

By 2002, the PCA method was nearing a dead-end. In all three Eastern neighbours, the 'transition' process was under question. EU relations with Belarus remained frozen, following the EU's September 1997 decision to impose sanctions because of Lukashenko's authoritarian policies.[26] With each new election in Belarus, the EU declared its hope that Lukashenko would seize the opportunity to liberalise Belarus's political system. With each election, this hope was dashed.[27] The presidential elections in Belarus in 2001, which returned Lukashenko to power with a surprising degree of popular support, highlighted the failure of the

24. See 'The Common Strategy of the EU of 4 of June, 1999 on Russia', 1999/414/CFSP, *Official Journal of the European Communities*, 24.6.1999, L157/1-9, and 'EU Common Strategy of 11 December, 1999, on Ukraine', 1999/877/CFSP, *Official Journal of the European Communities*, 23.12.1999, L331/1-9.

25. The Common Strategies have been heavily criticised from their inception from within Brussels (by Solana in particular) and from outside. See, for example, *Council Conclusions on Common Strategies*, General Affairs Council, Brussels, 26 February 2001, Press: 61 Nr: 6506/01.

26. *Council Conclusions on Belarus*, General Affairs Council, Brussels, 15 September 1997, Press: 269 Nr:10368/97.

27. On developments in Belarus and with regard to the EU, see Clelia Rontoyanni, 'In Europe with Russia or In Europe without Russia? Belarus and Ukraine face Globalisation,' paper presented at the University of Kent, 8-10 September 2001, unpublished; and also the chapters edited by Ann Lewis (ed.), *The EU and Belarus: Between Moscow and Brussels* (London: The Federal Trust, 2002).

EU's approach. The suspension of contacts and assistance has not been pressure enough for Lukashenko to change.

Conversely, the EU's 'positive' assistance to Ukraine and Moldova has also had little impact on their domestic and external trajectories. At the start of the twenty-first century, Moldova is one of Europe's poorest country.[28] In 2001, the Communist Party of Moldova — a pragmatic bunch, but with a distinctly eastward orientation — assumed control of the parliament and the presidency. In Ukraine, the EU has become increasingly concerned about incipient (and not-so-incipient) authorities' tendencies in Ukrainian politics under Leonid Kuchma.[29] Both Moldova and Ukraine have suffered a decade of 'transition', which has resulted in the deep impoverishment of their societies, the collapse of their economies and the rise of oligarchic power structures overlapping opaquely with the public sphere. The essential logic driving politics and economics in these states and societies is anathema to the EU model.[30] The EU is not to blame for these circumstances. However, Brussels has done little to prevent them from arising.

Towards a 'Wider Europe'

Towards the Communication

As a result, a double stalemate has arisen. The EU's approach has failed to stimulate the transformation of the Eastern neighbours, and the reform projects in these states have run into dead-ends. Moreover, the 'Russia factor' in the region is no clearer in 2003 than it was in 1992; it is just different in nature. And all of these trends were concurrent with a revolution under way in the EU itself, with enlargement pending and the launch of the Convention on the Future of Europe. The integration of new members has also presented Brussels with new dynamics. The first is geographical – an enlarged EU will border directly on the Eastern neighbours and confront a range of problems and threats it has hitherto only considered indirectly. The 'new' neighbours can no longer be ignored.

The second dynamic is that the states joining the EU are not prepared to ignore the Eastern neighbours.[31] In particular, Poland has raised the need for an EU 'Eastern Dimension' since spring 1998. In 2001, the Polish Ministry of Foreign Affairs presented a document on the contours of such a dimension. A number of

28. See report by the European Bank of Reconstruction and Development, where per capita GDP for 2000 was noted as being $US 326 per month: http://www.ebrd.com/country/country/moldova/index.htm.

29. On various aspects of Ukraine's internal and foreign policies, see Ann Lewis (ed.), *The EU and Ukraine: Neighbours, Friends or Partners?* (London: The Federal Trust, 2002).

30. See James Sherr, 'Russia and Ukraine: A Geopolitical Turn?', in Ann Lewis (ed.), ibid., pp. 171-79.

31. Not only the candidate countries have been interested in this question; see, for example, Iris Kempe and Wim van Meurs, 'Toward a Multi-layered Europe: Prospects and Risks beyond EU Enlargement', *CAP Working Paper* (Munich: Center for Applied Policy Research, Ludwig Maximilian University, November 2002).

Polish research institutes have been particularly influential in formulating Polish proposals, namely the Centre for Eastern Studies and the Stefan Batory Foundation in Warsaw.[32] The Polish government participated in the elaboration of the Commission's Communication on 'Wider Europe' through a non-paper distributed to the Council and the Commission in late 2002. Other future members (Czech Republic and Lithuania) and member states (Sweden and Finland) also participated in this process.

Polish and Visegrad proposals have called on the EU to adopt a strategy towards its new Eastern neighbours that opens up some possibility of a future progression. Until 2001, Polish insistence centred on the need for a clearer signal to Ukraine about eventual association and possibly accession. The Polish government has since steered away from this position. These proposals also called on the EU to abandon its frozen approach to Belarus and seek to engage with Belarussian civil society and youth, in order to support sources of eventual political reform. In addition, the EU might consider renewing assistance programmes to stimulate small business activities in Belarus. With the accession of Romania and Bulgaria scheduled for 2007, Moldova received less attention in these proposals. Still, the need for the EU to assume a greater political role in conflict resolution in this soon-to-be neighbour was highlighted.

With enlargement looming, Brussels and EU member states turned to consider a new EU strategy to the Eastern neighbours. Romano Prodi had announced it as one of the priorities of his leadership of the Commission. The process was kick-started by a letter by Jack Straw, British Foreign Minister, to Brussels in March 2002, calling for a new approach to the Eastern neighbours.[33] This was followed by a decision in Luxembourg on 15 April to task Javier Solana and Chris Patten with exploring further the notion of a 'Wider Europe'. During the summer of that year, the Danish presidency organised meetings on the question at the level of Political Directors. In September, Solana and Patten made a joint presentation to the Council in which they called for a new regional and national framework for relations with Ukraine, Moldova and Belarus (not Russia) in order to simulate PCA implementation. This was also to include a new financial instrument and possibly new institutions. The General Affairs Council agreed on 18 November on the 'need for the EU to formulate an ambitious,

32. See, for example, Katarzina Pelczynka-Natecz, Alexander Dukba, Laszlo Poti and Vladimir Vatapek, *The Eastern Policy of the EU: The Visegrad Countries' Perspective* (Warsaw: Centre for Eastern Studies, February 2003); Grzegorz Gromadzki and Jakub Boralynski, 'The Half-Open Door: The Eastern Border of the Enlarged EU', *On the Future of Europe Policy Paper* 2 (Warsaw: March 2001); Grzegorz Gromadzki et al., *The Enlarged EU and Ukraine – New Relations* (Warsaw: Stefan Batory Foundation with CEPS, 2003); Anna Naumczuk et al., 'The Forgotten Neighbour – Belarus in the context of EU Enlargement to the East', *On the Future of Europe Policy Paper* 4 (Warsaw: September 2001); and 'New neighbourhood – New Association: Ukraine and the EU at the beginning of the 21st Century', *On the Future of Europe Policy Paper* 6: (Warsaw: March 2002).

33. Interviews with officials in the Commission and the Secretariat of the Council, Brussels, April 2003.

long term and integrated approach towards each of these countries.'[34] A month later, at the European Council meeting in Copenhagen, what was now called the 'Wider Europe – New Neighbourhood' Initiative was expanded in scope to include the southern Mediterranean countries.[35] With this new mandate, the Commission then led the process, gathering input from future members, before finally presenting the Communication on 11 March 2003.

What started as an exercise to strengthen EU relations with its new Eastern neighbours became a strategy paper on the enlarged Union's entire new and old neighbourhood.

A new method?

The Communication 'Wider Europe – Neighbourhood: A new Framework for Relations with our Eastern and Southern Neighbours' is intended to present a new approach. Twenty-seven pages long, the Communication is divided into five parts and a number of annexes. Its starting principles are seven-fold:

1. The Communication was intended to launch a debate in the enlarged EU and with its neighbours about the requirements of new circumstances and possible avenues for increased cooperation between them.[36] The Communication does not represent a policy. It is neither set in stone nor acceptable to all member states.
2. The Communication is not only designed for the new Eastern neighbours of the enlarged EU – hence, the striking of the 'new' from the title – but also includes a number of old EU neighbours in the southern Mediterranean.
3. The explicit premise driving the Communication is the recognition by the EU of the interdependence of the Union, and its member states, with the neighbouring states. This interdependence is driven by geographical proximity and is translated at the economic, social and security levels. This recognition is seen to impose a 'duty' on the EU to promote political stability, economic development and the reduction of poverty in a 'shared environment'.
4. The new neighbourhood framework is targeted at states that do not 'currently' have the perspective of EU membership. The document is clear: 'A response to the practical issues posed by proximity and neighbourhood should be seen as separate from

the question of EU accession.' Although eventual membership is not ruled out, the neighbourhood framework is not on the same track as that of accession.

5. The timeframe referred to in the Communication is a decade. A decade in EU terms is a long time, and for the Eastern neighbours, it is as long a time as they have been independent. The new framework, therefore, has a medium- to long-term perspective.

6. With regard to the Eastern neighbours, the Communication creates a new conceptual category, referred to as the 'Western Newly Independent States' (WNIS). 'WNIS' includes Ukraine, Moldova and Belarus (Russia is not included). The 'CIS' conceptual framework has finally given way to a more rational, if far from unproblematic, regional notion. The use of 'WNIS' runs parallel in the document with such terms as 'proximity' and 'neighbours' to create a new category of 'neighbour states' in EU parlance.

7. The Communication is founded on the concepts of 'differentiation' and 'progressivity'. Differentiation will require different levels of relations depending on the state in question and the progress that this state makes in reaching agreed benchmarks of reform.

As already noted, the Communication seeks to answer a question: how can the EU promote stability, security and sustainable development on its borders with states that Brussels sees as remaining outside these borders? As one official in the Commission has put it, the objective is to integrate these states into Europe without necessarily offering them membership of the EU.[37] This is similar to the question that Romano Prodi posed in his speech in December 2002.[38] Prodi recognised that only the prospect of membership sustained reforms in Central Europe: 'The future must be attractive to inspire hope.' Still, Prodi argued that a 'substantive and workable concept of proximity' can have a similar positive effect on the neighbours.

The new neighbourhood initiative proposes to enter into a bargain with the Union's neighbouring states. The offer is worth reproducing in full:

> In return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms, including in aligning legislation with the acquis, the EU's

37. Discussions with an official in the Commission, Paris, May 2003.

38. Romano Prodi, 'A Wider Europe – A Proximity Policy as a way to Stability', SPEECH/02/619, Brussels, 5-6 December 2002.

neighbourhood should benefit from the prospect of closer economic integration with the EU. Specifically, all the neighbouring countries should be offered the prospect of a stake in the EU's Internal Market and further integration and liberalisation to promote the free movement of – persons, goods, services and capital (four freedoms). If a country has reached this level, it has come as close to the Union as it can be without being a member.

In order to reach this objective, the Communication proposes that the EU offer eleven types of incentive to the neighbouring states. These incentives range from extending internal market and regulatory structures to preferential trading relations, opening perspectives on lawful migration and the movement of peoples, and integration into EU transportation, energy and telecommunications networks. In addition, the EU could become more deeply engaged at the political level in the neighbour states, including in terms of crisis management, even possible 'internal security arrangements' (the Moldovan conflict is mentioned). The Communication proposes the creation of a new financial instrument – a Neighbourhood Instrument – that would draw on the positive experiences of PHARE, TACIS and Interreg (interregional cooperation). The Communication also calls for the EU to coordinate its approach with International Financial Institutions (IFIs), and to consider the extension of lending by the European Investment Bank (EIB).

The method proposed in the Communication combines new and old features. On the one hand, the new neighbourhood approach will not override the existing framework for relations: 'Instead, it would supplement and build on existing policies and arrangements.' Thus, the focus remains on the neighbours implementing the PCA. The EU model is still the standard by which 'progress' is to be judged, and harmonisation towards the EU model remains the essential thrust of the reform in neighbouring states. The Communication notes the possibility of moving to new contractual arrangements with the EU, called Neighbourhood Agreements, but only once the PCAs have been fully implemented and exploited.

By contrast, the Communication does offer a new approach to the pursuit of these objectives. The 'Wider Europe' document is inspired partly by the experience of the JHA Action Plan with Ukraine, which featured joint work on the substance of the plan

and the determination of benchmarks of progress, and a score-board for review purposes. Similarly structured regional and country Action Plans are proposed in the Communication which would be jointly formulated by the Commission and neighbours, with benchmarks, scoreboards and regular review. EU engagement, as well as the extension of the incentives noted above, will proceed on the basis of the step-by-step implementation of agreed measures and reforms. The Communication's promise of 'differentiation' and 'progressivity' lies with these Action Plans.

Innovations

The 'Wider Europe' Communication contains, therefore, a number of new ideas for the Eastern neighbours to consider:

1. Much emphasis is placed on regional cooperation among the Eastern neighbours, a notion hitherto avoided by the EU for fear of Russian dominance.
2. Inspired by earlier Polish proposals, the regional approach to the WNIS represents a way to engage Belarus in a number of vital cooperative programmes without having to engage directly with the Lukashenko leadership. Direct engagement is not entirely ruled out, as the Communication calls for a step-by-step approach to Minsk in the run-up to the parliamentary elections in 2004.
3. The political and security role of the EU receives strong emphasis. There is a promise that the EU will take a more active role in seeking conflict settlement in Moldova — in mediation, post-conflict reconstruction and security arrangements. The EU Council has increased its involvement in Moldova since December 2002, with a number of strongly worded declarations. In February 2003, the Council decided, with the United States, to impose a visa ban on the Transnistrian leadership. An ever-greater EU political role in Moldova can be expected.
4. The Action Plan methodology raises the prospect of deep, extensive and quite constant EU engagement in the new neighbouring states.
5. The Communication contains ideas that may assuage fears among the Eastern neighbours that the EU will enlarge, build a wall and retire behind it. Some prospect of lawful migration and movement of peoples is raised.

6. The Communication contains some notion of *future*. It is vague, but the possibility of moving beyond the PCA is raised, as is eventual access to the four freedoms.

Enduring questions

Despite these innovations, the Communication raises but fails to answer a number of fundamental questions:

1. *Does the offer of 'proximity' resolve the inclusion/exclusion dilemma for those Eastern neighbours that have announced European aspirations?* The Communication retains a 'new and improved' PCA framework that is separate from that of accession, and leaves unresolved the question of *finalité* for these states. Is the prospect of the possible extension of the four freedoms enough for the élites in Ukraine and Moldova to exit the reform dead-end they have entered? Can a revolution be justified in the name of joining the EU's neighbourhood? The prospect of joining Europe is attractive; joining a neighbourhood is not. The new initiative may never get off the ground. The EU must be clear: if Brussels wants these states to 'become like us' then the offer of accession must be on the cards; if the objective is stability and development then EU policy is different. The Communication remains unclear on these points; a strong residue of 'you must become like us' remains, but without the necessary tools of clarity. The point is not to offer the aspiring states membership – this is not realistic – but to clarify EU objectives and decide on appropriate tools to attain them.
2. *Is the EU good at differentiation?* The Communication exacerbates the perception in Kyiv and Chisinau that differentiation has never been the EU's strength. These two states find themselves recategorised in two new conceptual boxes – the wider notion of 'neighbours', stretching in an arc from North Africa to Russia, and the new concept of 'WNIS', which embraces three very different states, one of which is intent on integration with the Russian Federation.
3. *Is there enough money?* With the EU budget fixed until 2006, the Neighbourhood Instrument will be a hotchpotch of monies left over from various integration programmes and TACIS. The Commission's follow-up Communication, entitled 'Paving the Way for a New Neighbourhood Instrument', of

1 July 2003, goes some way towards clarifying this question. The document proposes the coordination of various cross-border cooperation programmes (CBCs) into single 'neighbourhood programmes' between 2004 and 2006; that is, TACIS CBC, PHARE-CBC, Interreg, as well as CARDS and MEDA (amounting to €955 million).[39] The Communication envisages the creation, from 2007, of an integrated and new Neighbourhood Instrument. These are not empty pledges, which could provide greater coherence to cross-border cooperation programmes. However, all the work lies ahead; not only between 2004 and 2006 but also for the next budget cycle.

4. *Is the EU up to the task?* The formulation of Action Plans and their exploitation will not be easy for the EU. The engagement, in terms of expert personnel, time and energy, could be very substantial. Moreover, these tasks would require significant coordination within the Commission, between various Commissioners, who do not agree on everything, as well as between the Commission and the Council. The Council has already raised doubts about the Communication. Javier Solana sent a letter to the General Affairs Council that highlighted the danger of over-systematisation in the Communication, which brackets together states that are vastly different, and stressed the need for real differentiation.[40] Moreover, member states have already started chipping away at the offer of four freedoms, noting that only three of these are realistic and excluding the free movement of people. Some member states have also rejected direct engagement with Belarus.

5. *Is the EU 'in sync.' with the Eastern neighbours?* Another way of putting the question is: does the Communication speak a language that the Eastern neighbours can understand? The language of the text is technocratic. Its grammar is sober and rational. Moldova and Ukraine speak about EU relations in terms of a declared European vocation and a European identity. Their syntax is ideas-driven and inspirational. This focus on inspiration is necessary given the self-doubts about identity plaguing these states. The Communication plays to their fears and self-doubts – the former Soviet Union is lumped together with North Africa, and, thus, with states that have no chance of ever joining the EU. For Moldova, the Communication is a source of despair. Chisinau has sought for years to distance itself from the former Soviet Union, succeeding to be the first

39. Communication from the Commission, 'Paving the Way for a New Neighbourhood Instrument', COM(2003) 393 final, Brussels, 1 July 2003.

40. In particular, Solana is hesitant about the geographical scope of the initiative. Interviews with an official in Council Secretariat, Brussels, April 2003.

state to join the WTO and also in joining the Stability Pact as a southern European country. The Communication offers interesting ideas for addressing Belarus by embedding it into a wider regional framework. However, it fails to open a real perspective on how to address the question of Belarus's future – as a sovereign European state or as part of the Russian Federation.

6. *Is the right model put forward for these states?* The Communication refers to these states becoming as close as possible to membership without participating in EU institutions. The model of the European Economic Area (EEA) is raised as a framework to consider. However, the EEA includes states that have everything in common with EU members, in terms of the *acquis* and standards, except that they have chosen not to join its institutions.[41] The Eastern neighbours have almost nothing in common in terms of the acquis and they are seeking to join the EU's institutions. This points to a gap in understanding and perception between the EU and the Eastern neighbours.

7. *Is the Russia factor addressed?* The Communication is confused about the role of Russia in wider Europe. The new concept of 'WNIS' does not include Russia, although geographically this would be justified. The document notes that national Action Plans may supersede the EU's Common Strategies, and thereby presumably become a central 'strategic' plank in the EU-Russia relationship (drafted by the Commission?). And yet, an Action Plan with Russia would only be part of the overall 'strategic partnership', which includes the Energy Dialogue and talks on a Common European Economic Space. It is unlikely that Russia will agree to a national Action Plan on the lines proposed, precisely because it would lead to greater EU engagement and, therefore, interference in Russian affairs (sectoral actions plans might however be possible). More fundamentally, the document does not mention the Russian factor present in Belarus — for Brussels, does the road to Minsk go through Moscow? — or in Moldova, concerning Russia's role in Transnistria. One may query also, whether, in fact, it is such a good idea to push for regional cooperation in the WNIS, given its complex geopolitical context.

Since the Communication's publication in March this year, a discussion has been launched within the EU and in the member states on the best approach to be undertaken towards these states.

41. For more on the EEA, its structure and involvement with the EU, including in decision-making, see *The European Economic Area, An Overview*: http://europa.eu.int/comm/external_relations/eea/index.htm.

An article on 'Wider Europe' is included in the final text, agreed by the Convention on the Future of Europe. The Commission has continued to take the lead in discussions in Brussels, and the Polish government in May 2003 presented new proposals on the shape of a future EU approach to these states.[42] The Polish proposals insist on the need for differentiation in EU policies towards the Eastern neighbours, within the framework of a regional Eastern Dimension. In addition, a Commissioner for Neighbourhood Relations is also called for to head development of action plans over the next two years. The proposals include the possibility of offering Moldova and Ukraine 'partnerships for association' to move beyond the PCAs once they expire (Belarus may also be invited to elaborate an action plan). The focus also falls on the creation of funds to support civil society and small business in the Eastern neighbours.

None the less, beyond this work, uncertainty remains concerning the future of the Wider Europe Communication and in terms of when and how the Council and the future presidencies will take it forward. The General Affairs Council cleared away some of this uncertainty in its deliberations on 16 June 2003, where the Wider Europe Communication was welcomed as a whole.[43] In particular, the Council drew attention to the Action Plans as the means by which to ensure differentiation in relations with the Eastern neighbours, calling on the Commission to launch proposals for detailed political documents in 2004, including where necessary for sector-specific cooperation. Another notable feature of the Council Conclusions was its attention to developing the political and security dialogue with the new Neighbours. Moreover, mention of extending the four freedoms in the long term has been abandoned for the moment, although cooperation in specific areas related to these is highlighted.

The steps taken since the European Council in Thessaloniki are promising in terms of responding to the questions raised above. The Commission Communication 'Paving the Way for a New Neighbourhood Instrument' tackles the question of financing with some determination. Shortly after the publication of the document in early July 2003, the Commission created a Wider Europe Task Force to take the lead on pushing forward the proposals developed in the two Communications, particularly in terms of drawing up and piloting through Action Plans. Significantly, the Task Force will respond to Commissioner Günter

42. *The New Neighbours – A Framework for Relations* (Proposals from Poland, Ministry of Foreign Affairs, May 2003).

43. 'Wider Europe – New Neighbourhood – Council Conclusions', General Affairs Council, 16.VI. 2003, Brussels, 10369/03 Presse 166.

Verheugen but be directed by the Deputy Director General in DG External Relations and seconded by a Director from DG Enlargement – an interesting combination of internal and external policy points of contact and policy-makers. The debate launched by the first Communication is moving quickly and on a number of fronts.

Faith and God

The fundamental problem with the EU's approach to its Eastern neighbours over the last decade, and one that is not resolved in the 'Wider Europe' Communication, is that of faith. Since 1992, the EU has sought to become an agnostic God for these states. The invocation has been: 'Make the leap of faith to transform yourself on my model, pray to me . . . and maybe one day, I will exist for you.' The Eastern neighbours see the EU as an atheist God, one who never tires of repeating: 'Make the leap of faith to transform yourself on my model, pray to me . . . even if I will never exist for you.' The gap of understanding between the EU and the Eastern neighbours is this fundamental.

What is to be done? For Moldova and Ukraine especially, it is worth remembering that God helps those who help themselves.[44] Given the dual revolution that is under way in the EU, with enlargement and the Convention, these states must take the first and the last steps to reform. If the declared objective of European integration is true, it is imperative for them to push through the transformation this requires in their societies, polities and economies. Nothing but cold reality will convince Brussels of their intent. In seeking to create this reality, these states must seize the opportunities held in the 'Wider Europe' initiative.[45] Their strategy should be to engage the EU as deeply as possible in their affairs through Action Plans, implementation reviews and scoreboards. Deep engagement will create an image of conditionality, if not its reality, and support embattled élites (should they exist) in the pursuit of reform. The objective of these states must be to make the question of their joining the EU an elephant in a room: a reality so unavoidable that the answer can be nothing but positive. If these states *genuinely* seek accession, then the road to Brussels starts in Kyiv and Chisinau (and Minsk).

44. This metaphor is used by James Sherr, 'The Dual Engagements of Ukraine', op. cit. in note 5. pp.108-43.

45. Moldova has so far been lukewarm in its response to the Communication and Ukraine more critical.

For the EU, the challenge is to follow through on the recognition of its interdependence with the Eastern neighbours. The EU cannot choose to ignore these states, safely protected by the Schengen regime: this would be reminiscent of the military thinking that inspired the Maginot Line.[46] If, therefore, the EU must become more engaged in this region, the 'Wider Europe' Communication has a number of good starting points, particularly with regard to the Action Plans. The exploitation of this method will require from the EU significant time and energy, and, therefore, expert personnel and money. It is worth it. The only way to blur EU membership is by creating real proximity, based on daily engagement and constant presence. As such, signals can be sent on a daily basis to those Eastern neighbours with EU aspirations. The reform of these states on the EU model is far from inevitable. In fact, the 1990s showed that it is the least likely option. It is very possible that, no matter what the EU does, the Eastern neighbours will be sucked further eastwards, with any chance of a serious reform project abandoned. Still, it is worth seeking to prevent this.

The overall EU objective must address the fundamental gap of understanding and perception that exists between it and the Eastern neighbours. The EU should not necessarily seek to speak the same language, but it should make more effort to explain the Union's linguistics. The central plank of EU policy must be an 'outreach campaign' in these states that assuages the fears and self-doubts that plague these states and their societies. The EU should seek to decouple the 'EU' from the notion of 'Europe'. These states must be declared and recognised as being unquestionably European. Only on this basis can some common language be found to fill with substance the still vague concept of 'proximity'. 'EU Europe' and 'non-EU Europe' can be bridged only through contact and commitment.

The EU outreach programme might seek:

1. to explain the intricacies of the EU and to clarify the stakes of integration and adoption of the *acquis*;
2. to direct large-scale exchange and educational programmes in these states that will increase 'EU knowledge' and contacts between youth and teachers/professors and their counterparts in the Union; [47]
3. to create 'civil society networks' in these states, based on local and regional NGO forums;[48]

46. See James Sherr, op. cit. in note 30.

47. For more details on similar ideas, see the proposals developed by Polish and Visegrad research institutes, noted above.

48. The May 2003 Polish proposal calls for the creation of a Civil Society Fund.

4. to work as a platform for cross-border contacts between businesses on either side of the Union's external borders.

This outreach programme will require the establishment of an EU delegation in Chisinau and Minsk. It may require also the creation of EU regional offices inside these states, and also greater coordination between the representations of member states to ensure greater EU-related coordination, notably on the question of issuing visas.[49] The enlarged EU will be able to draw on the accumulated expertise of the new members to pursue these objectives.

Finally, the EU must engage at the security and political level with its Eastern neighbours. The initial focus should be on conflict settlement in Moldova.[50] With heavy EU political engagement, the conflict with Transnistria may be resolved. This would require coordination with the OSCE, Russia and Ukraine to explore the possibility of an EU military observer operation to replace the current peacekeeping operation. Conflict settlement will require a host of other measures, ranging from monitoring of the Ukrainian-Moldovan border to the demobilisation of the Transnistrian armed and paramilitary forces, and the creation of international security guarantees for the settlement. These are neither beyond the EU's abilities nor irrelevant to its interests. An EU security presence in Moldova would reverberate through the Eastern neighbours and catalyse positive cooperation between them. More than anything, this would signal a serious EU commitment to the region, at long last.

As a whole, the EU faces the task of reinventing itself as a foreign policy actor towards these states. In particular, the EU must rethink the notion of 'signals', and move beyond a concentration on conditionality and accession/non-accession as the only tools at its disposal to advance its interests beyond its borders. Political engagement, the acceptance of security responsibility in the Eastern states, concrete commitment to propagating stability – all must lie at the heart of the EU's new proximity strategy. The new Eastern states need not become 'like us', but they must be convinced that 'we will be with them'. And it must be a strategy – where means are coordinated towards ends – not a vague 'dimension' or a diffuse 'process'.

49. For proposals on the development of a regional border strategy, see Judy Batt, 'The EU's new borderlands', *Working Paper* (London: Centre for European Reform, 2003).

50. For an exploration of a possible EU operation in Moldova, see the author's 'Russia Faces Europe', *Chaillot Paper* 60 (Paris: EU Institute for Security Studies, May 2003).

The Balkans between stabilisation and membership

Dimitrios Triantaphyllou

As the European Union begins to consider its post-enlargement frontiers through its intention to establish a neighbourhood policy with Russia, the Western Newly Independent States (WNIS) and the southern Mediterranean, it is still struggling to define its relations with the countries of the Western Balkans. While the Commission's 'Wider Europe' Communication of 11 March 2003 focuses on Ukraine, Moldova, Belarus and the countries of the southern Mediterranean, it excludes the Western Balkans, which it considers 'have the perspective of membership of the EU'.[1] From a western Balkan perspective, the prospect of EU membership is not as clear-cut as the Union claims, despite the fact that the opportunities and challenges 'surrounding Proximity, Prosperity and Poverty' are as relevant to the western Balkan area as to all of the EU's new neighbours. The plea by the presidents of Croatia, FYROM, Albania, Serbia and Montenegro, and Bosnia-Herzegovina (the five western Balkan countries) for the confirmation of an open-door policy by the EU at their summit in Ohrid on 2 June, on the eve of the Thessaloniki EU-Western Balkans summit, is indicative of the assessment in the region that the EU is unwilling to make a full commitment to the integration of these countries.[2]

Both the 'Wider Europe' initiative and the Western Balkans were high on the agenda of the 19-20 June Thessaloniki summit. Although on that occasion the countries of the Western Balkans did benefit from an upgrading of their status, they have doubts over the EU's commitment to integrate them and over their ability to move beyond stabilisation toward integration.

This paper attempts to explore the current and future relationship between the European Union and the Western Balkans, and assess the prospects of a workable relationship based on stabilisation of the region and its eventual integration, in the context of the EU's policy (or lack thereof), into its wider geographical neighbourhood. A number of issues or questions are pressing and need to be resolved in order to ensure the successful stabilisation of the

1. European Commission, 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', COM(2003)104 final, 11 March 2003.

2. See Role Kasule, 'Balkan leaders issue plea to EU ahead of summit', Reuters, 2 June 2003.

region. Equally important is the post-stabilisation and post-reconstruction phase and the need to construct appropriate and viable strategies to deal with these.

The Greek EU presidency of the first half of 2003, in its working document on the presidency's priorities for the Western Balkans, stated that '[following] the Copenhagen decisions on enlargement and considering progress made in the region, but also its fragility, it is important for the EU to keep the Balkans high on its agenda. The Union must increasingly assume a leading role in the area, in support of stability, development and integration.' Furthermore, it also stated that '[as] the Western Balkan countries gradually move from stabilisation and reconstruction to association and sustainable development, policies pursuing economic and social cohesion at both national and regional levels become increasingly relevant, in particular having in mind the very high level of unemployment in most of them, as well as the social and regional dimension of ethnic problems.'[3]

The report reflects the changing winds in the region since the overthrow of Slobodan Milosevic in December 2000: though the region is fragile, it is also well on its way to being stabilised and eventually integrated in the wider European family. This new phase is not without dangers, as challenges to the 'new' status quo could destabilise the region. Since publication of the presidency's report, two events that could lead the international community (especially the European Union) to rethink its policy of integration for the region have shaken the region's core. The first is the Iraq crisis and its indirect consequences; the second is the assassination of Serbia's Prime Minister, Zoran Djindjic. The transatlantic and intra-European crises over Iraq at the beginning of 2003 demonstrated the importance of the wider context, given that developments elsewhere in the world could have repercussions in the Balkans as well. In other words, the Iraq crisis has raised the spectre of political consensus over enlargement breaking down. If Western policy towards the Balkans is based on symbiosis between stabilisation and integration, what happens if the logic of integration is put on hold or slowed down? Also, the assassination of Serbian premier Zoran Djindjic in March 2003 raises the question whether the integration approach (i.e., the perspective of EU membership) actually works for the Western Balkans. It took the assassination, and the declaration of a state of emergency in Serbia, for the Government to begin cracking down on 'the interlocking

3. Greek Foreign Ministry, 'Working Document: Greek Presidency Priorities for the Western Balkans', www.eu2003.gr/en/articles.

nexus of organised crime, war criminals, and police and army officers hiding behind "nationalist-patriotic" slogans and organisations.'[4] The hope is now that the assassination provides a catalyst to restart the long-stalled reform process. What does this therefore imply for the EU's approach?

Two parallel stories are at play – the state of the Balkans and the evolving policy response of the European Union. Both are equally relevant as, on the one hand, the Balkans attempt to enter the European mainstream and, on the other, the European Union is attempting to evolve into a global power with a full array and use of political, diplomatic and economic instruments. These two parallel stories began converging at some point in the mid-1990s, never to part again. It is the interplay between the two in the future, given their past and present evolution, that needs to be assessed and understood. A framework, albeit general, within which both the Balkans and the EU evolve and draw nearer to each other needs to be formulated and defined as both sides need to be aware of the dangers and virtues to come as well as the 'road map' to be followed.

A third story is the transatlantic one, in which the EU's growing lead role in the Balkans is 'a proving ground for a new partnership between the EU and the United States'.[5] The question here is twofold. First, US policy on the Balkans has to be defined, as it has been undergoing many alterations since its focus shifted to al-Qaeda and the war on terrorism and, as a consequence, its military is being realigned across Europe.[6]6 See, for example, 'U.S. plans to train, deploy Rapid Strike Force in Balkans, Associated Press, 3 June 2003.

Secondly, the question whether Europe has the wherewithal to take a lead role, given its many internal contradictions, has yet to be answered.

Therefore, a number of questions need to be asked and debated in order to formulate realistic policy options that will lead to a win-win situation where both the EU and the region come out on top.

◗ What are and should be the region's concerns and priorities that will ensure that it is stabilised?
◗ Is the EU approach the right one?

4. International Crisis Group, 'Serbia After Djindjic', *ICG Balkans Report* no. 141, 18 March 2003, p. i.

5. Morton Abramowitz and Heather Hurlburt, 'Can the EU Hack the Balkans? A Proving Ground for Brussels,' *Foreign Affairs*, September/October 2002, p. 2.

The stakes

The Balkans present a two-edged challenge for the European Union. On the one hand, they represent Europe's backyard and, therefore, the need for Europe to manage them is imperative; on the other, the Balkans represent the principal testing ground of Europe's CFSP and evolving ESDP (with Operation *Concordia* in FYROM and the EU Police Mission in Bosnia-Herzegovina). Simultaneously, for the states of the Balkans, the EU represents the only viable option if the region is to escape its recent past and its retarded development. In other words, the stakes are high for all parties concerned. The successful symbiosis between the European Union and the Balkans will ensure that the region's challenges will be met if realistic policy options where both the EU and the region come out on top are implemented. Javier Solana, the EU's High Representative for CFSP, puts it best when he says that: 'I make no apology for concentrating on the Balkans. They are on our doorstep. The security of Europe depends on stability in the Balkans. They are also a test-case for Europe's enhanced Common Foreign and Security Policy. Nowhere more than [in] the Balkans is the EU expected to deliver.'[7]

In assessing the Balkans today, defining the context, both regional and international, is important if one is to have a clear and balanced evaluation of developments in the region. A number of givens exist on the ground and in terms of action by the international community towards the region. At the same time, there are many unknown variables. It is the relationship between facts and challenges that shape the Balkans' present and future direction.

The contours of the political edifice

The backbone of peace in the Balkans comes in the form of four international accords: the Erdut Agreement of November 1995 that brought to an end the armed conflict between Croats and Serbs; the Dayton/Paris Peace Accords that put an end to the war in Bosnia in November/December 1995; the Rambouillet negotiations (March 1999) and UNSCR 1244 that determined the future

7. Javier Solana, 'Europe: Security in the Twenty-First Century', The Olof Palme Memorial lecture, 20 June 2001, Stockholm.

of Kosovo in June 1999; and the Ohrid Agreement of August 2001 that put an end to interethnic conflict in FYROM. The Belgrade Agreement of March 2002 aimed at defining the transformation of the Federal Republic of Yugoslavia into Serbia and Montenegro can also be considered part of the region's architecture, though its viability is still uncertain.

Also, three factors that contributed to or fuelled violence for over a decade have been removed.

◗ The era of nationalist troublemakers in Croatia and Serbia has come to an end. Not only have these leaders gone but their political infrastructure has been crumbling as well.

◗ The potential for further violent disintegration appears to be containable in that, by early 2002, no state or splinter nation in the Balkans was in a position to engage in any prolonged warfare.

◗ The divisions between the Europeans and the United States over policy in the region have largely evaporated.[8]

As a consequence, one can say that there are relatively few, though not minor, problems in the Balkans today. These include the question of Kosovo's final status, dealing with war criminals and the fight against organised crime. None is insurmountable given proper attention, although their potential for destabilisation of the region is great and merits close monitoring. Admittedly, at a time when the grand strategic issues of the past in Europe (such as how to integrate Germany, liberate Central and Eastern Europe and promote democracy in Russia) have been settled, dealing with residual problems in the Balkans is not inspiring but the job still needs to be done.[9] Thus while the trend is towards 'wind-down in the Balkans'; the danger is that the absence of any great potential by any of the region's regimes to further destabilise the region could lead one to the conclusion that the region is on its way to normalisation and integration within European structures. The European Commission President, Romano Prodi, says it best: 'My message is that the region's stabilization process has just begun. There is also no guarantee it will not come to a halt – worse – reverse its course. It would take a short time for the region to become unstable again. To prevent this, we need to multiply our efforts to consolidate our achievements, but also to proactively foster the consolidation of democracy and stability in the Balkans.'[10] The assassination of Zoran Djindjic has put the negative spotlight back on the Balkans. The new governments that

8. *Strategic Survey* 2001/2002 (London: Oxford University Press for the IISS, 2002), pp. 150-1.

9. Ronald D. Asmus, 'United We'll Stand,' *The Washington Post*, 6 May 2001, p. A21.

10. Romano Prodi, in a letter sent to the Greek Prime Minister, Costas Simitis and his Italian counterpart, Silvio Berlusconi on 21 January 2003, as reported by the Athens News Agency on 24 January 2003.

have come to power in Serbia and Montenegro, FYROM, Albania and the international protectorates of Bosnia-Herzegovina and Kosovo have not been able to shake off the mafias because they lack the resources and political will to do so. Also, the ongoing deindustrialisation process and large-scale rural underdevelopment have produced mass unemployment which the mafias are exploiting as the unemployed become vulnerable to 'pressure by mafia groups to deal in trafficking and corruption'.[11]

The current political landscape (from an EU point of view) is also relatively straightforward. Enlargement is on the agenda for all Balkan states although it is more evident for some than others (though the Iraq crisis has placed doubts on whether the agenda will be maintained). The conclusions of the Copenhagen European Council of 12-13 December 2002 clearly state that 'the objective is to welcome Bulgaria and Romania as members of the European Union in 2007', and that the accession of Bulgaria and Romania is part of 'the inclusive and irreversible enlargement process' of the Union.[12] The Thessaloniki European Council of 19-20 June 2003 reaffirmed the 2007 objective for the two countries and determined that the 'European Council in December 2003, based on the regular reports from the Commission and the strategy paper, will assess progress achieved with a view to setting out the framework for the conclusion of accession negotiations.'[13]

For the other Balkan countries, the Copenhagen European Council 'reaffirms the European perspective of the countries of the Western Balkans in the Stabilisation and Association Process . . . and underlines its determination to support their efforts to move closer to the EU.'[14] The Thessaloniki summit 'reiterated its determination to fully and effectively support the European perspective of the Western Balkan countries, which will become an integral part of the EU, once they meet the established criteria.' It endorsed the 'Thessaloniki Agenda for the Western Balkans: moving towards European integration', a document which reaffirmed the EU's commitment to the eventual inclusion of the Western Balkans into the bloc but set no timetable and emphasised that their entry would depend on the pace of their reforms.[15] Furthermore, an EU-Western Balkans summit followed the Thessaloniki European Council, at which the leaders of the western Balkan countries endorsed the European Council's decisions. [16]

11. Judy Dempsey, 'Europe needs to remember the Balkans,' *Financial Times*, 18 March 2003. See also, European Stability Initiative, 'The Road to Thessaloniki: Cohesion and the Western Balkans', 12 March 2003, www.esiweb. org.

12. 'Presidency Conclusions', Copenhagen European Council, 12 and 13 December 2002, paras. 13-17.

13. 'Presidency Conclusions', Thessaloniki European Council, 19 and 20 June 2003, para. 37.

14. Ibid., para. 23.

15. 2518th Council meeting, General Affairs and External Relations, Luxembourg, 16 June 2003.

16. EU-Western Balkans summit declaration, Thessaloniki, 21 June 2003.

The year 2003 also brings with it some new challenges that will or could have an impact on the Balkans. The first has to do with the gradual US disengagement and its implications for the region and the European Union, which will have to step up its efforts and presence diplomatically and militarily as the real powerbroker in the region. Secondly, enlargement could sidetrack the EU, as it will begin looking inwards to integrate its newcomers rather than address its new peripheries (the 'left-outs' in the case of the Balkans). Thirdly, the anti-immigration mood in Europe as reflected in polls in many EU member states might reinforce the sentiment shared by many Serbs and Albanians that they are not welcome. Finally, the cultivation of partition agendas both within and outside the region could be potentially destabilising. The latest examples come with the Bosnian polls of September 2002, interpreted by many (especially in the West) as the failure of Dayton and the need to radically revise it; the Kosovo partition scenarios propounded by Serbia in early 2003; and the public disavowals of the Ohrid Framework by its principal signatories in FYROM.

The socio-economic mire

The biggest challenge, though, has to do with continuing unemployment rather than the slow pace of reconciliation between ethnic communities. Romano Prodi's warnings regarding the fragility of the region are not to be taken lightly. There are tell-tale signs that trouble could be brewing if developments and challenges are not carefully assessed and no appropriate responses by both the international community and the states of the region are implemented. The results of the South-East Europe Public Agenda Survey released on 21 March 2002 are telling, as across the region the three issues most consistently identified by the survey as causes of public concern are *unemployment*, *corruption* and *crime*.[17] The elections in the region in the autumn of 2002 are indicative of these concerns. While with this round of elections, free and fair elections were held for the first time across the region, the protest vote is growing. It is governing the political process in the Balkans. The reformist momentum has suffered a serious setback, as the reformists do not have a strong and well-articulated public majority and no genuine new reforming leader has emerged. An anti-élite vote is growing across the region.

17. South East Europe (SEE) Public Agenda Survey, an opinion survey released by South East Europe Democracy Support (SEEDS), a network of regional survey organisations and think tanks supported by the International Institute for Democracy and Electoral Assistance (International IDEA), March 2002, http://www.idea.int.

South-Eastern Europe overtook Central Europe in terms of GDP growth in 2001 and will probably do the same in 2002. The region's growth rate was 4 per cent in 2001 and estimated at 3.8 per cent in 2002, despite the slowdown of the world economy.[18] On the other hand, the region is plagued by unemployment, which stands at about 30 per cent in Serbia and FYROM, 40 per cent in Bosnia-Herzegovina and 60 per cent in Kosovo.[19] Also, combating corruption and a huge informal sector is considered a key challenge 'in the context of the design and the implementation of fiscal policies in the Western Balkans'. Such high unemployment helps breed criminality and the black economy. Javier Solana has often spoken out on the dangers of organised crime:

> Organised crime poses arguably the single greatest threat to society and long-term stability in our own region. Unless it is tackled decisively, our efforts to build peace in societies recovering from conflict will be continuously set back. And the democratic institutions which allow societies to resolve conflict in a peaceful manner will be continuously eroded. Addressing this challenge also requires new tools and new and deeper forms of cooperation between governments and between regional organisations.[20]

> The fight against organised crime is one of the key challenges we face today. The reasons why organised crime threatens the political and economic stability of the Balkans are obvious for all of us ...

> Every country of the region is blighted by the smuggling of drugs and cigarettes, by the trafficking of people and weapons, by corruption and by racketeering.

> The cumulative effect is intolerable – important war criminals remain at large, often sustained by organised crime. It is an affront to justice, a barrier to the progress and development of the countries of the region, and a threat to the security of us all. Quite simply, it must stop ...

> Organised crime is a common threat. It demands a co-ordinated and an enduring response. The fight against organised crime in the Western Balkans has to be systematically on the agenda of our different meetings. Therefore the commitments from the future EU Presidencies are particularly valuable.

> At the same time, organised crime in the Western Balkans is first and foremost a problem for the region. It is in [the] interest of local governments to find solutions to the problems faced by their citizens and demonstrate their willingness in concrete terms. This attitude will also pave the way towards the European Union.[21]

18. European Commission, Directorate-General for Economic and Financial Affairs, 'The Western Balkans in Transition', *Occasional paper* 1, January 2003, pp. 1-2. The growth rates vary by country. In 2001, the economy of Kosovo grew by 11 per cent, Albania by 6.5 per cent, FRY by 5.5 per cent and Croatia by 4.4 per cent and Bosnia-Herzegovina by 2.3 per cent, while the economy of FYROM shrank by 4.1 per cent.

19. See European Commission, DG RELEX, 'Country Strategy Papers 2002-2006'. See also, Daniel Daianu, 'Conflicting Perceptions and Economic Challenges,' *Southeast European Times*, 3 February 2003, http://www.balkantimes.com.

20. Javier Solana, intervention at the Regional EU Conference on Conflict Prevention, Helsingborg, 30 August 2002.

21. Javier Solana, Intervention at the London Conference on Organised Crime in South-Eastern Europe, London, 25 November 2002.

According to the Commission, the percentage of firms bribing frequently was estimated in 2002 at 36 per cent in Albania, 23 per cent in FYROM, 22 per cent in Bosnia-Herzegovina, 16 per cent in FRY and 13 per cent in Croatia.[22] Also, the region is showing an increasing addiction to foreign aid which, while it has contributed to rebuilding infrastructure, does not necessarily foster viable economies and 'mainly finances consumption'.[23]

The mid- to long-term challenges

In his intervention before the European Parliament in January 2003, the High Representative was perfectly aware of the challenges ahead:

> Important progress has indeed been achieved in the stabilisation of the region after a decade of conflicts and crises. The European perspective remains our strongest tool to further consolidate stability and encourage sustainable and EU compatible reform through the Stabilisation and Association Process.
>
> The Copenhagen decisions on enlargement have however raised the spectre of marginalisation and 'enlargement fatigue' in the region. It is therefore extremely important to keep the Balkans high on the EU's agenda and to send a strong message confirming that the European vocation of the Balkans is real. But eventual membership will however require hard work and genuine commitment to reforms by the countries of the region. This is the double message we need to send during the coming months. I look forward to work closely with the Greek Presidency with a view to a successful Thessaloniki Summit, which should mark a new milestone in the special relationship between the European Union and the Western Balkans.[24]

The question is whether the EU can successfully meet the challenges of the region if it is unable to provide the states of the Western Balkans a clear 'road map' for adhesion. The point to be made is that despite the well-meaning pronouncements and policies of the High Representative and Commission officials, it can be argued that EU policy does not go far enough towards meeting the region's challenges. The case of the Stabilisation and Association Process and regional cooperation are two examples of unfulfilled potential.

22. European Commission, Directorate-General for Economic and Financial Affairs, 'The Western Balkans in Transition', *Occasional paper* 1, January 2003, p. 15.

23. Daniel Daianu, op. cit. in note 19.

24. Javier Solana, Intervention before the European Parliament, Brussels, 29 January 2003.

The Stabilisation and Association Process

The EU's relations with the Western Balkans are defined through the Stabilisation and Association Process (SAP), which 'is designed to encourage and support the domestic reform processes that these countries have embarked upon. It is a step-by-step approach based on aid, trade preferences, dialogue, technical advice and, ultimately, contractual obligations. In the long term, the SAP offers these countries the prospect of full integration into EU structures.'[25] Yet, while there is a stated intention to integrate the countries of the region into EU structures, the lack of a clear perspective for accession does leave those countries in a kind of limbo between stabilisation and integration. In other words, the SAP is not integrated into the enlargement process. Let me explain.

While the SAP does not differ much in terms of content with the Europe Agreements that provided the framework for bilateral relations between the EC and the partner countries of Central and Eastern Europe, they do differ in terms of commitment to EU membership. Whereas the Europe Agreements '[prepared] the way for the EU and the partner countries to converge economically, politically, socially and culturally', under the SAP '[i]n return for the EU's offer of a prospect of accession on the basis of the Treaty on European Union (TEU) and the 1993 Copenhagen criteria and an assistance programme to support that ambition, the countries of the region undertook to abide by the EU's conditionality and use the Stabilisation and Association process, and in particular the Stabilisation and Association Agreements when signed, as the means to begin to prepare themselves for the demands of the perspective on accession to the EU.'[26] In other words, the conditions imposed by the SAP and the individual SAAs are 'not internal to the process of accession, but are linked to the implementation of the SAA itself. Thus, they are perceived as being *externally imposed* on the country that has signed a SAA with the EU.'[27] This, in itself, begs the question as to whether the SAP needs to be integrated into the enlargement process to be effective. The record shows that the only mechanism able to kick-start post-communist economies 'is the programme of European accession'.[28] As long as the SAP is perceived to be exogenous to the enlargement process, its impact on the domestic political agenda is going to be minimal.[29] The Greek presidency has not been unaware of this problem and called for the further development of the SAP and its

25. See http://europa.eu.int/comm/external_relations/see/index.htm.

26. For the Europe Agreements, see . For the SAP, see http://europa.eu.int/comm/external_relations/see/actions/sap.htm.

27. Belgrade Centre for European Integration, 'Enhancing Relations Between the EU and Western Balkans', Belgrade, April 2003, p. 7.

28. See, for example, Misha Glenny and Gerald Knaus, 'Thessaloniki and Beyond: Europe's Challenge in the Western Balkans', paper presented at the World Economic Forum, South-East Europe Meeting, 23-24 May 2003, Athens. http://www.weforum.org/site/homepublic.nsf/Content/South-East+Europe+Meeting.

29. 'Romania's fortunes act as a simple measure of the extraordinary impact that the concrete prospect of EU membership can have on the perception of apparently weak societies and economies. Five years ago, FDI into Romania stood at $1 billion p.a. Once accepted as a candidate country, FDI began to rise exponentially reaching $9 billion last year and estimated to reach $18 in five year's time. Despite the pain involved, the Romanians have worked hard on ensuring the passage and implementation of legislation to meet the Copenhagen criteria.' See Misha Glenny's contribution on the issue of EU-US relations to the Informal EU General Affairs and External Relations Council, 2-3 May 2003. http://www.eu2003.gr/en/articles/2003/5/1/2622/.

adaptation to the challenge of enlargement in its widely circulated working paper of January 2003.[30] Its solution, however, which called for the introduction of cohesion funds for the countries of the Western Balkans (highly disputed given the technical difficulties of transferring pre-accession aid (Heading 7 funds), to the external relations budget (Heading 4 funds) which metes out Balkan assistance)[31] was not part of the Thessaloniki Council conclusions and the follow-up EU-Western Balkans summit. Also the additional €200 million assistance for the region over the next three years to supplement the allotted €4.65 billion (for the 2000-06 budget), fell significantly short of the presidency's goal of over €900 million in additional funds.

Also, the question about what follows the successful implementation of an SAA by a country of the Western Balkans remains unanswered. Croatia's application for membership in February 2003 necessitates a response by the Union '[as] to whether or not an additional contractual stage will be required between accession and membership'.[32] The expected application by FYROM in the autumn of 2003 makes this clarification all the more pressing. Yet the EU-Western Balkans summit failed to dispel some of the doubts regarding the post-SAP phase. According to the summit Declaration, the SAP 'will remain the framework for the European course of the Western Balkan Countries, all their way to their future accession.' Although the EU did provide a clearer accession-oriented dimension to the process of integration, doubts remain as to whether all EU member states are ready to provide a full commitment to membership. Though the Commission does attempt to address the gap between the expectations of the states of the Western Balkans and what the EU and its member states are willing to offer, its proposed 'European Integration Parnerships' were diluted to 'European Partnerships' in the Thessaloniki agenda.[33]

Regional cooperation

The EU has also stressed the benefits of regional cooperation to the countries of the Western Balkans. The Zagreb summit Declaration of 24 November 2000 clearly asserts that '[d]emocracy and regional reconciliation and cooperation on the one hand, and the rapprochement of each of these countries with the European Union on the other, form a whole.'[34] Furthermore, the five states com-

30. Hellenic Ministry of Foreign Affairs, 'Working Document: Greek Presidency Priorities for the Western Balkans', 13 January 2003. http://www.eu2003.gr/en/articles/2003/1/13/1487/print.asp.

31. See Judy Dempsey, 'Greece seeks more EU aid for the Balkans', *Financial Times*, 22 May 2003. For the rationale behind the transfer and allocation of cohesion funds to the countries of the Western Balkans, see European Stability Initiative, 'The Road to Thessaloniki: Cohesion and the Western Balkans', 12 March 2003 at http://www;esiweb.org.

32. Marie-Janine Calic, 'The EU and the Balkans: From Association to Membership?', *SWP Comments* 7, May 2003, p. 4.

33. COM(2003) 285, 21 May 2003.

prising the Western Balkans 'undertake to establish between their countries regional cooperation conventions providing for a political dialogue, a regional free trade area and close cooperation in the field of justice and home affairs, in particular for the reinforcement of justice and the independence thereof, for combating organized crime, corruption, money laundering, illegal immigration, trafficking in human beings and all other forms of trafficking. These conventions will be incorporated in the stabilization and association agreements as they are concluded with the European Union.'[35]

The reality, however, is that only 10 per cent of the CARDS (Community Assistance for Reconstruction, Development and Stabilisation) appropriations programme is allotted to regional projects despite the fact that CARDS is advertised as having 'an important regional component'. While the Greek presidency has been a particularly strong proponent of regional integration via the Stability Pact and the South-East Europe Cooperation Process (SEECP), an ongoing tug-of-war between the Commission and the Office of the Stability Pact for Southeastern Europe has complicated the regional dimension of the EU's vision for the Western Balkans.[36] The Thessaloniki Agenda does reaffirm the principle of regional cooperation, but by introducing a high-level multilateral forum (the EU-Western Balkans Forum) between the EU and the SAP countries, the Stability Pact's effectiveness could be further diluted, as the purpose of regional cooperation, which in part aims to bring about regional stabilisation, could be sacrificed to the Europeanisation agenda of the EU and the desire of western Balkan leaders to share the political spotlight with their EU counterparts.

Whither the holistic approach?

As the European Union continues to grow exponentially in both geographic and political terms, it becomes all the more important for it to reflect on and proffer ideas about what its growth implies to itself and its relations with the rest of the world. The Union remains, par excellence, a civilian power which has made great strides over the last decade in the realms of foreign, security and defence policy. In other words, while the EU as a civilian power emphasises diplomacy, cooperation and economic means of exert-

34. See the Zagreb summit Declaration at http://europa.eu.int/comm/external_relations/see/sum_11?00/statement.htm.

35. Ibid.

36. See, for example, Calic, op. cit. in note 32, pp. 3-4.

ing influence, the international context and the Union's prominence are such today that it needs to define clearly its vision of international relations and how to regulate them.

At the informal meeting of EU foreign ministers in May 2003, Javier Solana, the EU's security chief, was asked to prepare an EU strategy paper outlining the principles that should govern the Union's future security relations, to be presented and debated at the June European summit in Thessaloniki. The twin effects of enlargement and the Union's present and future relationship with the United States as well as the flux in the international order, induced the foreign ministers to begin thinking proactively as many analysts have argued for years but to no avail.

The construction of a security paradigm implies by necessity a holistic approach to the Union's relations with its neighbourhood. In many respects, the growing EU role in crisis management and post-conflict reconstruction is secondary and irrelevant if it grows and develops to propagate current policies that attempt to preserve the political edifice that has been constructed since 1995. Without addressing the questions of status, and the institutional and economic structural deficiencies of the countries of the region, the EU could conceivably fail to preserve the peace. The problem with the reticence in not giving the states of the Western Balkans firmer accession commitments is that the EU is not protecting its interests as it should. The divergences among member states regarding a clearer commitment for accession and the resolution of status issues by necessity implies half-measures which could potentially hinder the Union from developing an objective strategic assessment of its geographical and political interests.

The Union is not unaware of the security dimension of its interests in the Balkans. Javier Solana has broached the Balkans on many occasions:

> I have devoted much time and effort to the Balkans and for good reason. This is 'our backyard', our neighbourhood. The replacement of war and disorder with peace and stability in the Balkans has a direct and immediate impact on the lives of the Union's citizens.[37]

> Events in the Balkans directly affect Europe's security as a whole. And the European Union has an immediate interest in the region; it is on its doorstep, and it shares much in common with it. That is why I have spent much of my time concentrating on the Balkans

37. Javier Solana, address to the External Action Working Group of the Convention, Brussels, 15 October 2002.

… Our approach depends on long-term commitment, both political, military and financial. But the alternative route of endless and brutal conflict is ultimately much more costly.[38]
The European Union is today more deeply engaged in the Western Balkans than ever before. The EU does not have an 'exit' strategy but an 'entry' strategy, with the perspective of EU membership. But the situation today remains fragile and our continuing attention remains necessary to consolidate the positive trends that emerged only relatively recently.[39]

Chris Patten, the EU Commissioner for External Relations, has also devoted much of his time to resolving Balkan problems and formulating appropriate policy towards the region. In a major address on the Balkans in July 2001, he was quite clear:

Europe is ringed – from Kaliningrad in the North, to the Caucasus and Central Asia, to the Balkans – by an arc of danger and instability. We have to manage that danger, remove that instability. In the Balkans, we are providing evidence of a more coherent, long-term EU approach, in which we try to harness all the immense resources of the European Union, and deploy them in support of our policy. We are slowly, steadily reinforcing and stitching together what Winston Churchill memorably called 'the sinews of peace'. Whether we succeed or not is a key test of our nascent common foreign and security policy, of our ability to project stability beyond our borders and into our immediate neighbourhood.[40]

Speaking in April 2002, still in the aftermath of the events of 11 September, Patten was even more explicit:

Even before the horror of 11 September, the recent tragic history of the Balkans had shown to Europe and to the wider international community the danger that failed, or failing, states can pose to our stability and security in this small and interconnected world. The Balkans have demonstrated how instability is contagious, how quickly someone else's problem can become everyone's problem. They have reminded us that it is less costly – in political or financial capital, and above all in blood – to take early and decisive action, rather than prevaricate until matters have spiralled out of control. It is worth noting that our intervention in FYROM has cost just a fraction of our effort in Kosovo or Bosnia. In the wake of September 11, these are all lessons that plainly have a wider application.

38. Javier Solana, 'Europe: Security in the Twenty-First Century', The Olof Palme Memorial lecture, Stockholm, 20 June 2001.

39. Javier Solana, intervention on 'The EU's Role in the Balkans', at the informal meeting of EU defence ministers, Rethymnon, 5 October 2002.

40. Chris Patten, 'EU Strategy in the Balkans', speech to the International Crisis Group, Brussels, 10 July 2001.

They have reminded us and this too has wider application that standing up for our values when they are in danger, standing up for democracy, for others' rights, for justice, is not flabby idealism: it is a matter of hard security, and profoundly in our self-interest.

The choice for us in this case is very clear: either we export stability to the Balkans, or the Balkans export instability to us. I know which I would prefer.[41]

The problem is that the EU approach is questionable in practice. Beyond the aforementioned problems with the SAP and the faltering regional cooperation, the Kosovo anomaly remains predicated on the imposition of a new untenable(?) union between Serbia and Montenegro.[42] The mid- and long-term challenges for the Western Balkans and the EU fundamentally raise the issue of the EU's credibility both in the Balkans and its 'Wider Europe' context. According to an American observer, 'in order to make the vision of a future within Europe more credible, the European Union needs to stop treating the Balkans as a distant region that needs to be stabilized and begin to view it as a neighboring area into which the EU intends to expand.'[43] He could not be more prescient in his observations. The EU has the wherewithal but lacks the clear-headedness to objectively identify and promote its interests. While its 'Wider Europe' initiative addresses only countries that do not currently have the perspective of membership, its Western Balkans approach lacks a clear commitment for EU accession. As a consequence, 'the EU itself, while possibly providing a framework for "fuzzy statehood" *internally*, is becoming much harder round its edges in response to the anxieties of its member-states about the perceived threats of illegal immigration and cross-border criminal activity.'[44]

A fog of uncertainty

While the opportunity for these contradictions to be addressed at the Thessaloniki summit was real, the probability of granting the Western Balkans anything more than European Partnerships as long as the wider discussion on the linkages between an enlarged Europe's neighbourhood (the 'Wider Europe' countries, Romania, Bulgaria, the Western Balkans and Turkey) and the various forthcoming EU-level constitutional and institutional changes have not

41. Chris Patten, speech at the Western Balkans Democracy Forum, Thessaloniki, 11 April 2002.

42. See, for example, George Soros, 'A chance for soft power in the Balkans', *Financial Times*, 22 May 2003; Dimitrios Triantaphyllou (ed.), 'What Status for Kosovo?', *Chaillot Paper* 50 (Paris: Institute for Security Studies of WEU, October 2001).

43. Daniel Serwer, 'The Balkans; From War to Peace, from American to European Leadership', testimony before the US House of Representatives Committee on International Relations, Subcommittee on Europe, 10 April 2003.

44. Judy Batt, ' "Fuzzy Statehood" versus Hard Borders: the impact of EU enlargement on Romania and Yugoslavia', ESRC One Europe or Several? *Working Paper* 46/02, p. 29.

been finalised. The issue is not whether or not the western Balkan countries are moving towards EU integration but the effect of the slow pace of integration on these countries. What are the implications for their reform processes; for their reforming political élite; for their publics and their expectations? The fear is that 'the EU's tough attitude could discourage Balkan reformers and play into the hands of precisely the corrupt and criminal elements that the EU is trying to combat.'[45]

The Thessaloniki summit has left a bittersweet aftertaste as to their eventual integration into the EU as the assessment is that it met neither the expectations of the countries of the Western Balkans nor those of the Greek presidency.[46] The western Balkan countries can rightly claim that many of their expectations were unfulfilled by the Thessaloniki summit. They did not get candidate status but are considered potential candidates. Countries like Croatia, which expected to obtain a 2007 target date for accession, were told that no 'fast-track' treatment would be forthcoming until all accession criteria had been met. The EU did not liberalise its visa regime towards them but promised to hold talks to determine benchmarks. Many additional funds were not allotted as expected, as the Greek presidency's effort to promote cohesion funds for the region went nowhere. On the positive side, the leaders of the western Balkan states did manage to share centre-stage with their 25 EU counterparts and were granted an enriched Stabilisation and Association Process, which includes the application of enlargement methods with its emphasis on twinning arrangements, as well as additional funds. As a consequence the Western Balkans lie in a fog of uncertainty until at least early 2005. The European Council of December 2003 is due to define more clearly Bulgaria's and Romania's accession date and the 2004 calendar is charged with the formal accession of 10 countries to the Union in May 2004, European Parliament elections in June, the selection of a new Commission in the autumn, a decision on Turkey's EU bid in December as well as the completion of the next Intergovernmental Conference sometime during the year.

Simultaneously, the embryonic discussion of an EU security strategy, stemming from the High Representative's recommendations presented at the Thessaloniki European Council, could lead to a clearer assessment that the Union needs to link the various parts of its diverse external relations and actions if it is to export stability, democratisation and the rest of its values in a coherent

45. See Patrick Moore, 'EU Membership For Western Balkan States Remains "Over There, Far Away" ', *RFE/RL Balkan Report*, vol. 7, no. 20, 27 June 2003.

46. For a critical assessment see Wim van Meurs and Stefani Weiss, 'The Next Europe: Southeastern Europe after Thessaloniki', Bertelsmann Stiftung and Centre for Applied Policy Research, University of Munich, June 2003.

manner to its immediate neighbourhood and beyond. Paradoxically, the debate on security strategy could lead to the hardening of the Union's borders and to a consensus that the Western Balkans remain outside rather than within for a long time, given the ambiguity the Balkan region projects. After all, the High Representative clearly suggests in his security strategy that:

> The reunification of Europe and the integration of acceding states will increase our security but they also bring Europe closer to troubled areas. Our task is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.

> The importance of this is best illustrated in the Balkans where the European Union, with NATO and other partners, is committed to achieving stability, good governance, and the closest possible integration of the region into Europe. This effort will have to be sustained for some years to come.[47]

Thus, until early 2005 at best, the states of the Western Balkans will find themselves waiting for the Union to decide whether and how to proceed with their integration and accession or how to cope with their non-inclusion. Until then, the Western Balkans will continue to sap the Union's energies by keeping in place a deficient institutional edifice and being unable to address the region's chronic concerns of unemployment and underdevelopment. The Union has failed to deliver the necessary and consistent benchmarks and guidelines for the European integration of the Western Balkans culminating in their accession or a new clearly defined strategy based on 'the promotion of a ring of well governed countries' along the EU's borders.

47. Javier Solana, 'A Secure Europe in a Better World', presented at the Thessaloniki European Council, 20 June 2003, http://ue.eu.int/pressdata/EN/reports/76255.pdf.

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Dimitrios Triantaphyllou

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The story of Turkey and the European Union is akin to the myths of Sisyphus and Tantalus: it is difficult to distinguish who is who. Like Sisyphus, the European Union is unable to date to carry the weight of its own ambitions because the EU as a concert of 15/25 nation-states does not know what these are. The same applies to Turkey, which constantly stalls its European projects due to the burden of its domestic political and institutional soul-searching. Like Tantalus, the EU as a model of peace, security and prosperity tempts Turkey, while Turkey tempts the EU with its huge market and economic potential but the questions of Turkey's identity and the free movement of its citizens within the EU keep both sides apart.

Like the countries of the Western Balkans, Turkey is not part of the 'Wider Europe' initiative; unlike them, its EU candidacy status is more clearly defined, though not without major difficulties for a variety of political, economic and security reasons. While it goes without saying that the accession process has led to a number of important legislative and constitutional changes in Turkey, such as a civilian majority in the National Security Council of, now, 9 compared with 5 military members, the lifting of the death penalty in peacetime, the possibility of radio and television broadcasts in Kurdish, enhanced freedom of expression and greater freedom for non-Muslim religious minorities,[1] its candidacy is proving a headache for itself and the Union. The signatory of an Association Agreement with the EC/EU since September 1963 (the so-called 'Ankara Agreement'), Turkey formally presented its application for membership to the EC in 1987. After a Customs Union Agreement in 1995, Turkey's candidacy suffered a rebuttal at the Luxembourg European Council of December 1997 as it failed to make the list of candidates for accession for a variety of reasons including its human rights record, its position on Cyprus and its tenuous relations with Greece. Despite the Turkish official

1. European Commission, '2002 Regular Report on Turkey's Progress towards Accession', SEC(2002) 1412, Brussels, 9 October 2002, http://europa.eu.int/comm/enlargement/report2002/tu_en.pdf According to the Report: 'The decision on the candidate status of Turkey in Helsinki in 1999 has encouraged Turkey to introduce a series of fundamental reforms. A major constitutional reform was introduced in October 2001 aimed at strengthening guarantees in the field of human rights and fundamental freedoms and restricting the grounds for capital punishment. A new Civil Code was adopted in November 2001. Three sets of reform packages were adopted in February, March and August 2002. The death penalty has been lifted in peacetime. The state of emergency has now been lifted in two provinces in the South East and the decision has been taken to lift it in the two provinces where it still applies by the end of this year.'

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attitude which 'combined bitterness for the rebuff with an attitude that dismissed the importance of EU membership for Turkey',[2] the EU confirmed 'Turkey's eligibility for accession to the European Union' and decided to draw up a strategy 'to prepare Turkey for accession by bringing it closer to the European Union in every field'.[3]

The Helsinki European Council of 10-11 December 1999 produced the great leap forward in EU-Turkish relations in welcoming 'recent positive developments in Turkey as noted in the Commission's progress report, as well as its intention to continue its reform towards complying with the Copenhagen criteria.' The Council therefore concluded that 'Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States.'[4] Apart from paragraph 12 of the Helsinki Council conclusions, which laid down the criteria for membership, Turkey is bound to paragraphs 4 and 9 (a). Paragraph 4 refers to the 'principle of the peaceful settlement of disputes in accordance with the United Nations Charter', while urging candidate states 'to resolve any outstanding border disputes and other related issues. Failing this they should within a reasonable time bring the dispute to the International Court of Justice. The European Council will review the situation relating to any outstanding disputes, in particular concerning the repercussions on the accession process and in order to promote their settlement through the International Court of Justice, at the latest by the end of 2004.'[5]

The reference here is obviously to Turkey's disputes with Greece. Paragraph 9 (a) expresses the European Union's 'strong support for the UN Secretary General's efforts to bring the process [comprehensive settlement of the Cyprus problem] to a successful conclusion.' The Copenhagen European Council of 12-13 December 2002 also significantly advanced Turkey's cause, as it defined the parameters of the Union's future relations with Turkey. More specifically, the conclusions of the Copenhagen Council state that:

> The European Council recalls its decision in 1999 in Helsinki that Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States. It

2. Thanos Veremis, 'The Protracted Crisis', in Dimitris Keridis and Dimitrios Triantaphyllou (eds.), *Greek-Turkish Relations in the Era of Globalization* (Dulles, Va.: Brassey's, 2001), p. 46.

3. 'Presidency Conclusions', Luxembourg European Council, 12 December 1997, http://ue.eu.int/newsroom/newmain.asp?LANG=1.

4. 'Presidency Conclusions', Helsinki European Council, 10-11 December 1999, http://ue.eu.int/newsroom/newmain.asp?LANG=1.

5. Ibid.

strongly welcomes the important steps taken by Turkey towards meeting the Copenhagen criteria, in particular through the recent legislative packages and the subsequent implementation measures which cover a large number of key priorities specified in the Accession Partnership . . .

The Union encourages Turkey to pursue energetically its reform process. If the European Council in December 2004, on the basis of a report and a recommendation from the Commission, decides that Turkey fulfils the Copenhagen political criteria, the European Union will open accession negotiations with Turkey without delay.[6]

With the adoption of a revised Accession Partnership by the Council of the European Union in May 2003 that establishes the priorities Turkey should pursue in its legislative reforms and supported by increased pre-accession financial assistance, the Thessaloniki European Council reaffirmed the Union's intention to take a decision on Turkey's candidacy at the December 2004 European Council.[7]

As things stand today, therefore, EU-Turkish relations will fundamentally and qualitatively alter in December 2004. Here both the international and the domestic contexts are equally important for Turkey. It should be remembered that the Helsinki European Council was also groundbreaking in that it formally launched the European Security and Defence Policy (ESDP), a necessary component of the EU's embryonic crisis management capability and the subject of intensive negotiations with Turkey regarding the country's participation in decisions on EU-led operations using NATO assets as ESDP became a key concern for EU-NATO relations.[8] Also, the Copenhagen summit made Cyprus's accession to the EU a de facto reality by May 2004, whether or not the Cyprus problem had been resolved. Since Copenhagen, the Iraq crisis has shaken US-Turkish relations to the core, thereby simultaneously challenging Turkey's strategic dependence on the United States, and vice versa, as well as fundamentally bringing to the fore the necessity for greater strategic thinking on the part of the European Union as it widens both its frontiers and its neighbourhood.

6. 'Presidency Conclusions', Copenhagen European Council, 12-13 December 2002, http://ue.eu.int/newsroom/newmain.asp?LANG=1.

7. See Council Decision of 19 May 2003 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Turkey (2003/398/EC). Also see 'Presidency Conclusions', Thessaloniki European Council, 12-13 December 2003, para. 38, which states that the 'Accession Partnership constitutes the cornerstone of EU-Turkish relations, in particular in view of the decision to be taken by the European Council in December 2004.'

8. For a substantive analysis of Turkey and ESDP see, Antonio Missiroli, 'EU-NATO Cooperation in Crisis Management: No Turkish Delight for ESDP', *Security Dialogue*, vol. 33, no. 1, March 2002, pp. 9-26.

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The domestic scene

A series of events since 1996 (including the post-modern coup of February 1997, the Izmit earthquake of August 1999 and the twin economic catastrophes of November 2000 and February 2001) have contributed to surging pro-EU sentiment, a broad-based demand for further democratic reform and fury directed at any and all institutions – no matter how previously sacrosanct – deemed responsible for the calamities of recent years. Popular support for EU membership is new, and suggests that this great goal of republican Turkey is no longer the special preserve of élites and their 'ideological' obsession with the EC/EU which was interpreted as 'Turkey having made a political choice between East and West'.[9] Ultimately, the push for change, the claims of a rising counter-élite to a place in the power structure, and the popularity of EU membership all point to a fundamental fact: Turkey is now ready to shake off the shackles of the 1982 military-drafted constitution as well as the mentality that framed it.[10] Yet whether the establishment that drafted or supported this constitution is willing to accept the changing domestic political balance of power and allow the 'Muslim Democrats' to rule effectively remains to be seen.[11]

In other words, Turkey's European aspirations do not conform to its Kemalist political and institutional edifice: '[w]hile it remains the state ideology in Turkey it will be impossible to assess the extent to which – as its adherents maintain – Kemalism is the reason for Turkey being [more] democratic than other Muslim countries or whether it is irrelevant, or even, as its opponents argue, an obstacle to complete democratisation.'[12] What this augurs for the future is hard to tell. As long as Turkey does not come to terms with its domestic political and economic heritage and the necessity to undergo the necessary political and economic changes that are not only exigencies for accession (the so-called 'Copenhagen criteria') but basic preconditions for truly liberal democratic societies, its relations with the EU will remain in stalemate.

It is in the context of foreign policy and in particular with regard to relations with the EU that Turkey is judged. To date the results have been mitigated by the perceived inability of the Erdogan government to promote its foreign policy initiatives, beginning with early resolution of the Cyprus issue. Here the struggle

9 Philip Robbins, *Suits and Uniforms: Turkish Foreign Policy since the Cold War* (London: Hurst and Company, 2003), p. 140.

10. See Soli Ozel, 'After the Tsunami', *Journal of Democracy*, vol. 14, no. 2, April 2003, p. 91.

11. See, for example, Duygu Bazoglu Sezer, 'The Electoral Victory of Reformist Islamists in Secular Turkey', *The International Spectator*, XXXVII:4, October-December 2002, pp. 7-19.

12. Gareth Jenkins, 'Muslim Democrats in Turkey?', *Survival*, vol. 45, no. 1, Spring 2003, p. 61.

between the AKP's new thinking and the status quo will be paramount, as will the debate over the strategic value of the country. In Turkey's case, unlike any other candidate for accession, the geostrategic dimension shares centre stage with the Copenhagen criteria. Hence the paradox – how reconciling these factors is to be seen, given the fact '[that] the record shows that when Turkey collects high strategic rents, its democracy is liable to suffer'.[13]

This is to say that the domestic tug-of-war in Turkey between democratisation and the army-dominated secular establishment could paradoxically lead to a (last-ditch?) coup attempt in Turkey as the country's strategic importance has been reduced, given the successful conclusion of the war against Saddam Hussein.[14] According to Gareth Jenkins, '[p]rivately, the military continues to insist that, if necessary, it will not hesitate to intervene to protect secularism. This would initially be in the form of a warning but, if this was not heeded, would eventually include forcing the government from office.'[15]

The EU

For the Union, it is primarily economics and political criteria rather than strategic prerogatives that direct its policy towards Turkey. The major obstacle seems to be Turkey's 'unproductive and unstable economy, and the related threat that with accession to the EU, millions of Turks in search of jobs and higher wages would emigrate to Germany and elsewhere in Europe.'[16] Turkey's sizeable population of nearly 67.8 million growing at a rate of 1.6 per cent annually, coupled with a low per capita income (per capita GDP is at about €5,200 – 22 per cent of the EU average); a large agricultural workforce (about 40 per cent of the population); large regional disparities; high inflation (the average annual consumer price inflation was 69.9 per cent during the period 1997-2001, with large fluctuations between 101 per cent year-on-year in January 1998 and 33 per cent in February 2001); low foreign investment (0.8 per cent of GDP on average during 1997-2001); a high public sector debt (35-40 per cent of GNP); and a slow rate of privatisation, suggest that Turkey's structural adjustments are monumental.[17] The EU's reluctance to admit Turkey is understandable, given the aforementioned, slow progress in fulfilling the

13. Ozel, op. cit. in note 10, p. 93.

14. 'Turkey and the United States: Drifting apart?', *Strategic Comments*, vol. 9, no. 3, May 2003.

15. Jenkins, op. cit. in note 12, p. 61.

16. Michael S. Teitelbaum and Philip L. Martin, 'Is Turkey Ready for Europe?', *Foreign Affairs*, vol. 82, no. 3, May-June 2003, p. 102.

17. For economic data on Turkey see European Commission, '2002 Regular Report on Turkey's Progress towards Accession'. Also see F. Stephen Larrabee and Ian O. Lesser, *Turkish Foreign Policy in an Age of Uncertainty* (Santa Monica, Calif.: RAND, 2003), pp. 54-6.

political criteria for membership and troubled relations with Greece and Cyprus. Part of the problem is the slow realisation on the part of the Turkish élite that the southern enlargement of the 1980s resulting in the entry of Greece, Spain and Portugal 'reflected an important shift in the EC's approach to enlargement' as it 'gave priority to political considerations – particularly the desire to stabilize democracy in these countries – over economic concerns'.[18]

This also led to the slow 'Europeanisation' of differences with Greece over the Aegean and Cyprus which the EC/EU had to take into account, both because these differences slowed Turkey's march towards the EU (as many member states have had and continue to have doubts about the practicality and viability of Turkish membership) and due to a reticence or inability to import bilateral differences between two NATO members and close US allies. Turkey's relations with Greece and its use of both military and diplomatic tactics in its disputes over the Aegean and Cyprus have complicated its pursuit of EU membership. For Greece, there has been a sea change in its foreign policy towards Turkey since 1996 away from confrontational and towards cooperative politics as the efficacy of confrontation has come under scrutiny.[19] In Turkey's case, 'the "success" of confrontational politics has prevented the development of a new consensus on the consequences and costs of such policies' until now, with Cyprus's accession irrespective of resolution of the island's division.[20] The continuing violations of Greek airspace and the daily dogfights with armed aircraft and Greece's decision to protest in May 2003 to the European Commission for the first time are indicative of the distinctive approaches taken by the two countries in their foreign affairs.

Finally, the issue of identity is relevant in Turkey's case. The Turks tend to insist that the EU's reluctance to begin accession negotiations with Turkey is due to a feeling among many in the Union that a predominantly Muslim state has no place in a predominantly Christian Union. Valéry Giscard d'Estaing's famous interview in *Le Monde* a month before the Copenhagen European Council has re-ignited the debate about what constitutes a 'European' country.[21] It goes without saying that Turkey's complaints are not without a certain validity.

Hence the 'yes-but' attitude on the part of the EU, which de facto raises the question of whether Turkey should *ever* be admitted to the Union. By being left out of the 'wider Europe' document

18. Larrabee and Lesser, ibid., pp. 48-9.

19. See Dimitrios Triantaphyllou, 'Further Turmoil Ahead?', in Keridis and Triantaphyllou (eds.), op. cit. in note 2, pp. 56-79.

20. For example, see Neophytos G. Loizidis, 'Greek-Turkish Dilemmas and the Cyprus EU Accession Process', *Security Dialogue*, vol. 33, no. 4, December 2002, p. 438.

21. Arnaud Leparmentier and Laurent Zecchini, 'Pour ou contre l'adhésion de la Turquie à l'Union', *Le Monde*, 9 November 2002.

and having its accession undefined, Turkey is left in limbo in spite of the fact that it has shared a common land and sea border with the EU since Greece's accession in 1981. With the accession of Cyprus and Bulgaria (in May 2004 and 2007 respectively), Turkey will share new sea and land borders with other EU member states. With the Union's neighbourhood growing; an ever-growing role as powerbroker in the Balkans; ongoing discussions about an EU Special Envoy for the Caucasus; a greater involvement in the Middle East peace process via the Quartet and possibly NATO; and serious discussions for the first time on the formulation of an EU strategic doctrine, EU-Turkish relations might need to be reassessed, paradoxically through the strategic prism, and fundamentally address and suggest approaches other than EU accession while taking into account the consequences for Turkey's democratic evolution.

On the EU side, serious thinking on the development of ties with Turkey is needed. Though accession negotiations are bound to start at some stage, their eventual conclusion in a radically different post-enlargement, post-Convention, and post-IGC Union allow for optimism that Turkish membership (if that happens) need not necessarily be destabilising for the balance of power among its member states, its project on political union or its greater global role.

What is important now is to evaluate carefully the implications of the decisions taken or not taken at Copenhagen, allow time for and give assistance to Turkey's continued transformation and assure a smoother road ahead for EU-Turkey relations.

As the only NATO member that faced real and immediate threats from a war with Iraq and its aftermath, Turkey will have to come around slowly to a closer relationship with its European neighbours (and vice versa). The discordant debates at the North Atlantic Council and the National Assembly, as well as the bad press it received in the United States over its tough negotiating stance (and its rejection of the economic package the United States offered in exchange for the use of their territory), must have the Turks thinking twice about placing all their eggs in one basket. It should also awaken the Europeans to the realisation that a clearer strategic vision which does not write off Turkey is necessary for the EU – the Iraqi crisis having demonstrated that Turkey has much more in common with the vast majority of the current 15 EU member states and their public opinion than most candi-

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date nations. In fact a recently released Pew Global Attitudes Project poll shows that majorities in five out of seven NATO countries surveyed support a more independent relationship with the United States on diplomatic and security affairs. Fully three-quarters in France (76 per cent), and solid majorities in Turkey (62 per cent), Spain (62 per cent), Italy (61 per cent) and Germany (57 per cent) believe Western Europe should take a more independent approach than it has in the past. In the United Kingdom and the United States, narrow majorities in both countries want the partnership between the United States and Western Europe to remain as close as ever. On the other hand, the percentage of Americans favouring continued close ties with Western Europe has fallen – from 62 per cent before the war to 53 per cent in the current survey.[22]

As at some stage the dust from the transatlantic disagreement over Iraq begins to settle, the EU might find itself much more willing to engage with a much more receptive Turkey on the notion of some sort of enhanced or strategic partnership (which does not foreclose the possibility of EU membership) as shifting strategic perceptions across the Atlantic could diverge.

Questions that arise:
- Is Turkey ready for the EU?
- Does Turkey really want to join the EU?
- Does the EU really want Turkey to join?
- What role should the strategic dimension have in EU-Turkish relations?

Options for the EU
- Start a serious debate in terms of the strategic pros and cons of Turkish membership.
- Proceed steadfast with EU accession strategy.
- Reconsider strategy and find common ground based on strategic partnership.
- Consider the implications of the permanent non-membership of Turkey.
- Consider the possibility of early membership with long derogations.

22. Pew Research Center for the People & the Press, 'Views of a Changing World 2003: War with Iraq Further Divides Global Publics', 3 June 2003, http://people-press.org/reports/pdf/185.pdf.

The timeframe for a positive decision regarding the beginning of accession negotiations with Turkey is rapidly becoming tighter. The December 2004 date implies achieving the various benchmarks established by the revised Accession Partnership but also resolution of the Cyprus problem before Cyprus's formal accession on 1 May 2004 and the resolution of bilateral disputes with member states or the acceptance of the ICJ's jurisdiction on disputes before the end of 2004. Yet the fundamental unanswered dimensions are the following:

◗ Are the European Union, its member states and its citizens willing to accept Turkey within the EU's ranks? It is not just the issues of Turkey's size, both physical and in terms of population, and its economic and institutional weight that need to be answered but the question of its European 'identity' as well. If 'identity' comes up as a concern with regard to Ukraine's intentions to join the EU, how can it not come up in Turkey's case?

◗ The geostrategic dimension, given Turkey's neighbourhood, which is paradoxically more dangerous and problematic than the enlarged Europe's new borders as addressed in the 'Wider Europe' initiative. If the intention is to have 'a ring of well governed countries' around the EU and '[to extend] the zone of security around Europe', is this an achievable objective with Turkey's eastern and southern neighbours where WMD and terrorism concerns proliferate? This issue raises a number of questions regarding the scope and longevity of the conceptualisation of the security strategy in its present form, as well as the issue of the limits of the European Union.

Related to these, two further factors merit special mention:

◗ The first has to do with the impact that the EU's new members will have on the development of a security culture and dimension to the EU's external actions and relations with its neighbouring states. The tell-tale signs show that the newcomers from Central and Eastern Europe would be more willing to expand the Union's frontiers given the strategic rationale on their part for joining the Union. Poland's activism vis-à-vis EU-Ukrainian relations is a case in point.

◗ The second has to do with the evolution of Turkish-American relations and their impact on EU-Turkish relations. In spite of the current turbulence between Washington and Ankara, both sides are making significant efforts to repair their ties.

A new EU policy on the Mediterranean?

5

Martin Ortega

The Mediterranean region is a vast zone that is very different from other regions bordering the EU. Firstly, the countries situated to the south and east of the Mediterranean Sea belong not to Europe but to two other continents: Africa and Asia. Even if the sea has not prevented fruitful exchanges and both peaceful and bellicose relations between the north and the south for centuries, today the Mediterranean de facto separates two worlds that are different socially, economically and politically. Secondly, the south and east of the Mediterranean form a zone of instability and conflict on a scale no longer found in Europe. With the Cold War that opposed the east and west of Europe over, and having arrived at a modus vivendi in the Balkans at the end of the 1990s, the European continent is no longer experiencing real wars or serious political or border disputes. Thirdly, while the European Union is to enlarge eastwards, expansion to the south of the Mediterranean is in principle ruled out. The Union's objectives in the region were set out in a document drawn up by Javier Solana for the Thessaloniki European Council: 'Our task is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.'[1]

In this chapter, the EU's overall Mediterranean policy is first considered. This is followed by a detailed examination of the two most important aspects of this policy: the Barcelona process and the EU's role in resolution of the Middle East conflict. The chapter's conclusion includes a criticism of the enlarged Union's new 'neighbourhood policy' proposed by the Commission, on the grounds that adequate instruments for implementing a European policy on the Mediterranean region already exist but merely need determination to carry them through.

1. 'A Secure Europe in a Better World', paper presented by Javier Solana, High Representative for the Common Foreign and Security Policy, European Council, Thessaloniki, 20 June 2003.

The three aspects and five objectives of the European Union's Mediterranean policy

The EU's Mediterranean policy is structured around its position vis-à-vis the Middle East conflict (since the Venice Declaration of 1980), the Barcelona process (or Euro-Mediterranean Partnership (EMP) launched in 1995) and the Mediterranean dimension of enlargement. A new aspect has recently been proposed by the Union: a 'neighbourhood policy' as it is termed in the Commission's Communication of 11 March 2003. It is, however, too early to say whether this new policy will transform the Union's traditional approach to the Mediterranean. The two first aspects, which are the most important, are closely linked, since it was only possible to plan and initiate the Barcelona process at a time when the peace process was making good headway. Moreover, regarding their content, the EU's positions on the Middle East conflict and on the Barcelona process are based on the same principles and the same vision of international relations, a vision that sees regional rapprochement as the path to the peaceful resolution of international disputes. This 'European' approach is very different from the purely 'realist' approach which, faced with the region's many conflicts and its heterogeneity, would suggest that the rich societies of the North should keep a distance and maintain an attitude of vigilance towards their neighbours in the South. The European approach is thus quite the opposite of one that exaggerates the risks and threats from the other, or thinks in terms of the erection of barriers or the 'clash of civilisations'.

The third aspect of the EU's policy is only related to the other two in so far as, like it or not, Turkey's application for EU membership brings Europe closer to the Middle East. The inclusion of Malta and Cyprus as part of the big 'wave' of enlargement in 2004 will have fewer political repercussions than Turkey's membership at some time in the future, since the two former countries are island states.[2] And when considering the pros and cons of Turkish membership, one has to take into account the geopolitical implications of an EU that has Iran, Iraq and Syria as neighbours. In that respect one could say that geography worsens Turkey's prospects of EU membership. Conversely, this implies that Turkey

2. Malta and Cyprus participate in the CFSP and ESDP but will not take part in operations involving the use of NATO assets, and Malta stressed its neutral status at the time it signed its accession in Athens in April 2003.

will always endeavour to contribute to stability in the region in order to give the impression that the fact of having such neigh-bours would pose no problem, which is in itself positive both for Turkey and for the region.[3] In any event, the southern dimension of the forthcoming enlargement is minor compared with other dimensions and will not affect the shift of the Union's centre of gravity towards the north-east. This trend will probably change in the future when enlargement is extended to countries with a Mediterranean dimension such as Bulgaria and Romania and, in the longer term, the Western Balkans.

The first two aspects of the EU's Mediterranean policy share the following five objectives, which are contained in numerous documents and declarations by the Union and individual member states, in particular the Barcelona Declaration of 1995 and the Common Strategy on the Mediterranean adopted by the Santa Maria da Feira European Council in June 2000:

◗ a negotiated solution to the conflict between Israel and the Palestinians; the creation of two states in accordance with the relevant UN resolutions; 'land for peace' as a basis for negotia-tion;

◗ a peaceful solution to other controversial issues around the Mediterranean, for instance in the Western Sahara, Cyprus, between Israel and Syria or in the Western Balkans;

◗ the promotion of economic development, notably through Association Agreements and trade, and socio-economic reforms but also EU financial aid;

◗ the establishment of a regional dialogue on political, security, economic, social and cultural issues;

◗ conflict resolution and dialogue with a view eventually to regional rapprochement in all fields, taking into account each country's peculiarities.

In fixing these objectives, the Union is looking after its interests and at the same time adhering to its underlying principles and val-ues. Thus, the EU seeks to advance principles such as the promo-tion of international cooperation and democracy, the rule of law and human rights, which are enshrined in its founding treaty. Yet there is clearly a happy coincidence between these objectives and the Union's interests: to improve its security, fight terrorism and control illegal immigration, it needs a stable, developing neigh-bourhood.

3. See Suhnaz Yilmaz, 'The role of Turkey in Euro-Mediterranean se-curity', *EuroMeSCo Briefs*, February 2003.

The five objectives listed above must of course be put in a long-term historical perspective, and the EU has therefore defined its vision of the Mediterranean in a very clear, thorough manner. Yet when it comes to practical measures, the daily pursuit of these objectives and the impotence and fragility of the EU's foreign policy have been much more evident in the Mediterranean region than anywhere else. There is therefore a huge gap between the finely honed vision produced during the 1990s and the reality of Europe's weakness that has been obvious particularly following the crisis that erupted in the Middle East in late summer 2000.

In view of this, the measures to establish a new neighbourhood policy for a 'Wider Europe' seem more restricted than the EU's 'traditional' Mediterranean policy. Three remarks are in order here. (1) The Commission's Communication of March 2003 stems from a General Affairs Council decision of November 2002 whose main aim was to set up a framework for relations with Ukraine, Moldova and Belarus. This gives the impression that the new approach is aimed in a direction other than the Mediterranean. (2) Many of the instruments provided for in the Communication already figure in the Barcelona process. For example, the idea of setting up individual action programmes with neighbouring countries has echoes of the EU's dialogue with each partner state as part of the Association Agreements. (3) The emphasis that the new Commission Communication of 1 July 2003 puts on relations across land borders, and only passing references to Mediterranean programmes, reinforce the impression that the Union's existing Mediterranean policy is richer and more complex than its new approach to the consequences of the forthcoming enlargement to the east.[4] Therefore, even though the EU's neighbourhood policy might bring about positive modifications in its Mediterranean policy, the acquis of the 'traditional' EU Mediterranean policy should be preserved.

The Barcelona process: mixed results

The 1995 Barcelona process and the Middle East peace process launched at Madrid in 1991 are complementary, but the relationship is not symmetrical. The multilateral political dimension of the former was made possible by the existence of a peace process. The Barcelona process in turn helped create a positive atmosphere in

4. See 'Paving the way for a New Neighbourhood Instrument', Communication from the Commission, COM(2003) 39, 1 July 2003.

the region, *inter alia* enhancing the prospects of a resolution of the Israeli-Palestinian conflict.

Yet this idealistic vision came up against many difficulties. The Barcelona process had to confront two types of problems: difficulties that were inherent in the process itself, on the one hand, and on the other political problems imported from the Arab-Israeli conflict. The internal difficulties were above all associated with the asymmetry between the participants – the EU having a great capacity to take initiatives and its member states being accustomed to talk to one another, whereas there was no coordination among its Mediterranean partners.[5] The 'imported' problems made it impossible to progress in the multilateral dialogue on policy and security issues at the rate that most countries would have wished; they also prevented adoption of a Euro-Mediterranean Charter for Peace and Stability at the Marseilles conference in November 2000 and resulted in the absence of Lebanon and Syria from the Valencia conference in April 2002. Even though it was decided at Valencia to take practical steps on cooperation in the fight against terrorism and organised crime, these measures were only negotiated during the following months thanks to imaginative solutions concerning dialogue within three geographical groups: the Maghreb, the Mashraq and a third group composed of Cyprus, Israel, Malta and Turkey.

Despite these difficulties, since 1995 progress on the Barcelona process has been possible in its three areas (political and security, economic and financial, and social, cultural and human), and in both its dimensions (bilateral and multilateral). The results are neither entirely positive nor completely negative, but the very existence of the process already constitutes an important contribution by the EU to stability and prosperity in the zone, as well as building up a region in the political sense where it only existed in a geographical one. The newness of the experience made it necessary for not only partner countries but European states and the Union itself to learn 'on the job'. Two major beneficial effects of the partnership must be emphasised before looking at possible reforms: the economic impact and the creation of regional awareness.

First, the shared desire to arrange Association Agreements and the emphasis that multilateral activities have given to questions such as trade, industry and energy have resulted in predominance

5. The Commission's management of the process within the EU encountered problems during the early years, but these were resolved or compromises found. See the very frank Commission document 'Reinvigorating the Barcelona Process', COM(2000) 497, 6 September 2000.

of the financial and economic aspect of the Barcelona process. The MEDA II financial aid programme was adopted after the Commission's Communication 'Reinvigorating the Barcelona Process' of 6 September 2000. From 1995 to 1999 MEDA I had involved over €3.4 billion, and on top of that loans of €4.8 billion from the European Investment Bank (EIB) were made to the Mediterranean region. In the period 2000 to 2006 the estimated corresponding figures are €5.35 billion for MEDA II and €7.4 billion loans from the EIB.[6] There are several specific cooperative projects associated with Israeli-Palestinian and Arab-Israeli relations, for example regional infrastructure improvement programmes, tourism, electricity distribution networks, the fight against desertification and development of the Taba-Eilat-Aqaba region. At the same time, Association Agreements have been completed: there are such agreements with the Palestinian Authority, Israel, Jordan, Lebanon, Morocco and Tunisia. Agreements with Algeria and Egypt have been signed but have yet to be ratified.

Second, the Euro-Mediterranean Partnership has contributed not only to the Union's visibility in the south and east of the Mediterranean but also to awareness of the region throughout the EU, especially in countries that are not riparian or do not historically have links with the region. Since 1995, there have been many ministerial conferences on Mediterranean issues with participation from the 15 EU member countries plus the 12 partners, as well as others at expert level in the fields of, for example, culture, trade, energy, environment and industry. These would not have taken place had there been no Barcelona process.

Nevertheless, the Barcelona process is today facing very serious challenges that call for a complete rethink of the EU's multilateral efforts. Just as, in 1995, the Union put forward a wide-ranging project for the Mediterranean region, it is now time (possibly under Italy's presidency in 2003 and continuing till 2005, the tenth anniversary of the EMP) to relaunch the project and create a new Mediterranean dimension. That does not imply either that specific reforms must be made or that this experiment should be ended and another begun, but rather that the process must be reinvigorated, with determination and political drive on the part of the Europeans, so as to attain the objectives that have been set.

6. Commissioner Chris Patten played a very active role in developing the economic partnership, in particular insisting on the need for 'South-South' regional cooperation. See Commission documents 'Euro-Med Regional Strategy Paper 2000-2006' at and 'Euromed Information Notes', June 2002 at http://europa.eu.int/comm/europeaid/projects/med/regional/infonotes_200206-en.pdf.

7. See Commission Communication 'Reinvigorating EU actions on human rights and democratisation with Mediterranean partners', COM(2003) 294, 21 May 2003.

8. The Italian presidency of the EU and the EUISS organised a seminar on 'ESDP and the Mediterranean' in Brussels in September 2003, the report of which is available at the Institute's website: www.iss-eu.org. See also the very interesting paper by Fred Tanner, 'Security Governance. The difficult task of security democratisation in the Mediterranean', *EuroMeSCo Briefs*, May 2003.

9. See some proposals along these lines in Alvaro de Vasconcelos, 'Priorities for the EU's Mediterranean security policy', in *A European Strategic Concept for the Mediterranean* (Lisbon: Instituto de Estudos Estrategicos e Internacionais, 2002).

Political and security issues need greater attention.

First, it is time to acknowledge that the original, intentional, separation of the Barcelona process and the Israeli-Palestinian conflict is an artificial one. At the latest Euro-Mediterranean conferences (Marseilles, Valencia and the informal meeting on Crete in May 2003) the situation was reviewed on each occasion and presidency conclusions included lengthy analyses of the crisis. The Euro-Mediterranean Partnership should therefore not abandon its efforts to deal with what is the most important political problem in the region in a multilateral way. On the contrary, the partnership should be exploited as an ideal forum for discussing the conflict (and, when the time comes, the peace) in a regional framework. Second, there is a systematic failure to give substance to the political dialogue because one of the most important aspects of the dialogue, the significance of democracy in the regional context, is ignored. Both bilateral Association Agreements between the EU and each country and multilateral documents attach great importance to progress on democracy and human rights, yet in practice the EU has not shown any determination to see that such undertakings are respected: for example, it has not applied 'conditionality' clauses. The EU should review its attitude to this and become more involved, as laxness in this respect may be a policy that gives results in the short term but will in the longer term be a recipe for instability or even terrorism in some cases. The Commission's Communication on the Union's neighbourhood policy, and the Communication on human rights and democracy of 21 May 2003,[7] emphasise the need to make progress on this. The third requirement regarding political and security issues is for new areas for dialogue and cooperation to be developed. For example, the conclusions of the Marseilles conference mentioned international cooperation at sea, but that possibility has not so far been explored. Since the Valencia conference in April 2002, however, new dialogues on terrorism and European Security and Defence Policy (ESDP) have been started with the EU's Mediterranean partners.[8] These are two areas where specific measures should be introduced.[9]

Economic aspects need to be revisited.

The EU's laxness on political issues has not been accompanied by economic growth, Association Agreements have not led to palpable development (on the contrary, the immediate effects have been negative), considerable administrative difficulties have arisen in implementation of the MEDA programme and foreign direct investment has not reached the region. The EU should therefore look again at the economic chapter of the Barcelona process. If the Europeans really want to prevent economic collapse in their partner countries to the south, they will have to consider more determined measures, for example by opening up to agricultural exports or planning major infrastructure projects such as road or rail communications financed by Europe. It is somewhat surprising, to say the least, that trade with the partner countries has increased in recent years but that the Union continues to gain the most from this trade (Algeria is an exception). The Union gives economic assistance to Mediterranean countries through the MEDA programme but its trade balance with them continues to be very advantageous – which is rather paradoxical. In round figures, the EU plans to give aid amounting to €13 billion to its Mediterranean partners in the period 2000-06 (MEDA II plus loans from the EIB), whereas its trade surplus with the same countries in 2000 was €23 billion.[10] At the beginning of the Barcelona process, the Europeans were at pains to point out that the scheme was not intended to be a sort of Marshall Plan for the Mediterranean. Eight years on, it is perhaps time to reconsider that view.[11]

The future of Euro-Mediterranean relations will hinge on economic aspects, and the question is political rather than technical. The Commission Communication of March 2003 includes some new instruments and others that are only so in appearance, for example preferential trade relations and the opening of markets. Before considering whether it will be possible to make more progress than in the past towards these ambitious objectives, two questions remain unanswered: will the resistance from some EU member states to liberalisation of trade in agricultural products now be eased, and will a 25-country Union devote greater funds to

10. See Stéphane Quefelec, 'EU-15 and the 12 Mediterranean partners: solid trade links', in Statistics in focus, External Trade Theme 6-7/2001 (Brussels: Eurostat, July 2001). See also Paolo Passerini and Luis Biedma, 'EU trade and investment with Mediterranean partner countries', in *Statistics in focus*, Economy and Finance Theme 13/2002 (Brussels: Eurostat, February 2002).

11. On the economic aspects of the Barcelona process, see publications from the FEMISE Euro-Mediterranean network of economic institutes: www.femise.net.

the Mediterranean than the 15 did in the past? One of the central issues to be resolved when it comes to reforming EU policy on the Mediterranean will be the conflict between the need to help the economic development of new members and the requirement to halt the descent of the Mediterranean partners into poverty and despair, which leads to insecurity.

True dialogue among societies has to be built up.

The third aspect of the Barcelona process – human, social and cultural dialogue – has not yielded satisfactory results.[12] The European countries' two major concerns, illegal immigration and terrorism, have tainted and weakened this dialogue. Solutions have to be found so that there is a real dialogue in other significant areas that does not affect the security agenda. Moreover, the Euro-Mediterranean partnership lacks an easily identifiable 'trade mark' in both Europe and the partner countries, so the partnership must spend money on improving its own public image.

Unless the Union clearly sets out its policy on the Mediterranan as a whole and shows that it intends to implement it, it will lack any credible presence in the region. It must demonstrate that it is serious in advocating and creating a zone of peace, dialogue and prosperity throughout the Mediterranean region. The EU's contribution to solving the Middle East conflict and its role in the Barcelona process are complementary, but the latter is a longer-term affair. In the end, the Barcelona process (reformed as necessary) constitutes the EU's long-term framework for its relationship with the region, whereas the measures required for resolution of the conflict will in principle be of limited duration. Ideally, resolution of the Israeli-Palestinian conflict will give the Barcelona process a central role in the region.

The peace process and the logic of war

The European Union confirmed its gradual involvement in the Arab-Israeli conflict during the 1990s. Despite the difficulties stemming from a certain amount of disagreement among member states and limited resources, the Union is continuing to make that involvement one of the main elements of its Mediterranean policy. Since the creation of the CFSP in the Maastricht Treaty (which

12. See 'Euromed Information Note' quoted in note 6.

came into effect in 1993) and the strengthening of that policy in the Treaty of Amsterdam in 1997, including nomination of a High Representative in the person of Javier Solana, the Union has supported or participated in all international efforts to resolve the dispute between Israelis and Palestinians, even when the peace process turned into a crisis beginning in summer 2000 and then open conflict and even a war of attrition.

Indeed, the conflict in the Middle East since summer 2000 has been a difficult test for Europe's doctrine of crisis prevention and management. The policy that the Union had built up over the years had to be combined with its crisis management capability, which was itself still in its infancy. As a result, the Union's involvement was certainly creditable yet could not systematically maintain the European position of principle. What exactly did the Union do, given the attitude of the parties in conflict since the beginning of the *intifada* in September 2000, which meant the end of the peace process and seriously challenged the EU's vision of resolution of the conflict? Four periods can be distinguished that can be termed:

◗ 'desperate negotiation', from August 2000 to February 2001;
◗ 'the search for a cease-fire', February to December 2001;
◗ 'paroxysm of violence', January to September 2002;
◗ 'a new mediation', since September 2002.

The first period extends from Yasser Arafat's refusal to agree the Clinton plan in July 2000 until Ariel Sharon's election as Prime Minister of Israel in February 2001. This was a time of intense diplomatic activity in which, by modifying and refining the plan discussed at Camp David, an attempt was made to reach agreement before Bill Clinton was replaced as President of the United States. To do this both the US administration, and the Israelis and Palestinians, agreed to the participation in the mediation process of Egypt, Jordan, the United Nations and the European Union. Violence had only just begun and, given the relative calm of the preceding years, it was met with international pressure to find a negotiated solution. During this period, where a definitive agreement was almost reached at Sharm el-Sheikh and at Taba between October 2000 and January 2001, the personal intervention and good offices of the EU's High Representative (HR) Javier Solana and its special envoy Miguel Angel Moratinos played a very important role.

Conversely, the second period, from February to the end of 2001, saw a gradual increase in violence and the exclusion of any mediators. President George W. Bush did not wish to become involved in the substance of negotiations and adopted a laissez-faire policy. US involvement was limited to publication of the independent Mitchell Commission's report (in which Javier Solana participated) in May 2001 and the Tenet cease-fire plan (August 2001), and the sporadic presence on the ground of the Secretary of State and envoys Anthony Zinni and William Burns. The EU's policy was to condemn violence from whichever side it emanated, repeating that it advocated the resumption of negotiation. To establish the necessary conditions for that, it supported the Mitchell report and the Tenet plan. A cease-fire was, however, impossible to achieve, since at the time neither party wished to end the violence: on the contrary, each preferred to see how far violence could be used to obtain advantages for its cause.

During the period from the end of 2001 to autumn 2002 the crisis was at its height. In the face of an escalation of violence US intervention was very limited, since the idea that the fight against terrorism had to be pursued following 11 September, exploited by the Israeli government, had an undoubted effect on President George W. Bush.[13] The Europeans redoubled their efforts during this period. On the one hand, from 2001 member states individually attempted to play a role aimed at reducing the violence and renewing dialogue. The foreign ministers of Britain, France, Germany and many other countries visited in succession but failed to obtain any tangible results. On the other, the EU as such (particularly through the Council's statements and actions by the presidency, the HR and the special envoy) always tried to maintain open dialogue and reduce the effects of the violence. Yet despite the occupation of Palestinian towns that were under the exclusive administration of the Palestinian Authority, the siege of Arafat in his headquarters and open fighting in several areas, EU intervention was restricted to damage limitation and humanitarian issues.

The fourth period began in September 2002. The Quartet had been set up the previous April, and a second meeting held in July, but it was not until September that its members arrived at an agreement, which was to be refined in December. The Quartet is led by the United States, but it is clear from the text of the 'road

13. A detailed examination of the crisis from summer 2000 to summer 2002 can be found in May Chartouny-Dubarry, 'L'après-Oslo: paix avortée ou guerre annoncée?', *Politique étrangère*, juillet-septembre 2002.

map' that EU participation has been crucial. Most of the Europeans would have wanted the 'road map' to be published before the military intervention in Iraq in March 2003, but the US government preferred to delay publication until the end of the war there. Indeed, the end of the war heralded a new period of hope following the summit in Aqaba on 4 June 2003 attended by President Bush, Ariel Sharon and Abu Mazen, the new head of the Palestinian government. Yet in summer 2003 it seemed clear that, given the misgivings on both sides, the 'road map' would hardly be workable.

This brief historical overview brings out three lessons on the EU's role in management of the Middle East crisis in respect of the recent past, and four lessons for the future.

Regarding the past, for a number of years the Union has taken part in efforts to solve the conflict in at least three different ways. First, the EU has taken a clear, coherent position on resolution of the conflict, based on principles accepted by the international community, principles that have been established throughout the peace process beginning with the Madrid Conference in 1991: the acceptance by Israel's neighbours of its right to live in peace and security and the creation of a Palestinian state, which would allow the two countries to coexist within stable borders, and negotiation between the parties – on the basis of 'land for peace' – as essential elements of a solution to all aspects of the problem. EU member states have endeavoured to reach a shared viewpoint, allowing the Union to maintain a common position, which has been spelt out in important statements, notably in those annexed to each European Council since Berlin in March 1999. The Union has done everything in its power to ensure that this common position is balanced, condemning violence by both parties and repeatedly calling for a resumption of negotiations.

Second, direct action by the EU has been possible through the presence of the High Representative and the Union's special envoy. Their intervention was constructive in all four phases of the crisis: during negotiations at Sharm el-Sheikh and Taba in winter 2001-02, in the Mitchell commission's efforts to obtain a ceasefire, in the security dialogue and humanitarian action during the worst stage of the conflict in spring 2002 (which was particularly effective in bringing an end to the siege of the basilica in

Bethlehem), and in the active participation of the Quartet since its creation in April 2002, leading to the 'road map'. The presence of Javier Solana as representative of the Union rather than any particular member state is an initiative that has contributed to the visibility of European policy on the conflict.

Thirdly, the Union has clearly understood that the violence on the ground has extremely damaging economic and social consequences for both parties. It has therefore done its best to minimise, or at least not aggravate, the negative consequences of what has proved to be a war of attrition. The Union has therefore given emergency assistance to the Palestinian Authority (to prevent its collapse, which would lead to even greater violence) and has ruled out the imposition of economic sanctions against either party. The Commission has ensured that economic and trade relations are not harmed by the crisis and, like the Council, has emphasised the need to halt the violence.

For the future, there are other lessons to be drawn that are also meaningful regarding the EU's role in crisis management in general. Possibly the most important of these is that the violence in which both the Israelis and Palestinians engaged from summer 2000 ran counter to the European policy of ending the violence and finding a solution to the dispute mentioned at the beginning of this chapter. The principles upheld by the Union were abandoned when the two parties decided to end the peace process and embark on a new round of violence. The Union's principles and values, together with its security and that of its member states, were challenged by the crisis. The parties to the conflict suffered enormous losses and the chances of finding a peaceful solution at some future date were damaged due to the psychological effects and harm caused to the confidence of both sides. The European Union should understand that in future a speedier, more determined response could be of benefit to the parties concerned, the Union and international order.

The second lesson is that the EU tried to manage the crisis using a wide range of actors and means (the Council and its declarations, successive EU presidencies, the High Representative and special envoy, the Commission and individual member states) but that the right synergy was never achieved, and consequently the outcome has been unsatisfactory for European citizens, for member countries, the Union and for the parties in conflict. Member states tried to intervene at various points in the crisis but their

initiatives, despite their good intentions, merely demonstrated their powerlessness. The Union was unable to play a more important role because of lack of agreement among member states over how its declared principles should be applied. If European external action in conflicts of vital importance to Europe is in future managed in the same manner, the efforts of both the Union and member states will be doomed to failure.

Thirdly, the Union did not exploit its potential fully. The Union has a range of political and economic instruments that could be used in support of its foreign policy. Yet it preferred not to employ them, as for example when it ruled out economic sanctions even though the European Parliament had suggested their use against both parties in its resolution of 10 April 2002.

The last lesson concerns the EU's relationship with the United States. Granted, when the United States takes the lead the Union can play a very useful accompanying role, but if the former decides not to become involved (as happened at the height of the violence in spring 2002) the Union is incapable of acting alone to find a political solution. Since September 2002, the United States and the European Union have found that the Quartet is an adequate framework for cooperation. Nevertheless, just as publication of the 'road map' was a combined effort by the Quartet, all of the mediators must monitor its implementation closely. It must be stressed that only *objective* mediation, in which the Union will always have an important role, is likely to guarantee the success of the peace plan in the long term.

Conclusion: the Union's Mediterranean policy must be strengthened

The Union's strategy on its new neighbourhood that it has just finished drawing up includes a number of elements that concern the Mediterranean, in particular a restatement of the idea that 'In return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms, including in aligning legislation with the acquis, the EU's neighbourhood should benefit from the prospect of closer economic integration with the EU.'[14] Yet the Union had some time previously established a very detailed Mediterranean policy based on the principles of partnership and the creation of a zone of

14. Communication from the Commission on a wider Europe, 11 March 2003, p. 4.

prosperity and stability that is still valid. The new 'differentiated, progressive and benchmarked' approach may complement and to some extent correct the Union's 'traditional' policy but does not transform it. Similarly, the new neighbourhood policy does not add much to the EU's policy on pacification of the Middle East crisis, which is a fundamental part of its Mediterranean policy.

Since 1995 the Union has looked forward to close cooperation with the countries to the south and east of the Mediterranean. The Barcelona process is still the appropriate framework in which to organise relations within the region as a whole by virtue of its three basic characteristics.

◗ *Regional construction.* The partnership makes it possible to deal with regional questions collectively. The Union has therefore contributed to the definition of a neighbouring region and by the same token promoted regional awareness in Europe and the Mediterranean.

◗ *Diverse relationships.* Having both bilateral and multilateral dimensions, the partnership allows for a special relationship with the countries bordering the Union collectively but also permits a nuanced relationship with them individually through Association Agreements.

◗ *Comprehensive dialogue.* The partnership is all-embracing, covering as it does all possible areas of dialogue between states, including political and security (even military), economic, and social and cultural.

However, the partnership cannot attain all its declared objectives in a completely satisfactory way, because it faces two major difficulties: EU member states are not prepared to take the steps required to support wholeheartedly and put into practice the principles on which the partnership is based; and the Israeli-Palestinian conflict has created political conditions that hamper progress.

EU member states should reaffirm their involvement in the partnership, because applying its principles and pursuing its objectives today calls for greater determination on their part. While specific measures adopted recently (for instance individualised relationships as recommended in the Commission's document on a 'Wider Europe', or the emphasis on cooperation in the fight against terrorism and on dialogue on ESDP) are useful, they constitute an incomplete approach to regional problems. The EU

needs to take a more ambitious approach and consider longer-term actions if it really wants to help overcome the political and economic paralysis in the region. It must accordingly strengthen the political dialogue and be more insistent on the introduction of democracy and the peaceful, negotiated resolution of the Israeli-Palestinian conflict. Lasting economic development must also be achieved through close EU involvement in the region, *inter alia* by opening its markets to agricultural products and by giving greater financial help. Lastly, human and cultural exchanges must be increased.

In 1995, Europe introduced an innovative project for the region that included an impartial point of view on the conflict in the Middle East. What the EU must now do is not to introduce rival regional policies on its neighbours to the east but rather to concentrate on the objectives of its Mediterranean policy. There is nevertheless a problem over whether the members of an enlarged Union will have the required sensitivity concerning Europe's Mediterranean neighbourhood. Enlargement will probably lead to much attention being paid to the consequences of admitting new members, and to their borders. And yet it will be in the Union's economic, security but also moral interests not to over-look the Mediterranean.

Finally, the conflict between Israelis and Palestinians is having a negative effect on the Euro-Mediterranean partnership as well as on the political atmosphere in the region as a whole. The persist-ence of the conflict is preventing regional rapprochement, spread-ing mistrust and frustration, holding back economic growth and heightening the terrorist threat. The EU should therefore play a greater role in the search for a peaceful solution to that conflict. Admittedly, since the end of the war in Iraq the Quartet's 'road map' has been published. The EU attaches much importance to this new hope for a negotiated settlement. Nevertheless, in the absence of a clear desire for peace on both sides, the role of external mediators will become more important. The Union should be aware of this and use all instruments at its disposal to assert the principles to which it and its member states subscribe.

The enlarged EU's external borders — the regional dimension

6

Judy Batt

Introduction

EU enlargement has over the past decade proceeded in parallel with increasing concern among the member states about the management of the Union's external borders. The two are of course closely connected: it was the breakdown of communist regimes that removed the draconian controls they had maintained on the western borders of the Soviet bloc, thus opening the way to the reunification of Europe. The breach in the Berlin Wall in November 1989 symbolised this perfectly. But the early enthusiasm with which Western Europe responded to those extraordinary events rapidly gave way to mounting apprehension, prompted by fears of uncontrolled flows of economic migrants and the penetration into Western Europe of Mafia-type gangs of criminals, smuggling drugs, weapons and human beings. While the Soviet threat had evaporated, new 'soft security' threats appeared on the agenda, deriving from the weak and even disintegrating condition of states in Central and Eastern Europe in the wake of decades of communist misrule.

Simultaneously, however, EU member states were moving towards the creation of an area of free movement of goods and persons among themselves to complete the single market. In 1995 they removed all controls at their mutual internal borders, in accordance with the 1985 Schengen agreements. The latter had originally been concluded in 1985, at a time when the question of security at the external borders seemed quite manageable to the five member states involved (Belgium, France, Germany, Luxembourg and the Netherlands): Greece, Italy and Spain with their highly permeable maritime borders, were not then part of the Schengen group (being admitted only later, in the 1990s). The eastern border was effectively sealed by communist controls. But after the events of 1989, more attention clearly had to be paid to the problem of devising a common framework for managing the

external border to 'compensate' the participating states[1] for the loss of security many of them felt after relinquishing controls at their internal frontiers. As a result, the EU's third pillar (Justice and Home Affairs – JHA) rapidly burgeoned in scope and political prominence. As member states progressively deepened cooperation in this field, it became one of the fastest-growing areas of the *acquis communautaire*.[2]

The EU's neighbours in Central, Eastern and South-Eastern Europe watched with growing dismay the erection of a new 'Paper Curtain' in place of the defunct 'Iron' one. The fear of exclusion added to their sense of the urgency of securing membership in the Union. Once the enlargement into Central and Eastern Europe began, however, it became clear that this did not solve the problem, but simply moved it further eastwards. Although where the external frontier of the enlarged EU will finally be drawn remains unsettled, clearly it will have to be drawn somewhere. In the meanwhile, many other aspirant candidates for membership will remain outside, even if some only temporarily. The questions of where the border lies and how it is managed are key ones that cannot be left wholly in the hands of ministers of the interior and confined to the JHA *acquis*. They are central to the EU's Common Foreign and Security Policy, because they affect profoundly its relations with its 'new neighbourhood', and thus the credibility of its ambition to be the pivot of stability and prosperity in Europe as a whole.

The opening curtain – hopes and fears

Opinion polls conducted in the declining years of the communist regime in the more open states like Poland and Hungary regularly indicated that the one thing that most irked ordinary people was their lack of freedom to travel. Indeed, the right to move freely across borders seems to have been at the very heart of Central and East European citizens' understanding of what it meant to be 'free', and it has retained this significance in the post-communist period. Under communism, obtaining a passport involved lengthy, complex and humiliating procedures for the ordinary citizen, including securing testimonials of 'political reliability' from employers and the local authorities, and unpleasant interrogations at the police station. Passports had to be surrendered on return from

1. Only Britain and Ireland now remain outside the Schengen system.

2. The Schengen agreements, originally intergovernmental and not part of the EU's system of treaties, were incorporated into the Treaty of Amsterdam in 1997 and so became a binding part of the *acquis communautaire*, except for Britain and Ireland, which negotiated 'opt-outs'. See Malcolm Anderson and Eberhard Bort, *The Borders of the European Union* (Basingstoke: Palgrave, 2001).

abroad, and the whole process repeated for each projected journey. Even with the requisite documentation, crossing the border was a nerve-wracking experience. Anyone seeking to leave the country was treated as a potential criminal or dangerous political subversive.

It is not surprising therefore, that as soon as the communist controls were removed – and West European states abolished visas – many people took advantage of the new opportunities to travel. Suddenly, on the streets and public transport of major West European cities, one heard the happy – if unfamiliar – chatter of East Europeans 'returning to Europe'. A large proportion of these new tourists in fact also engaged in small-scale trading or took temporary irregular employment in the West. Informal bazaars even sprang up in major destinations like Berlin. The dramatic economic shocks imposed on the populations of Central and Eastern Europe in the early years of transition, with surging consumer prices and falling real wages, prompted many to exploit the opportunities to travel to the West to supplement their incomes. And indeed, growing shortages of labour in Western Europe meant that there were plenty of employers ready to exploit this new source of cheap labour.

This was enough to provoke a sudden panic in the West at the prospect of a 'flood' of impoverished people from the East. Particular anxieties were awakened by the arrival of groups of Roma, the most marginalised, destitute and culturally alien people of the region, who had hitherto been virtually invisible but whose desperate problems now came to light. They sought asylum in the West, citing often convincing evidence of police brutality and violent attack by skinheads in their home countries. In addition, the wars in former Yugoslavia brought over one million refugees to Western Europe in the 1990s, mainly to Germany and Austria;[3] and the near-collapse of the Albanian state and economy brought boatloads of emigrants to the shores of Italy. The political and economic turmoil in the Balkans, and the chaotic situation in Russia and Ukraine, led to further problems, including the spread of organised crime from those countries through Central and Eastern Europe to the West. The EU member states responded by reimposing visa requirements on many of these countries.

The strong reactions of West European governments and public opinion to these developments need to be set in the context of already heightened sensitivities about borders and border

3. See United Nations High Commission for Refugees, *The State of the World's Refugees* (Oxford: Oxford University Press, 2000), annex 10, p. 125.

controls. For some years, concern had been growing about the numbers of asylum-seekers and illegal immigrants who had been arriving in the West from much further afield – from Africa and Asia. This was exacerbated when, in March 1995, the Schengen member states removed all controls at their internal borders. The original aim of the 1985 Schengen agreement had been to realise the long-cherished vision of Europe as an area of genuinely free movement of goods and persons, to complete the single market. However, by 1995 the shape of 'Europe' had dramatically changed from that of 1985. As a result, the emphasis of the Schengen *acquis* has shifted markedly to tightening controls at the common external frontier of the participating states, and deepening cooperation in the fields of justice and policing.

The rapid development of the EU's JHA *acquis* was no doubt an inevitable concomitant of abandoning internal border controls, and the events of 11 September have only reinforced the preoccupation of member states with the security of the external border. However, this has serious implications for the 'other' (now called 'wider') Europe beyond the EU. The external border and visa regimes have been sensitive issues both in the EU enlargement process and in the EU's developing relations with its neighbours.

EU enlargement and Schengen

With the first wave of EU eastward enlargement in 2004, the eastern and south-eastern borders of the new member states will become the new external borders of the EU (only the Czech Republic will be entirely surrounded by EU member states). It is here that the key functions of customs and immigration control and security are to be carried out on behalf of the whole EU. This requires implementation of an array of measures, including strict control of the external frontier according to common rules (contained in the Schengen Manual for the External Frontier); accession to the Schengen Information System, the computerised database by means of which information on prohibited immigrants, wanted persons, stolen vehicles etc. is exchanged; participation in enhanced police and judicial cooperation; and adoption of the EU's common visa regime with third countries and implementation of EU asylum and immigration policies.[4]

4. See Malcolm Anderson and Eberhard Bort (eds.), *The Frontiers of Europe* (London: Pinter, 1998).

Unlike the existing member states Denmark, Ireland and the United Kingdom, which negotiated partial or full opt-outs at Amsterdam, the accession states have had to sign up to the Schengen *acquis* as an integral – and therefore non-negotiable – part of the Treaties. They will not, however, be admitted fully into the Schengen system – that is, the current controls on the movement of goods and persons across their borders with existing Schengen states will not be lifted – until all the latter agree that they are implementing border controls at the EU's new external frontier satisfactorily. For this, a minimum period of two years' monitoring by the existing Schengen states is mandatory. In the cases of Italy and Greece (later adherents to the original 1985 Schengen group of five), it took up to eight years to convince the then Schengen members to lift internal border controls. A similar delay can easily be expected in the cases of the new Central and East European members. Thus the new member states will have to 'harden' their eastern borders with their non-EU neighbours several years before their western borders with fellow EU-members are fully opened. The EU common visa regime will have to be applied to almost all of their immediate neighbours: Russia, Belarus, Ukraine, Moldova and Serbia and Montenegro (but not Croatia, Romania or Bulgaria, which now enjoy visa-free access to the EU).

This will be expensive for the new member states, as their external borders will need substantial investment in order to satisfy Schengen standards of efficiency and control. Much has been going on for some years with support from EU PHARE funds and bilateral assistance, for example, from Germany to Poland to bolster controls along its 1,000 km-long eastern border. Much more will be required in the coming years. In due course, such investment should bring improvements from the point of view of ordinary travellers. There are far too few border crossings in the east, and lengthy delays (at busy times, lasting several days) have long been the norm. Modernised infrastructure and more crossing-points could speed things up, and better training of border guards and customs officials could reduce the incidence of corruption and arbitrariness frequently reported by travellers. Indeed, the new member states are just as concerned as the existing ones that the borders should become effective barriers to organised crime and illegal migration.

While EU assistance can offset some of the immediate costs of implementing the Schengen border regime, there are more com-

plex economic and political interests at stake for the new member states, especially those connected with the problem of implementing the EU's visa regime. This brings back unhappy memories of past restrictions on travel in the communist period. For, after the collapse of communism, control at the borders between former communist states for some time virtually collapsed and de facto Central and Eastern Europe suddenly became an area of free movement of people. Border controls have since been restored, but nevertheless crossing the border is now much easier than it was in the communist period. All that was required – until recently – was a valid passport. This ease of access was an important symbol of the steadily improving relations between the candidate countries and their neighbours. This change resulted not only from the sustained efforts on the part of post-communist governments to establish new relations based on mutual respect and understanding, but also to pressures from the EU itself, which insisted on candidates' settling all outstanding problems with their neighbours as a condition of their accession.

It is not often realised in the West that, in the communist period, travel between member states of the Soviet bloc could often prove even more difficult and encumbered by oppressive bureaucratic procedures than travel to the West. Travel to and from the western regions of the Soviet Union, in particular, was highly restricted, due in large part to acute Soviet sensitivities about political control in Belarus and Ukraine, extensive parts of which had been annexed at the end of the Second World War from Poland, Czechoslovakia and Hungary. In the Soviet western territories, ethnic minorities continued to exist (despite postwar population transfers), and were treated by the Soviet regime as potentially 'disloyal' conduits for unorthodox ideas from the western neighbours into their new Soviet motherland. Families divided by the new Soviet western border almost completely lost contact, and policies of linguistic and cultural assimilation were pursued. Travel between Central and East European communist countries themselves was frequently subject to interruption: at times of crisis (as in Hungary 1956, Czechoslovakia 1968 and Poland in 1980-81) the 'fraternal allies' would close their borders completely against the deviant member. Travel between the Central and East European states and former Yugoslavia in the communist period was easier, but by no means free of arbitrary restrictions.

The relaxation of conditions of travel after the fall of communism made it possible for families long divided by the borders to renew contacts. It also allowed ethnic minorities to restore links with the 'mother country', thus gaining access to their cultural heritage and receiving various forms of assistance. The case that has received the most international attention is that of the Hungarian minorities living in the countries around Hungary, including 1.6 million in Romania, 580,000 in Slovakia, 400,000 in northern Serbia, and 370,000 in Ukraine as at the late 1980s-early 1990s. A very high proportion of Hungary's own 10.2 million population have relatives living in these countries. For nationally conscious Hungarians, the prospect of the 'return to Europe' was closely connected with hopes that the long-divided nation might be 'reunited' – not by changing the borders, but by making them easily permeable. But this now seems like wishful thinking. Hungary's accession to the EU ahead of its eastern and south-eastern neighbours requires its full adoption of the Schengen *acquis*. Until 2002, Romania was on the EU common visa list. Ukraine and Serbia and Montenegro seem likely to stay on it for several years at least, and Hungary will have to fall in line with this. The prospect of the Hungarian minorities being once again 'cut-off from the Motherland' prompted the then right-wing government of Hungary in 2001 to introduce a controversial 'Status Law' awarding special privileges to members of the Hungarian minorities, including preferential employment rights, access to health services and education in Hungary, and grants to Hungarian minority families in their home states in order to support children attending Hungarian-language schools. This provoked uproar in the neighbouring states, and, under pressure from the Council of Europe and the EU, Hungary has several times revised the law to comply with the principles of non-discrimination and to tone down its extraterritorial aspects. But it remains a bone of contention in bilateral relations, especially with Slovakia and Romania. Moreover, the one concession the Hungarian minorities in Ukraine and Serbia most wanted to see – some mitigation of the impending visa regime – was completely ruled out by Hungary's obligation to implement in full the Schengen *acquis*.[5]

While the revival of ethnic identities has sometimes proved an uncomfortable business, tensions between ethnic communities at the local level in Central and Eastern Europe have been mitigated by the practical advantages of the open border. For example, the

5. For a detailed account of this law, see Brigid Fowler, 'Fuzzing Citizenship, Nationalising Political Space: A framework for interpreting the Hungarian "Status Law" as a new form of kin-state policy in Central and Eastern Europe', OES *Working Paper* 40/02 (Brighton: University of Sussex, 2002).

city of Przemysl in south-eastern Poland, whose large Ukrainian minority population had been forcibly dispersed by the Polish communist authorities after the war, found it at first hard to come to terms with the reappearance of large numbers of Ukrainian visitors in the 1990s, and the corresponding rise in the use of Ukrainian in public.[6] When the tiny remaining local Ukrainian minority raised demands for restitution of their Greek-Catholic church (transferred to the Roman Catholic Church after the dispersal of the Ukrainians), and for the restoration of the city's long-neglected Ukrainian cemetery (where Ukrainians who had died fighting Poles during the Second World War were buried), this new assertiveness evoked fears among local Poles that the 'Polishness' of the region would be brought into question. But, over time, local Poles came to appreciate the economic benefits to be gained from increasing cross-border contact with Ukrainians, as new shops, roads and tourist facilities were built to meet the Ukrainian visitors' needs. The region became an enthusiastic supporter of the Polish government's efforts to develop strong links with Ukraine, and found a new mission for itself as 'Europe's gateway to Ukraine.'

The open border prompted the appearance in Central and Eastern Europe of what the Poles call 'ants' – informal and spontaneous armies of individuals regularly crossing the border with a suitcase or two of goods to trade, exploiting price differentials and filling gaps in poorly supplied, erratic local markets. It is estimated that about 240,000 people live by bazaar trade across the Polish-Ukrainian border, about three-quarters of whom have no other source of income.[7] A flourishing network of bazaars, and, later, permanent retail facilities, have sprung up in the border regions. Towns that might otherwise be languishing in the long-neglected Polish eastern peripheries have been able to sustain above-average growth through the economic transition by means of cross-border trade. For example, about 30 to 40 per cent of small and medium-sized enterprises in the Polish eastern city of Lublin are estimated to survive by commerce with Ukraine, and the total net surplus gained by Poland from this 'grey' trade across the border with Ukraine has been estimated at about $1.5 billion a year.[8] This has clearly helped to some extent to offset the growing west-east regional disparities that have become evident in all Central and East European states neighbouring the EU.

6. See Kataryna Wolczuk 'Polish-Ukrainian borderlands: the case of Lviv and Przemysl', in Kazimierz Krzysztofek and Andrzej Sadowski (eds.), *Ethnic Borderlands in Europe: Harmony or Conflict?* (Bialystok: University of Bialystok, 2001); and Marzena Kisielowska-Lipman, 'Political transition in Poland's eastern borderlands: the "Ethnic Question" ', in Judy Batt and Kataryna Wolczuk (eds.), *Region, State and Identity in Central and Eastern Europe* (London: Palgrave, 2002).

7. See Kataryna Wolczuk and Roman Wolczuk, *Poland and Ukraine: A Strategic Partnership in a Changing Europe?* (London: RIIA, 2002), p. 84.

8. *Enlargement and EU External Frontier Controls*, House of Lords, Select Committee on the EU, 17th Report, 24 October 2000, London, p. 16.

The implementation of the EU's common visa regime by the new member states will unavoidably lead to a dramatic decline in the numbers of individuals travelling in from the neighbouring countries, in so far as the administrative infrastructure to process visa applications at the current level of traffic simply does not exist, and the costs of expanding it to meet demand at this level will be very high – and are not at present eligible for EU support. Without a network of new consular posts in the western regions of non-member states, applicants will have to travel to the state capitals to obtain visas, standing in queues for several hours, possibly requiring two or more days away from home. Although multiple-entry visas are not ruled out by the common visa regime, these have not hitherto been widely granted, and the new member states will be wary of departing from this pattern for fear of provoking the Schengen countries into delaying their admission to the Schengen zone. A special regime for residents of border regions has recently been proposed by the European Commission, allowing border member states to grant long-term, multiple-entry visas at little or no charge to citizens of neighbouring states, on a reciprocal basis. Such visas would be available to permanent residents of a defined border area only, and the access zone will be rather narrowly limited to within 50 km of the border.[9] This would indeed make life easier for the Hungarian minorities in Vojvodina and Transcarpathia, most of whom live clustered near the border. But this concession may not be enough to offset the broader regional economic impact of the external border regime. So the new member states are likely to place additional demands on EU regional funds, to compensate their eastern border regions for the adverse impact on their economies of declining cross-border traffic with the eastern neighbours.

The impact on the 'new neighbours'

Of course it is not only the accession states' eastern regions that will feel the impact of the new border regime, but also the neighbouring states, and in particular their regions bordering the enlarged EU. For the cross-border trade is not merely a matter of smuggled alcohol and tobacco. Local observations of shopping centres on the Hungarian side of the Hungarian-Romanian border indicate that these provide Romanian customers with daily necessities like sugar

9. European Commission Directorate-General for Justice and Home Affairs, press release IP/03/1186, Brussels, 1 September 2003.

and milk. The large quantities purchased also suggest that the customers are often firms rather than individuals.[10] By the second half of the 1990s, more than half of the consumer goods (including foodstuffs, furniture, household goods, home improvement products, clothing and footware) purchased in western Ukraine came from Poland. A study by the UK Department for International Development estimated that informal cross-border trade conducted out of Lviv region in western Ukraine approximately equalled the region's officially registered trade with Poland. Despite the negative aspects of this, in terms of lost revenue to state treasuries, the immediate benefits of such trade for the border regions and their inhabitants are obvious.

For many individuals, occasional trips can help top up incomes that otherwise would fall below subsistence level. Already in the communist period, about one-third of the working-age population of Transcarpathia, the westernmost outpost of today's Ukraine, had to leave the region to find work elsewhere in the Soviet Union. The break-up of the Soviet Union very considerably narrowed these opportunities: travelling to and working in Russia became much harder after Ukraine declared independence, and then prolonged economic crisis in Ukraine compounded their difficulties. Transcarpathia's strategic importance declined, so employment in the military and transport sectors collapsed. But for access to alternative job opportunities, for example in the construction industries in the rapidly recovering economies of Poland and Hungary, many Transcarpathians would have become destitute in the 1990s. Smuggling was another means of supplementing salaries for state employees, hard hit by surging consumer price inflation in Ukraine. For example, in 2000, this author was told that a Transcarpathian schoolteacher could double his or her monthly official salary of about $20 by crossing into Hungary twice with a tankful of petrol to sell on to a Hungarian motorist. This explains the popularity in the region of large old BMWs with their outsize fuel tanks.[11]

The prospect of exclusion from EU enlargement – whether for the short-term (e.g. Romania), medium-term (e.g. Serbia and Montenegro) or indefinite future (e.g. Ukraine) – has had an often-overlooked impact on the internal political dynamics of the EU's neighbours. These are all (albeit in different ways and to different degrees) weak, poorly integrated states confronted with strong centrifugal regional tendencies, to which the national

10. See Gabor Hunya and Andras Telegdi, 'Hungarian-Romanian cross-border economic cooperation', Vienna Institute for Comparative Economic Studies, Countdown project Discussion Paper, 2001, online at: http://www.eu-enlargement.org.

11. See Judy Batt, 'Transcarpathia: peripheral region at the "Centre of Europe" ', in Batt and Wolczuk, op. cit. in note 6.

capitals tend instinctively to respond with heavy-handed centralism. The negative impact of the new border regime on the border regions, disrupting the cross-border economic and cultural interdependencies that have flourished in the post-communist period, is likely to heighten tensions in the border regions and, potentially, exacerbate already evident centre-periphery tensions within these neighbouring states.

For example, in Transcarpathia, the new opening to the West prompted a revival of the Rusyn identity among the majority Ukrainian population of the region, adding further variegation to an already complex mosaic of Hungarian, Slovak, Roma and German ethnic minorities. Rusyns are a distinct group of eastern Slavs, whose language is close to Ukrainian but (some Rusyns maintain) is in certain respects closer to Russian. After Transcarpathia was annexed from Czechoslovakia at the end of the Second World War, Stalin officially abolished the Rusyn people as a national group, and they became submerged in the local Ukrainian population. Their Greek-Catholic churches were transferred to the Russian Orthodox church. In the late 1980s, alongside the Ukrainian national revival, an attempt was made to revive Rusyn national identity as distinct from Ukrainian. As a Rusyn activist explained to this author, 'We think in Central European terms, whether we like it or not. We are not against the Ukrainians, but we *are not* Ukrainians'.[12] Contacts were established after 1991 with minorities of fellow Rusyns in neighbouring Poland, Slovakia and Hungary.

This evoked intense fears on the part of the new Ukrainian authorities, already confronting open separatism in Crimea and restiveness among the Russians in the eastern regions of the newly independent state. In the meanwhile, Rusyns have made common cause with Transcarpathia's minorities of Hungarians, Slovaks, Germans, Roma and others in seeking greater administrative decentralisation, amounting to a special autonomous status for the region that, they hope, might enable it to act as Ukraine's 'gateway to Europe'. Given the parlous state of the local economy, this seems, for the present, a forlorn hope. Nor is Kyiv in the least bit sympathetic; but it has very little else to offer this remote and impoverished backwater. Given the lack of political weight of the region in Ukrainian politics, in addition to the dire state of

12. Ibid., p. 164.

Ukrainian public finances, Transcarpathia can expect little in the way of support from the capital to mitigate the impact of the new border regime. The most likely response of the locals will therefore be to seek to emigrate permanently westwards. Large numbers of Hungarians have already exercised this option.

Another border region, and one that has more political cards to play than Transcarpathia, is Vojvodina in northern Serbia. Vojvodina is at once the most economically developed, and the most multiethnic of all former Yugoslavia's entities. Under Tito, Vojvodina gained a large amount of genuine autonomy, and pursued a policy of multiethnic coexistence whose success was demonstrated by its remarkable durability through the decade of ethnic war that swept through most of the rest of Yugoslavia in the 1990s. One of Milosevic's first moves in his rise to power was to abolish Vojvodina's autonomy (along with that of Kosovo, which had enjoyed analogous status within Serbia). As a result, Vojvodina became the heartland of opposition to Milosevic's rule. Its variegated democratic, regionalist and ethnic minority parties were crucial components of the coalition movement, the Democratic Opposition of Serbia, which ousted Milosevic in the elections of autumn 2000. The majority of parties in the Vojvodina provincial assembly are united in demanding a renewal of Vojvodina's autonomy. The Serbian parliament passed an interim bill largely restoring the *status quo ante* – only after protracted wrangling in Belgrade – in January 2002.

But Vojvodina regionalists – backed by the local Hungarian minority – want more devolution. It is hardly surprising, given the recent history of former Yugoslavia and the precariousness of the current union of Serbia with Montenegro, that Belgrade is extremely wary of these demands, for fear of further disintegration of the state. Yet the province is likely to become even more assertive in future: on the one hand, Belgrade will be blamed for the economic distress that will come with the onset of long-delayed economic reform and restructuring. But the shocks may be compounded in Vojvodina by the tighter controls on the border with Hungary and the new Hungarian visa regime, both of which are expected to deal a blow to the extensive cross-border economic activity that sustained the province throughout the Milosevic period.[13]

13. See Judy Batt ' "Fuzzy statehood" versus hard borders: the impact of EU enlargement on Romania and Yugoslavia', in Michael Keating and James Hughes (eds.), *The Regional Challenge in Central and Eastern Europe* (Brussels: P.I.E.-Peter Lang, 2003).

Policy implications

For several years, contradictions have been deepening between the EU's rapidly developing JHA *acquis* in the 'third pillar' and its 'second pillar' Common Foreign and Security Policy objectives, in particular that of promoting stability and prosperity across Europe as a whole. The impending 2004 enlargement has, however, focused attention on the question of the EU's 'new neighbourhood', as demonstrated by the Commission's communications of March 2003 on the 'Wider Europe –Neighbourhood' and May 2003 on 'The Western Balkans and EU Integration'. Both documents, endorsed in general terms by the Thessaloniki European Council in June, include references to the need to support and promote cross-border cooperation at the regional level, and recognise the mutual benefits to be gained from increased opportunities for legal migration from the neighbours into the EU. The paper also acknowledges the difficulties caused by the visa regime, but makes it clear that no progress can be expected towards visa-free travel until the EU is satisfied that the neighbouring states are implementing tougher controls on their own borders and cooperating fully in the fight against illegal migration and organised crime. Although most experts agree that the visa regime is hardly an effective instrument for these purposes, the EU nevertheless retains it as a means of exerting pressure on neighbouring governments, in effect asking them to apply the JHA *acquis*.

It should be noted that the neighbours' willingness to comply with this is likely to be diminished in so far as they are not offered the same incentive – namely, the prospect of eventual EU membership – as the accession countries. For the same issues that have worried accession countries like Poland and Hungary also worry the neighbours. In order to secure visa-free travel to the EU in 2002, the Romanians had to institute new controls on their borders with Ukraine and Moldova, thus inhibiting the access of their Romanian-speaking kinsfolk to Romania. They also had to rescind a law allowing members of Romanian minorities abroad easy access to Romanian citizenship. These politically controversial steps seemed worthwhile in order to secure the greater prize of accelerating Romania's accession to both the EU and NATO.

But Ukraine faces a much bigger challenge in controlling its vast (and in places still undetermined) border with Russia. Tougher controls on this border, moreover, may reawaken the antagonism of its large Russian minority (who represent over 20 per cent of the population and are concentrated in the east and along the borders with Russia). It remains to be seen whether the enhanced terms of the partnership that the EU is preparing to offer Ukraine will provide adequate motivation. And while the prospect of eventual EU membership has been offered to the countries of the Western Balkans, the timetable seems to them still uncertain, and in any case accession is widely feared to be a long way off. Yet the EU's visa regime, and the EU's insistence on their tightening controls at the borders among themselves, seem to be at odds with the EU's exhortations that they ease conditions of travel within the Western Balkans region, notably by lifting the visa regimes that are still in force among most of these states.

The need to support and promote cross-border cooperation not only between neighbouring countries but across the future EU external border is now recognised. The Commission has worked up a proposal on a 'New Neighbourhood Instrument' to follow up the 'Wider Europe' communication's aim 'to help to avoid drawing new dividing lines in Europe and promote stability and prosperity within and beyond the new borders of the Union'.[14] This latest communication proposes, for the interim period 2004-06, measures to coordinate the existing funding instruments Interreg A and B (applied to EU member states), PHARE CBC (for cross-border cooperation projects in candidate countries), TACIS (for CIS countries) and CARDS (for the Western Balkans), which should simplify the application procedure for projects involving partners from these different groups of countries. The lack of such coordination has been a major obstacle to such projects in the past, because each of these instruments pursued a different logic, with different priorities, financial rules and procedures. But in itself, this will not offer additional resources. These will have to await the results of negotiations for the next budgetary period, from 2007. For this period, the Commission proposes a fully developed Neighbourhood Instrument, with a unified set of rules and procedures. This should allow for a more successful combina-

14. European Commission, 'Paving the way for a New Neighbourhood Instrument', Communication COM(2003) 393 final, Brussels, 1 July 2003.

tion of external policy objectives with those of promoting social and economic cohesion across the future external border, but of course its effectiveness will also hinge on how much extra money is made available.

In its future work to develop policies for the borderlands, the Commission might consider taking a special interest in the 'Euroregions' that have already been in existence for some years along what will become its new external border. These have been languishing for lack of financial support, and many have lost the original enthusiasm and sense of political mission that was present at their inception in the early 1990s. Yet there is an untapped potential here. Better support for such ventures would offset the impression that the EU is mainly interested in strengthening the protective and exclusionary functions of border controls. It would demonstrate that the EU was genuinely interested in promoting greater cooperation and interchange between EU members and their neighbours.

The European Commission should set up a dedicated task force to work with the Euroregions. This could develop a common approach to promoting Euroregions all along the EU's external border. It would help to engender the sense of 'ownership' of projects that the Commission wants to see by working in partnership with Euroregions, many of which came into existence as result of bottom-up initiatives, without EU involvement. They are thus likely to reflect the aspirations and needs of the people involved. A dedicated EU task force for these Euroregions could promote better coordination of internal and external policy fields, and the activities of the Commission's directorates for enlargement, external relations, JHA and regional development. Priority areas for EU assistance should be the development of decentralised local and regional government structures on both sides of the new external border capable of managing cross-border cooperation; support for NGOs and for small businesses in border regions involved in cross-border activities. The task force should work jointly with the Council of Europe, which is already actively supporting the development of Euroregions and has both experience and legal expertise to offer. The EU and Council of Europe could together provide training, exchange of experience and best practice with well-established Euroregions in Western Europe and along the current EU

external border between old and new member states. All the states involved should be encouraged to sign up to the Council of Europe's Madrid Convention, according to which states recognise Euroregions as legal entities in their domestic legal order. This would greatly simplify the legal framework for accessing and implementing EU assistance. The right to a special long-term, multiple-entry visa (as the Commission has already proposed for residents along a narrow swathe of the border region), should also be extended to regular participants in Euroregion activities, including not only local government officials but also representatives of NGOs and registered local businesses engaging in regular cross-border trade, which would provide an important incentive to participate in Euroregion activities and thus breathe new life into them.

The EU should encourage Euroregions to allocate a special role to cultural and educational exchange within the framework of Euroregions. Development of teaching projects and common curricula for schools within a given Euroregion, especially in local and regional history and the history of the neighbouring countries, could consolidate mutual understanding. Exchanges of school teaching staff and pupils would increase awareness of neighbouring cultures and improve knowledge of each other's languages, and would especially benefit the situation of local ethnic minorities whose 'mother country' is a neighbouring state. Cross-border cooperation between higher education institutions would help to forge links between the rising generation of élites in each of the countries. Financially weak provincial universities are especially hard-pressed to develop new fields of study relevant to political and economic transformation and European integration. EU financial support for cross-border cooperation in joint curriculum development, exchanges of academic staff with scarce expertise and joint appointments of teaching assistants would maximise the benefits of scattered resources. The EU could also directly fund peripatetic lectors in languages such as English, German or French, on the basis of joint application and appointment by universities within the Euroregion. Joint university research teams could be commissioned to provide analysis of cross-border regional issues, which would feed into EU policy-making for the Euroregions.

Conclusions

On the eve of enlargement into Central and Eastern Europe, the EU is at last beginning to focus on the problems of its new borderlands. The prevalent tendency in the 1990s was to place ever-greater emphasis on tightening border controls and restricting cross-border movement by means of the common visa regime, reflecting a certain panic among the member states in the face of perceived new threats. This created the unfortunate impression among the EU's neighbours of a 'fortress Europe' erecting a 'new Iron Curtain', which tended to belie the EU's stated ambitions to act as the pivot of stability, prosperity and security for the whole of Europe. Much remains to be done in a short period, and the new member states seem likely to accede in May 2004 well before the EU has adequate measures in place to implement its 'Wider Europe' agenda. In the next two to three years, therefore, there is a danger of considerable disruption to traffic across the EU's new external border, with associated economic, social and political costs, as new member states implement the Schengen border and visa regimes. The EU and its member states will have to demonstrate flexibility, generosity and readiness to respond promptly to the needs of the new borderlands if they are to sustain the credibility of their commitment to promoting stability and prosperity in the 'Wider Europe'.

Conclusions

The 'pull' of the EU

Clearly, the EU continues to have powerful attractions for all its neighbours. It has, after all, been a success story, and others want to share in that. But the EU is already showing signs of 'enlargement fatigue', and some within the existing member states fear a 'dilution' of the achievements reached so far. Enlargement has undeniably been the Union's most successful foreign policy instrument. It has been the main motor of the massive political and economic transformations that have taken place in Central and Eastern Europe since the early 1990s. That motor could falter if the internal dynamism of an enlarged EU weakens. Such signs of scepticism about further enlargement are prompting those states that may be 'left outside' after 2004 to seek firmer commitments from the EU as to their membership prospects. The candidate states Romania and Bulgaria fear their accession may well be postponed beyond the target date of 2007. Turkey is impatiently awaiting confirmation, in December 2004, of its full acceptance as a candidate and future member. And Croatia lodged an application for membership in February 2003, with the ink scarcely dry on its Stability and Association Agreement, which it sees as falling short of the Europe Agreements offered to the Central and East Europeans, in respect of both the level of commitment to EU membership and the financial support on offer. The Former Yugoslav Republic of Macedonia is expected to follow suit sooner rather than later. Meanwhile, Ukraine and Moldova have also expressed their interest in eventual membership, only to feel frustrated by the EU's non-committal response.

However, enlargement is not a policy that can be applied without limits and, at any rate, 'Europe' does not and should not coincide or end with 'EU-Europe'. Membership has been firmly ruled out, to date, only for the states to the south of the Mediterranean.

Yet wherever the EU decides to set its ultimate borders, it will need to develop adequate, mutually satisfactory policies for its immediate neighbours. It has done so in the case of the Mediterranean countries, and may well also need to do this, at least in the foreseeable future, for some western Balkan countries and possibly Turkey, if the December 2004 European Council decides that it has not met the 'Copenhagen criteria'. In the absence of such policies, the EU will continue to be faced with demands for full membership from states that are patently far from being able to meet the demands of the *acquis*. Indeed, the *acquis* itself may in many respects be far from appropriate for at least some of the neighbours, whose economic development needs, trade patterns and wider geopolitical links beyond Europe may well be better served by an alternative form of enhanced partnership with the EU. Russia, for one, seems to be thinking in these terms. Even for those of the neighbouring states that already have the prospect of membership, preparations for eventual accession are likely to take many years, with unpredictable domestic repercussions. In the interim, they rightly expect the EU to demonstrate sustained and progressively deepening commitment to prevent them falling ever further behind the new member states acceding in 2004.

The 'Wider Europe' debate

The central question that has troubled the EU in dealing with Ukraine, Moldova, and to a lesser extent Belarus since the early 1990s is *not* fundamentally different from that which it faces with its southern Mediterranean neighbours: how to create a zone of stability and prosperity on the Union's borders without offering the prospect of full membership as incentive? The answers given by the EU, in the form of the Barcelona process and the Partnership and Cooperation Agreements (PCA) with the Central and East European states, have fallen far short of expectations. The Commission Communication 'Wider Europe – Neighbourhood' of March 2003 was designed to respond to the shortcomings of both at once, and to launch a debate in the enlarged EU and with its neighbours on the requirements of new circumstances and possible avenues for increased cooperation between them. Shortly thereafter, in spite of the internal political divisions that characterised

the EU during the Iraq crisis, the Thessaloniki European Council adopted an EU security strategy, presented by the CFSP High Representative Javier Solana, that stresses the need for extending the zone of security around Europe. The idea contained therein of promoting 'a ring of well-governed countries' with whom the enlarged EU can enjoy close and cooperative relations is in tune with the debate initiated by the Commission (which had spoken of a 'ring of friends').

The premise driving the Communication is the recognition by the EU of the interdependence of the Union, and its member states, with the neighbouring countries. This interdependence is driven by geographical proximity and is translated at the economic, social and security levels, although in different blends and with varying intensity according to the neighbourhood (land or sea, more or less immediate). So the EU is seen as having a 'duty' to promote political stability, economic development and poverty reduction in a 'shared environment'. The new neighbourhood framework targets countries that do not 'currently' have the perspective of EU membership: the 'Western Newly Independent States' (WNIS) Ukraine, Moldova and Belarus (for whom the question remains 'open') and countries in the Mediterranean basin whose relationships with the EU are better defined as a 'partnership'. So the framework does not apply to the Western Balkans, which are being offered the prospect of membership, at least 'potentially'; nor to Russia, which is not seeking it anyway. The aim is to separate the question of membership – which can, realistically, only be settled in the long term – from the more urgent and immediate practical challenges to the EU's neighbours: how to ensure that the enlarged EU does not lead to new and damaging dividing lines in Europe, and how to ensure that the neighbours are not excluded from the prosperity and security that integration is supposed to promote.

The Communication is founded on the concepts of 'differentiation' and 'progressivity'. Differentiation will require different levels of relations depending on the state in question and its progress in reaching agreed benchmarks of reform. Action Plans, devised by the Commission with the state in question and approved by the Council, are to become the way forward. On the one hand, the new neighbourhood approach will not override the existing framework for relations, the PCAs and the Barcelona

process. At the same time, the Communication does offer a new approach to the pursuit of these objectives. In the Communication, regional and country Action Plans are proposed that would be jointly formulated by the Commission and the neighbours, with benchmarks, scoreboards and regular reviews. EU engagement, as well as the extension of the incentives noted above, will proceed on the basis of the step-by-step implementation of agreed measures and reforms. The Communication's promise of 'differentiation' and 'progressivity' lie with these Action Plans.

Much of the 'Wider Europe' approach reflects the experience of the Europe Agreements for Central and Eastern Europe and the Stabilisation and Association Process for the Western Balkans. The latter drew heavily on the former; and the content of the proposed new 'Neighbourhood Agreements', as yet not defined in detail, will no doubt draw heavily on both of these predecessors, while leaving the question of membership firmly to one side. At this point it is worth noting a certain difficulty in linking the 'traditional' EU Mediterranean policies with the new 'Wider Europe' approach. Indeed, this approach seems to have been tailored in the first instance to introducing coherence in the relationships between the EU and its eastern neighbours, while relations with the Mediterranean partners were already well established in the framework of the Barcelona process, in its multi- and bilateral dimensions. In addition, the Barcelona process is closely related to the EU's policy towards the Middle East conflict – a thorny political issue that is obviously absent from the 'Wider Europe' approach.

The 'Wider Europe' Communication contains much that is positive and new. Emphasis is placed on regional cooperation among the neighbours, a notion hitherto avoided in the East by the EU for fears of Russian dominance. In particular, the regional approach to the WNIS represents a way to engage Belarus in a number of vital cooperative programmes, without having to engage directly with the Lukashenko leadership. Moreover, the political and security role of the EU receives strong emphasis. There is a promise that the EU will take a more active role in seeking conflict settlement in its neighbourhood ˉ in mediation, post-conflict reconstruction and security arrangements. Also, the

Action Plan methodology raises the prospect of deep, extensive and quite constant EU engagement in the relevant states. Finally, the Communication contains some notion of *future*. It is vague, but the possibility of moving beyond the PCA is raised, as is eventual access to the four freedoms. Again, we should note that precursors of those instruments were already present in the EU's regional policy towards the Mediterranean.

Is 'Wider Europe' enough?

For all its novelty, however, the Communication raises a number of important questions that remain unresolved.

Differentiation

According to the Communication, 'Wider Europe' stretches from Morocco to Russia. Can these states effectively be considered as part of the same neighbourhood? This arc contains states that are not only very different but have different aspirations regarding the EU – some states seeking membership (Turkey and the Western Balkans), others simply special relations (Russia) and yet others wanting little to do with Brussels (Belarus). The differences cross the entire arc and are found also within subregions of the arc. The differences between the Mediterranean neighbours raise the question of how best to develop a regional approach. This problem is most acute in the so-called WNIS.

Progressivity

Turkey and the western Balkan states in the SAP are not subjects of the Communication, because of their different status with regard to possible EU membership. Their absence from the debate on 'Wider Europe' implies that while they have a chance of attaining membership, the states referred to in the Communication do not. This throws a shadow over the notion of real progressivity in the Communication.

The 'economic' versus the 'strategic'

EU policies towards the new and old neighbours are heavily economic and technical. Is this focus in accordance with EU and member state interests? With the development of CFSP and ESDP, for all their problems and weaknesses, the EU must develop a *strategic* vision of its new neighbourhood. Such a vision requires looking beyond notions of criteria for membership/non-membership, indeed beyond the whole question of accession, to the definition of EU interests in particular regions, EU priorities in terms of threats on its borders and EU capabilities to respond to these. Nevertheless, the EU's strategy towards its neighbourhood will contain a significant economic dimension: it is obvious that economic development through reform and trade goes hand in hand with stability. The European security strategy presented by Javier Solana to the Thessaloniki European Council highlights this point: 'Neighbours who are engaged in violent conflict, weak states where organised crime flourishes, dysfunctional societies or exploding population growth on its borders all pose problems for Europe . . . Our task is to promote a ring of well governed countries to the East of the EU and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.' It is vital for the EU to become a real strategic actor in its neighbourhood with civilian/military activities across the political/strategic spectrum, backed up by its economic 'soft power'. Only in this manner will the EU be able to extend the zone of stability on its periphery.

Adequate funding for the neighbourhood

Current thinking on the EU's neighbourhood has so far not addressed the crucial issue of the funds assigned by the EU to the various neighbouring regions. But a serious policy requires substantial funding. Even if trade is at the centre of the EU's endeavour, financial aid will undoubtedly be necessary as well. Understandably, an enlarged European Union will focus on the assimilation of its new members, but it should not forget the fact that bordering regions will also need much attention. This is particularly true for the Mediterranean, since the 'centre of gravity' of the EU will shift towards the East with enlargement, but many of the major security concerns will continue to be in the South. In a way, the enlarged Union has to decide whether it wants financial aid to third countries to be an instrument of its foreign and security

policy or an autonomous policy with its own rationale. Especially when accession to the EU is not in sight, the former should increasingly be the case.

Omissions

Arguably, the 'Wider Europe' approach may need – even if only temporarily – to include Turkey and the Western Balkans. On the one hand, the 'membership perspective' is what they are demanding at this stage: it has a highly symbolic value and it is a formidable tool for enforcing the indispensable domestic reforms. On the other hand, however, keeping them in wholly separate categories from the 'neighbours' proper may make for administrative complications. This seems to have been implicitly recognised in the Commission's recent proposal for a new 'Neighbourhood Instrument', which will, in the interim period to 2007, draw together all the funding instruments: PHARE (for the candidate states Romania and Bulgaria), the ad hoc financial packages for Turkey, CARDS (for 'potential candidates' in the SAP), TACIS (whose coverage includes the WNIS), and MEDA (for the southern Mediterranean). For the 2007-15 budgetary period, the Commission proposes a fully integrated funding instrument, which, presumably, will likewise cover all neighbours.[1]

The states of the Southern Caucasus (Armenia, Georgia and Azerbaijan) have been left aside from the 'Wider Europe' debate, relegated to a footnote in the Communication. If the Communication concerns those states on the EU's borders with no immediate prospect of integration there is no justification for leaving these countries aside. Certainly, Georgia is a littoral state of the Black Sea, and thus soon destined to become an EU neighbour, whose problems cannot be ignored.

What is to be done?

Focus on the 'strategic'

As the EU security concept has pointed out, the Union must seek to enlarge its zone of stability throughout the states on its borders. Particularly given the security inter-dependence of the Union and its neighbourhood, the EU must become deeply engaged as a

1. See European Commission 'Paving the Way for a New Neighbourhood Instrument', COM (2003)393 final, Brussels, 1 July 2003.

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strategic actor in political and security terms. In this sense, the Union must develop security policies towards the states on its periphery. Bits and pieces already exist: a fully-fledged and coherent security vision and policy towards the new/old neighbours, however, is still lacking.

Separate 'Europe' from 'the EU'

The blurring of the notion of Europe, as a cultural and identity marker, with that of the EU is counterproductive, misleading and lazy. Brussels must seek to separate the two in the perceptions of the states on its borders – the borders of the EU are not necessarily the borders of Europe. Much more than political declarations are required to decouple the two concepts. Engagement on the ground and deep commitment are required. The EU message to these states must shift from 'you must become like us' to 'we will be with you'. Regional and individual Action Plans are key to this.

Seek real differentiation

The notion of 'Wider Europe' as developed in recent EU papers and communications is not entirely satisfactory, as it lumps together states and regions with vast differences. Further work within the 'Wider Europe' framework might be best pursued through a working group approach – for example, with working groups on financial questions across the entire geographical arc, on conflict resolution, on the WNIS, on the Maghreb and/or the Southern Caucasus. Each working group could lead the formulation of Action Plans at both the subregional and state levels.

Preserve the positive *acquis* of the EU's Mediterranean policies

In 1995, the EU introduced a global strategy for its relationships with the Mediterranean region, including the promotion of an area of peace, stability and shared prosperity and the creation of a free-trade zone in the future, which is still valid overall. This regional approach has been complemented with a European position vis-à-vis the Middle East conflict which seeks a peaceful, negotiated resolution of the conflict. The 'Wider Europe' approach could be used

as a good opportunity to reform specific aspects of the Euro-Mediterranean Partnership and to reinforce it. Yet this new approach should not end up unravelling or substituting the substantive policies of the EU towards the Mediterranean region.

Follow through

The formulation of regional and national Action Plans and their implementation is a huge challenge, almost a monster in the making for the EU. The engagement in terms of expert personnel, time and energy could be very substantial. The EU must follow through the ideas announced in terms of personnel and time in Brussels. Moreover, the proximity policy must receive the attention it requires in the process of determining the next EU budget in 2006.

Do not forget societies

In formulating a more strategic and political vision and approach to new/old neighbours, the EU must not forget the need to develop ties with the societies, not only the states on its borders. Good governance in these states – a key to EU security, as defined by Javier Solana – starts with healthy societies. Support to civil societies (education, research, NGOs) should be a vital component of the EU proximity policy.

The fact is that the EU faces the task of reinventing itself as a foreign policy actor regarding its neighbouring states. In particular, the EU must rethink the notion of 'signals' and move beyond a concentration on conditionality and accession/non-accession as the only tools at its disposal to advance its interests inside and beyond its borders. Political engagement, the acceptance of security responsibility in the new/old neighbours, concrete commitment to projecting and extending stability – all must lie at the heart of the EU's new proximity strategy. The EU's neighbours need not necessarily become 'like us', but they must be convinced that 'we will be with them'. And it must be a strategy – whereby means are coordinated towards ends – not a vague 'dimension' or a diffuse 'process'.

18 November 2002:
New neighbours initiative

Council Conclusions

(doc. 14078/02)

"1. With the forthcoming biggest ever enlargement in its history, the EU will have borders with a number of new neighbours. Enlargement presents an important opportunity to take forward relations with the new neighbours of the EU which should be based on shared political and economic values.
2. In particular, the EU wishes to put in place further conditions which would allow it to enhance its relations with its Eastern European neighbours: Ukraine, Moldova and Belarus. There is a need for the EU to formulate an ambitious, long-term and integrated approach towards each of these countries, with the objective of promoting democratic and economic reforms, sustainable development and trade, thus helping to ensure greater stability and prosperity at and beyond the new borders of the Union.
3. The initiative will be based on a differentiated approach considering each country's distinct political and economic situation, potential and aims. The development of relations with the countries concerned will, of course, depend on their implementation of further reforms and their willingness to respect international commitments and common values on democracy, the rule of law and human rights.
4. This initiative should be seen in conjunction with the EU's strong commitment to deepening co-operation with the Russian Federation, which is a key partner.
5. The EU also encourages the further development of cross-border co-operation, including the fight against organised crime and illegal immigration, and regional co-operation with and among neighbouring countries in Eastern Europe. Furthermore, co-operation with relevant international organisations in the area, such as OSCE and the Council of Europe, will be an important element in

the implementation of the initiative. In this respect, Candidate countries will play an important role.

6. Based on experience with this initiative, the Council might subsequently reflect on those elements which could be relevant for relations with partners in other bordering regions.

7. On this basis, the Commission and the High Representative are invited to prepare as soon as possible more detailed proposals on how to take this initiative further. Candidate countries will be consulted in this work."

Communication from the Commission to the Council and the European Parliament

Brussels, 11.3.2003
COM(2003) 104 final

Wider Europe — Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours

1. Wider Europe: Accepting the Challenge

On 1 May 2004, the European Union will enter a new and historic phase. An enlarged Union of 25 countries, with a combined population of more than 450 million and GDP of almost €10000 billion, will fundamentally increase the political, geographic and economic weight of the EU on the European continent. Enlargement will boost EU growth and employment opportunities within a framework of shared values and common respect for fundamental liberties. New patterns in the movement of people, capital, goods and services will increase diversity in culture and traditions. Beyond the EU's borders, enlargement will change the shape of the EU's political and economic relations with other parts of the world.

Enlargement gives new impetus to the effort of drawing closer to the 385 million inhabitants of the countries who will find themselves on the external land and sea border, namely Russia, the Western NIS and the Southern Mediterranean.[1] The accession of the new member states will strengthen the Union's interest in enhancing relations with the new neighbours. Over the coming decade and beyond, the Union's capacity to provide security, stability and sustainable development to its citizens will no longer be distinguishable from its interest in close cooperation with the neighbours.

1. Southern Mediterranean: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria, Tunisia. Western Newly Independent States (WNIS): Ukraine, Moldova, Belarus

Interdependence – political and economic – with the Union's neighbourhood is already a reality. The emergence of the euro as a significant international currency has created new opportunities for intensified economic relations. Closer geographical proximity means the enlarged EU and the new neighbourhood will have an equal stake in furthering efforts to promote trans-national flows of trade and investment as well as even more important shared interests in working together to tackle trans-boundary threats - from terrorism to air-borne pollution. The neighbouring countries are the EU's essential partners: to increase our mutual production, economic growth and external trade, to create an enlarged area of political stability and functioning rule of law, and to foster the mutual exchange of human capital, ideas, knowledge and culture.

The EU has a duty, not only towards its citizens and those of the new member states, but also towards its present and future neighbours to ensure continuing social cohesion and economic dynamism. The EU must act to promote the regional and sub-regional cooperation and integration that are preconditions for political stability, economic development and the reduction of poverty and social divisions in our shared environment.

For the EU's part, the whole range of the Union's policies (foreign, security, trade, development, environment and others) will need to rise to meet this challenge. The November 2002 General Affairs and External Relations Council launched the work, noting in particular the situation of Ukraine, Moldova and Belarus – new neighbours on the Union's land border. The December 2002 Copenhagen European Council confirmed that the Union should take the opportunity offered by enlargement to enhance relations with its neighbours on the basis of shared values.[2] It repeated the Union's determination **to avoid drawing new dividing lines in Europe and to promote stability and prosperity within and beyond the new borders of the Union**. It reaffirmed that enlargement will serve to strengthen relations with Russia, and called for **enhanced relations with Ukraine, Moldova, Belarus and the Southern Mediterranean countries to be based on a long term approach promoting reform, sustainable development and trade.**[3] At the same time, the Council **reaffirmed the European perspective of the countries of the Western Balkans in the Stabilisation and Association Process.**

2. Notably democracy, respect for human rights and the rule of law, as set out within the EU in the Charter of Fundamental Rights.

3. The European Parliament has also called for attention to be paid to the issues surrounding the new neighbours, most recently in its 12 February 2003 report on relations between the EU and Belarus.

This Communication considers how to strengthen the framework for the Union's relations with those neighbouring countries that do not currently have the perspective of membership of the EU.[4] It does not, therefore, apply to the Union's relations with the remaining candidate countries - Turkey, Romania and Bulgaria – or the Western Balkans. The Communication argues that enhanced interdependence – both political and economic – can itself be a means to promote stability, security and sustainable development both within and without the EU. The communication proposes that **the EU should aim to develop a zone of prosperity and a friendly neighbourhood** – a 'ring of friends' – **with whom the EU enjoys close, peaceful and co-operative relations**.

In return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms, including in aligning legislation with the acquis, the EU's neighbourhood should benefit from the prospect of closer economic integration with the EU. To this end, **Russia, the countries of the Western NIS and the Southern Mediterranean should be offered the prospect of a stake in the EU's Internal Market and further integration and liberalisation to promote the free movement of – persons, goods, services and capital (four freedoms).**

2. Neighbourhood – Different Countries, Common Interests

The situations of Russia, the countries of the WNIS and the Southern Mediterranean are very different judged by most standards. The course of the 20th century saw dramatic changes in geography, politics and culture both on the European continent and in the Mediterranean. These forces have not necessarily led to greater convergence.

Differences are reflected in the variety and intensity of the Union's existing relations with and among the countries of its new neighbourhood. While, for example, the Union's relations with Belarus have progressed little since 1996, the development of EU/Russia dialogue and cooperation on political and security issues, energy, environment and science and technology over the past few years

4. Given their location, the Southern Caucasus therefore also fall outside the geographical scope of this initiative for the time being.

has accelerated rapidly. A new neighbourhood policy will only constitute one pillar of the overall EU/Russia strategic partnership. Neighbourhood and EU Membership

Neighbourhood and EU Membership

◗ Article 49 of the Treaty on European Union stipulates that any European state may apply to become a member of the European Union. Prospective candidates must meet the criteria for membership: democracy, the rule of law, human rights, respect for minorities; a functioning market economy, and the capacity to cope with competitive pressures; the ability to take on the obligations of membership (meaning to apply effectively the EU′s rules and policies).

◗ The incentive for reform created by the prospect of membership has proved to be strong - enlargement has unarguably been the Union′s most successful foreign policy instrument.

◗ In some cases the issue of prospective membership has already been resolved. Accession has been ruled out, for example, for the non-European Mediterranean partners. But other cases remain open, such as those European countries who have clearly expressed their wish to join the EU.

◗ In reality, however, any decision on further EU expansion awaits a debate on the ultimate geographic limits of the Union. This is a debate in which the current candidates must be in a position to play a full role.

◗ The aim of the new Neighbourhood Policy is therefore to provide a framework for the development of a new relationship which would not, in the medium-term, include a perspective of membership or a role in the Union′s institutions. A response to the practical issues posed by proximity and neighbourhood should be seen as separate from the question of EU accession.

Regional trade and integration is a recognised objective of the EU's Mediterranean policy, not least because of the positive effects on regional political and economic stability that will result from the creation of a larger Mediterranean market. The EU has Free Trade Agreements (FTAs) in place with the countries of the South-

ern Mediterranean and the Barcelona process envisages that these should now be expanded to include the services sector as well as the goods sector more fully. Regional integration is also foreseen through the rapid negotiation and implementation of FTAs between the Mediterranean partners, as well as with the EU's customs union partner Turkey. While some Association Agreements with the EU still need to be ratified,[5] the Mediterranean partners are already being encouraged to approximate their legislation to that of the Internal Market.

In contrast to contractual relations with all the EU's other neighbouring countries, the Partnership and Cooperation Agreements (PCAs) in force with Russia, Ukraine and Moldova grant neither preferential treatment for trade, nor a timetable for regulatory approximation.

Given these different starting points and objectives it is clear that a new EU approach cannot be a one-size-fits-all policy. Different stages of reform and economic development also means that different rates of progress can be expected from the neighbouring countries over the coming decade.

On the other hand, it is increasingly clear that the EU shares an important set of mutual interests with each of its neighbours. All countries in the new neighbourhood are confronted by the opportunities and challenges surrounding **Proximity**, **Prosperity** and **Poverty**.

Proximity

Geographical proximity presents opportunities and challenges for both the EU and for its neighbours. In the 1995 Barcelona Declaration, the EU and the Mediterranean partners recognised that geographical proximity increased the value of developing a comprehensive policy of close association, reflected in the negotiation of Association Agreements with each country. In the Partnership and Cooperation Agreements in effect with Russia, Ukraine and Moldova, the parties also agreed on the need to establish a strong partnership, based on historic links and common values. Both types of agreements were designed as instruments to help with the transition process, notably through gradual rapprochement between the EU and the partner countries and to create a wider area of cooperation.

More specifically, geographical proximity increases the importance of a set of issues revolving around, but not limited to, the

5. Association agreements with Tunisia, Israel, Morocco, Palestinian Authority and Jordan have entered into force. Those concluded with Egypt, Lebanon and Algeria await ratification. An association agreement with Syria is under negotiation.

management of the new external border and trans-boundary flows. The EU and the neighbours have a mutual interest in cooperating, both bilaterally and regionally, to ensure that their migration policies, customs procedures and frontier controls do not prevent or delay people or goods from crossing borders for legitimate purposes. Infrastructure, efficient border management and interconnected transport, energy and telecommunications networks will become more vital to expanding mutual trade and investment. Cross-border cultural links, not least between people of the same ethnic/cultural affinities, gain additional importance in the context of proximity. Equally, threats to mutual security, whether from the trans-border dimension of environmental and nuclear hazards, communicable diseases, illegal immigration, trafficking, organised crime or terrorist networks, will require joint approaches in order to be addressed comprehensively.

Prosperity and Poverty

A new EU approach to its neighbouring countries cannot be confined to the border regions alone. If the EU is to work with its neighbourhood to create an area of shared prosperity and stability, proximity policy must go hand-in-hand with action to tackle the root causes of the political instability, economic vulnerability, institutional deficiencies, conflict and poverty and social exclusion.[6]

Most of the EU's Southern and Eastern neighbours have a nominal GDP per capita of less than €2000.[7] Poverty and social exclusion has increased sharply in Russia and the WNIS over the past decade as a result of falling output and increased inequality in the distribution of income. This has led to an increased risk of social and political dislocation. In Russia, GDP is still a third lower than its level in 1989; Moldova remains at below half of its former level of GDP. What is perhaps less known is that the Mediterranean has also had a very poor rate of growth in GDP per capita. Egypt, Israel and Tunisia are the only countries to have exceeded 2% growth since 1975, while Algeria, for example, shows a small negative growth rate. Only sub-Saharan Africa shows a worse overall growth rate than these two regions. Moldova is by far the poorest neighbouring country (€417 per capita[8]), Ukraine the next most poor (€855). Israel is the richest of the EU's neighbours (€19578), with Lebanon (€5284) second richest, albeit at a considerably lower level of GDP, and Russia some way behind both countries (€2382).

6. As set out in the 10 November 2000 Council/Commission Statement on EU Development Policy.

7. See Annex for statistics on GDP, trade and investment, migration and assistance.

8. Nominal estimates for 2001, EBRD Transition Report update, 2002.

A cluster of countries – Belarus, Egypt, Morocco, West Bank/Gaza and Syria – has achieved between three and four times the level of Moldovan GDP per capita (€1292 - €1663).

Despite the sluggish rate of economic growth, the Mediterranean region has long been characterised by a low level of absolute poverty.[9] Relative poverty is, however, an issue as nearly 30% of the population live on less than $2 a day and illiteracy rates remain high. Only 0.6% of population use the internet and only 1.2% have access to a computer.[10] In Russia and the WNIS, poverty rates have increased considerably since 1990. Russia has seen some reversal of this trend in recent years.

Democracy, pluralism, respect for human rights, civil liberties, the rule of law and core labour standards are all essential prerequisites for political stability, as well as for peaceful and sustained social and economic development. Nearly all countries of the Mediterranean, the WNIS and Russia have a history of autocratic and non-democratic governance and poor records in protecting human rights and freedom of the individual. Generally, the countries of the WNIS and Russia have taken steps towards establishing democracy and market institutions over the past 12 years. Yet political reform in the majority of the countries of the Mediterranean has not progressed as quickly as desired.

Trade and investment are vital to improving economic growth and employment. Ensuring secure and sustainable energy supplies will call for additional, vast investments in Russia, the WNIS and the Mediterranean. At the same time, economic diversification towards labour-intensive, employment-creating industries and services are urgently needed, not only in relatively resource-poor countries, such as Ukraine, Moldova and Morocco, but also in energy-rich countries, such as Algeria and Russia. Energy dominates imports from both regions, more so for trade with Russia than from the WNIS and the Southern Mediterranean, where textiles and agricultural produce represent a considerable share of imports from certain countries (Moldova, Morocco, Tunisia). In 2001, a year with high oil prices, exports to the EU from Russia and the WNIS, and the Southern Mediterranean amounted to approximately €60 billion for each of the two regions, while imports from the EU were only just over half the exports for both. To compare, in 2001 Hungarian imports and exports to the EU alone totalled around €25 billion each way. The neighbouring countries all face weak levels of foreign direct investment when compared with

9. Individuals earning less than $1 per day, measured in purchasing power parity terms.

10. UNDP Arab Human Development Report.

countries at similar levels of development and relative to their needs. For example, per capita foreign investment in Russia is less than one sixth of the level in Poland, in addition to which Russia has seen an average annual domestic capital flight of $20 billion over the last 10 years.

Promoting Regional and Intra-Regional Cooperation

◗ The Euro-Mediterranean partnership offers a strong policy framework for the EU's relations with Mediterranean countries. Since the Barcelona declaration was adopted in 1995 it has formed the basis for a continuing dialogue and cooperation in spite of the political turmoil in the region.
◗ As far as the **bilateral** dimension of EU relations is concerned, the basic framework is similar for both groups of countries: Association Agreements or Partnership and Cooperation agreements, including political dialogue, are accompanied by national Meda/Tacis programmes and agreements on specific issues (readmission, fisheries etc.). The most important difference is that, in the Mediterranean, an explicit **regional** dimension encouraging the development of intra-regional initiatives and cooperation in a broad range of sectors is included. This policy of promoting intra-regional cooperation consists of three Chapters defined in the Barcelona Declaration supplementing the bilateral framework: the Political and Security Chapter, Economic and Financial Chapter and Social, Cultural and Human Chapter. Since 1995, seven meetings of the Foreign Ministers of the 15+12 have taken place, together with 16 meetings of sectoral ministers. These meetings have launched a number of joint cooperation initiatives, financed through the Meda regional programme.
◗ On the future Eastern external border, regional economic cooperation among the WNIS is already quite strong, oriented around traditional flows of trade and investment to and from Russia. However, encouragement for regional political cooperation and/or economic integration has not so far formed a strong component of EU policy towards Russia and the WNIS.
◗ The Northern Dimension currently provides the only **regional** framework in which the EU participates with its

Eastern partners to address trans-national and cross-border issues. But participation is restricted to Russia.

▶ In the context of a new EU neighbourhood policy, further regional and sub-regional cooperation and integration amongst the countries of the Southern Mediterranean will be strongly encouraged. New initiatives to encourage regional cooperation between Russia and the countries of the Western NIS might also be considered. These could draw upon the Northern Dimension concept to take a broader and more inclusive approach to dealing with neighbourhood issues.

Spreading the benefits of increased economic growth to all sectors of society requires positive action to promote social inclusion via mutually reinforcing economic, employment and social policies. Attention to areas including education, health, training and housing is equally important. Increasing environmental and economic efficiency should also proceed hand-in-hand. Serious environmental pollution and deficiencies in managing nuclear and toxic waste affect public health and living standards in many of the neighbouring countries and contribute to shortening life expectancy in some. At the same time, the wasteful and inefficient use of natural resources reduces present and, crucially, future prospects for economic growth.

A functioning legal system, implemented by strong regulatory authorities and effective and independent judiciaries equipped with the powers to protect property rights, are also required to maximise economic activity and production, and accelerate economic growth.

The negative effects of conflict on economic and political development, especially where sustained over a long period, cannot be over-estimated. These effects are not only domestic – so long as conflicts persist there is a danger of spill over. Conflict and political division in the Mediterranean (Western Sahara, Palestine) over the past half century has seriously retarded the development of the region. Unrecognised statelets such as Transdniestria are a magnet for organised crime and can de-stabilise or throw off course the process of state-building, political consolidation and sustainable development.

The EU has a clear interest in ensuring that these common challenges are addressed.

3. A New Vision and A New Offer

The EU can and should work to spread the benefits of enlargement for political and economic stability in the neighbouring countries and to help reduce prosperity gaps where they exist. This should be reflected in a **clear vision** for the development of closer and more coherent relations with the Union's neighbours over the medium and long term. The EU should act to reinforce and unite its existing neighbourhood policy towards these regions around two overarching objectives for the next decade or longer:

◗ To work with the partners to reduce poverty and create an area of shared prosperity and values based on deeper economic integration, intensified political and cultural relations, enhanced cross-border cooperation and shared responsibility for conflict prevention between the EU and its neighbours.

◗ To anchor the EU's offer of concrete benefits and preferential relations within a differentiated framework which responds to progress made by the partner countries in political and economic reform.

The establishment at pan-European level of an open and integrated market functioning on the basis of compatible or harmonised rules and further liberalisation would bring significant economic and other benefits to both the EU and the neighbourhood. A political, regulatory and trading framework, which enhances economic stability and institutionalises the rule of law, will increase our neighbours' attractiveness to investors and reduce their vulnerability to external shocks. Further reciprocal market access through preferential agreements covering goods and services will have the greatest positive impact if accompanied by measures to facilitate economic activity. Sustainable development requires a common understanding that the adoption of a broader range of policies, including environmental protection, will support more rapid economic growth. Research and scientific **cooperation** can catalyse technological progress. The EU acquis offers a well established model on which to establish functioning markets and common standards for industrial products, services, transport, energy and telecommunications networks, environmental and consumer protection, health, labour and minimum quality requirements. Enhanced and better targeted EU develop-

ment assistance could accompany reform, helping to build administrative capacity and mitigate social adjustment costs.

In return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms, including aligning legislation with the *acquis*, the EU's neighbourhood should benefit from the prospect of closer economic integration with the EU. Specifically, **all the neighbouring countries should be offered the prospect of a stake in the EU's Internal Market and further integration and liberalisation to promote the free movement of – persons, goods, services and capital (four freedoms)**. If a country has reached this level, it has come as close to the Union as it can be without being a member.[11] The EU therefore should stand ready to work in close partnership with the neighbouring countries who wish to implement further reforms and assist in building their capacity to align with and implement parts of the *acquis communautaire*.

The EU's approach could therefore be based on the following incentives:

▮ Extension of the Internal Market and Regulatory Structures

Common rules and standards are vital to ensure that our neighbours can access and reap the benefits of the enlarged EU internal market as well as to create a more stable environment for economic activity. The EU acquis, which has established a common market based on the free movement of goods, persons, services and capital, ensuring competition and a level playing field based on shared norms and integrating health, consumer and environmental protection, could serve as a model for countries undertaking institutional and economic reform.

Both the Association and Partnership and Cooperation Agreements set, in broad terms, an agenda for legislative and regulatory approximation, albeit without fixed deadlines. For the WNIS, this agenda could be developed as currently explored in the Common European Economic Space (CEES) initiative launched with Russia. The CEES itself should be developed to set out a deeper and broader timetable for legislative approximation between the EU and Russia. Participation in selected EU activities and programmes, including aspects such as consumer protection, standards, environmental and research bodies, could be opened to all neighbouring countries. Efforts to support the further develop-

11. President Prodi's speech to the Sixth ECSA-World Conference, Brussels, 5-6 December 2002.

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ment of enterprise policy by the partner countries should accompany regulatory approximation.

▌ Preferential Trading relations and Market Opening

Although countries can benefit from approximating their economic rules and structures on those of the EU before proceeding with trade liberalisation, more open trade is a key component for market integration.

As provided for in the Barcelona process, the free trade agreements that are already in place with the Mediterranean countries should cover more fully the goods and services sectors. Creating a more integrated market requires that our partners also conclude agreements of a similar depth among themselves, as well as with Turkey. For Russia and the WNIS, Free Trade Areas are envisaged in the PCAs, but with no timetable attached. Objectives and benchmarks could be developed. The sequencing of economic rapprochement is important to ensure that liberalisation really helps development. For Moldova which does not currently possess the competitive strength or administrative capacity to take on the reciprocal obligations of an FTA yet, the EU is ready to consider developing new initiatives to grant better market access, in line with WTO obligations.

▌ Perspectives for Lawful Migration and Movement of Persons

The EU and the partner countries have a common interest in ensuring the new external border is not a barrier to trade, social and cultural interchange or regional cooperation. The impact of ageing and demographic decline, globalisation and specialisation means the EU and its neighbours can profit from putting in place mechanisms that allow workers to move from one territory to another where skills are needed most – although the free movement of people and labour remains the long-term objective. Significant additional opportunities for cultural and technical interchange could be facilitated by a long-stay visa policy on the part of the EU member states.

An efficient and user-friendly system for small border traffic is an essential part of any regional development policy. The EU is currently looking at ways of facilitating the crossing of external borders for *bona fide* third-country nationals living in the border areas that have legitimate and valid grounds for regularly crossing the border and do not pose any security threat. The EU could also

consider the possibilities for facilitating the movement of citizens of neighbouring countries participating in EU programmes and activities. EU member states should also consider using the possibilities for granting visa-free access to holders of diplomatic and service passports. Beyond this, provided the necessary conditions are in place, the EU should be open to examine wider application of visa free regimes. The EU should develop a common approach to ensure the integration of third country nationals, with special emphasis on citizens of the neighbouring countries lawfully resident in the Union. The EU should assist in reinforcing the neighbouring countries' efforts to combat illegal migration and to establish efficient mechanisms for returns, especially illegal transit migration. Concluding readmission agreement with all the neighbours, starting with Morocco, Russia, Algeria, Ukraine, Belarus and Moldova, will be an essential element in joint efforts to curb illegal migration.

▌ Intensified Cooperation to Prevent and Combat Common Security Threats

Cooperation, joint work and assistance to combat security threats such as terrorism and trans-national organised crime, customs and taxation fraud, nuclear and environmental hazards and communicable diseases should be prioritised.

Both domestic measures and intensified bilateral and multilateral action are indispensable to fight organised crime. Particular attention should be paid to drugs trafficking, trafficking in human beings, smuggling of migrants, fraud, counterfeiting, money laundering and corruption. The EU should explore the possibilities for working ever more closely with the neighbouring countries on judicial and police cooperation and the development of mutual legal assistance. The approach taken in the EU/Russia Action Plan against organised crime and the Justice and Home Affairs (JHA) Action Plan for Ukraine, which includes a scoreboard, could be developed for other neighbouring countries. The EU should capitalise on the cooperation initiated in the Mediterranean to introduce reforms to the judicial system, improve police training and other cooperation in the fight against organised crime. The fight against terrorism is a potential area for closer cooperation. The new neighbours should also be assisted in the implementation of all the relevant international instruments in this field, notably those developed in the UN. EU political focus

and assistance must continue to support efforts to take forward nuclear clean-up in north west Russia and follow-up to the closure of the Chernobyl Nuclear Power Plant. Efforts to combat trans-boundary pollution - air, sea, water or land - should be modelled on the collaborative approach taken by the Northern Dimension Environmental Partnership (NDEP) and the Danube-Black Sea Task Force.

❚ GREATER EU POLITICAL INVOLVEMENT IN CONFLICT PREVENTION AND CRISIS MANAGEMENT

Shared values, strong democratic institutions and a common understanding of the need to institutionalise respect for human rights will open the way for closer and more open dialogue on the Union's Common Foreign and Security Policy (CFSP) and the development of the European Security and Defence Policy (ESDP). A shared neighbourhood implies burden-sharing and joint responsibility for addressing the threats to stability created by conflict and insecurity.

The EU should take a more active role to facilitate settlement of the disputes over Palestine, the Western Sahara and Transdniestria (in support of the efforts of the OSCE and other mediators). Greater EU involvement in crisis management in response to specific regional threats would be a tangible demonstration of the EU's willingness to assume a greater share of the burden of conflict resolution in the neighbouring countries. Once settlement has been reached, EU civil and crisis management capabilities could also be engaged in post-conflict internal security arrangements. Additional sources of funding for post-conflict reconstruction and development would be required.

❚ GREATER EFFORTS TO PROMOTE HUMAN RIGHTS, FURTHER CULTURAL COOPERATION AND ENHANCE MUTUAL UNDERSTANDING

Shared values and mutual understanding provide the foundations for, inter alia, deeper political relations, enhanced cooperation on justice and security issues, environmental improvement and governance. The importance of dialogue between civilisations and the free exchange of ideas between cultures, religions, traditions and human links cannot be over-emphasised. The EU should contribute to the development of a flourishing civil society to promote basic liberties such as freedom of expression and association. The EU also needs to make a greater effort to create a positive image in

the neighbourhood and act to combat stereotypes which affect perceptions of the neighbouring countries within the EU.

EU programmes and activities in research, education, culture and bilateral visitor programmes should be expanded. Exchange programmes between youth and universities, the creation of European studies courses and the opening of new Euro-information centres, 'people-to-people' activities, including professional exchange/visit programmes, activities in the field of media, training and journalists exchanges merit close consideration. Ideas circulated by the new member states should be looked upon favourably. Exchanges on a regional level regarding governance and human rights training issues have proven beneficial and should be explored further. In the Mediterranean, work could take place under the auspices of the Euro-Mediterranean Foundation. Attention should be given to strengthening EU information policy in Russia and the WNIS in cooperation with the member states. Twinning opportunities between local government and civil society organisations and judicial cooperation should be fully utilised. A PRINCE information campaign to make the European public aware of the benefits and challenges of the wider Europe framework will be launched.

▌ INTEGRATION INTO TRANSPORT, ENERGY AND TELECOMMUNICATIONS NETWORKS AND THE EUROPEAN RESEARCH AREA

Full integration into EU markets and society requires compatible and interconnected infrastructure and networks as well as harmonised regulatory environments. EU policies such as Trans-European Networks (TENs), Galileo and other research activities should draw up strategies for the Eastern and Southern neighbours.

The Meda regional programme is producing blueprints for infrastructure interconnection and regulatory approximation and harmonisation in transport, energy and telecommunications (Trans-Euro-Mediterranean Networks). These blueprints should be implemented with loans and risk capital from the EIB through the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) as well as the other International Financial Institutions (IFIs). The EU should encourage and support telecommunications markets in the neighbouring countries, improving the availability of Internet access for business and private use and encouraging the growth of knowledge-based economies. As set out in the

6th Framework programme for Research and Technological Development (RTD), the EU should take forward the opening of the European Research Area (ERA) to integrate the scientific communities of the neighbouring countries, exploit scientific results, stimulate innovation and develop human resources and research capacities.

▌ NEW INSTRUMENTS FOR INVESTMENT PROMOTION AND PROTECTION
A stronger and more stable climate for domestic and foreign investment is critical to reducing the wealth gap that exists between the EU and its neighbours. Foreign investment can encourage reform and improved governance at the same time as contributing to the transfer of know-how and management techniques and the training of local personnel.

Future agreements concluded with our neighbours could include reciprocal provisions granting companies national treatment for their operations as well to strengthen the overall framework to protect investment. The EU should continue to assist the fight against corruption, strengthening of the rule of law and the independence of the judiciary. The EU should help to enhance business-to-business dialogue initiatives, involving EU and the neighbours' companies. The EU-Russia Industrialists Round Table process and the Business Summits with the Mediterranean countries have been useful instruments for entrepreneurs to develop practical suggestions on how to improve the investment and business climate in the neighbouring countries. Regional bodies representing entrepreneurs and EU business associations in the neighbouring countries are valuable partners in this area.

▌ SUPPORT FOR INTEGRATION INTO THE GLOBAL TRADING SYSTEM
WTO Membership is an integral part of a positive economic agenda and expanding trade and investment links.

The EU should support a high rhythm of WTO negotiations with the applicant countries - Russia, Ukraine, Algeria, Lebanon and Syria – and continue to offer assistance to prepare for accession on acceptable terms as soon as possible. The Tacis and Meda programmes could provide further trade-related technical assistance and training for customs cooperation and trade facilitation, intellectual property rights, regulation of the service sector and the approximation and implementation of Internal Market legislation.

■ ENHANCED ASSISTANCE, BETTER TAILORED TO NEEDS

Proximity calls for further efforts to encourage cross-border and trans-national cooperation and development, both locally and regionally. This includes the strengthening of all forms of economic, legal and social cooperation across the borders, especially between regional and local authorities and within civil society. The EU should work with the neighbours to facilitate common management of migration flows and border transit and to address trans-border organised crime, including illicit trafficking, as well as corruption, fraud, environmental, nuclear issues and communicable diseases. The EU's cooperation instruments must be sufficiently flexible to address the entire range of needs.

For Russia and the WNIS, constraints on coordination between the existing EU instruments create obstacles to cross-border and sub-regional activities. Taking into account the constraints that may arise in the short-term, the Commission will consider the possibility of creating a new Neighbourhood Instrument which builds on the positive experiences of promoting cross-border cooperation within the Phare, Tacis and INTERREG programmes[12]. This instrument will focus on trans-border issues, promoting regional and sub-regional cooperation and sustainable development on the Eastern border. For the Mediterranean, consideration should be given to whether such a unified proximity instrument could also apply to shorter sea crossings (between the enlarged EU and a number of Barcelona partner countries). The EU should accompany progress made in reforms with enhanced assistance to mitigate the impact of adjustment on the poor and vulnerable. The WNIS should benefit from more direct grant aid and budget support for tackling poverty, social and economic inequality and exclusion to achieve greater social cohesion. Criteria for eligibility for EU exceptional macro-financial assistance (MFA) should be clarified. The need for a MFA framework regulation could be re-assessed.

■ NEW SOURCES OF FINANCE

EU technical and grant assistance is not the only means for promoting reform or catalysing private investment. The IFIs have a key role to play in reducing poverty, helping to mitigate the social consequences of transition, assisting accelerated reform and increased investment as well as developing infrastructure and the private sector.

12. Although outside the geographical scope of this paper, similar considerations apply to cross border aspects of the CARDs programme in the Western Balkans.

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Community financial instruments and the EIB should continue to support infrastructure investment in the Mediterranean. FEMIP or, subject to Council review, a possible Euro-Med bank, are means of providing additional support for private sector development in the region. For Russia and the WNIS, community, EBRD and EIB supported initiatives should be further developed. While the central role played by the EBRD should continue to be supported, the EU could also consider the progressive and targeted increase of EIB lending to Russia, and its extension to Ukraine, Moldova and, eventually, Belarus. The EU should ensure the IFIs take adequate account of the importance of spending on education, health and social safety net provisions in their policies towards the neighbouring countries.

4. A Differentiated, Progressive, and Benchmarked Approach

The long term goal of the initiatives set out in Chapter 3 is to move towards an arrangement whereby the Union's relations with the neighbouring countries ultimately resemble the close political and economic links currently enjoyed with the European Economic Area. This implies the partners taking on considerably deeper and broader obligations, specifically when it comes to aligning with Community legislation. However, the new neighbourhood policy should not override the existing framework for EU relations with Russia and the countries of the Western NIS, and the Southern Mediterranean. Instead, it would supplement and build on existing policies and arrangements.

Belarus

◗ EU-Belarus relations stalled in 1996-7 as a consequence of serious setbacks in the development of democracy and human rights in Belarus, in particular the replacement of the democratically elected parliament with a national assembly nominated by the President in violation of the 1994 constitution.
◗ The GAC reacted in 1997 by freezing conclusion of the PCA, signed in 1995, and restricting ministerial level contacts and the scope of EU assistance to Belarus.

◗ Despite repeated approaches by the EU, OSCE and Council of Europe since 1997, Belarus has applied a constant policy of deviation from its commitments to the Council of Europe and OSCE. Confrontation with the OSCE over its representation in Minsk led to a decision of 14 member states to impose a visa ban on government representatives in November 2002.

◗ The EU faces a choice in Belarus: either to leave things to drift – a policy for which the people of Belarus may pay dear and one which prevents the EU from pursuing increased cooperation on issues of mutual interest - or to engage, and risk sending a signal of support for policies which do not conform to EU values.

◗ In the run-up to the parliamentary elections in 2004, the EU should aim to engage Belarus in a measurable, step-by-step process focused on creating the conditions for free and fair elections and, once achieved, the integration of Belarus into the neighbourhood policy, without compromising the EU's commitment to common and democratic values.

As noted above, the neighbouring countries do not start from the same point in their relations with the EU. Some partners already have FTAs with differing degrees of scope and depth; others have begun the process of developing a strategic partnership with the EU, with economic integration with the EU as one aspect of this. While the EU should aim to ensure a more coherent approach, offering the same opportunities across the wider neighbourhood, and asking in return the same standards of behaviour from each of our neighbours, **differentiation** between countries would remain the basis for the new neighbourhood policy.

The overall goal will be to work with partner countries to foster the political and economic reform process, promote closer economic integration and sustainable development and provide political support and assistance. The EU should start from the premise that the institutions of state need to be capable of delivering full transition to comply with international political, legal and human rights standards and obligations. Partners will start from variable, in some cases limited, capacity to undertake rapid reform and comprehensive transition. They will need to show a strong commitment to building up their administrative, institutional

and legal capacity. There is therefore no alternative to a step-by-step approach. The extension of the benefits set out in Chapter 3, including increased financial assistance, should be conducted so as to encourage and reward reform – reforms which existing EU policies and incentives have so far not managed to elicit in all cases. Engagement should therefore be introduced **progressively**, and be **conditional on meeting agreed targets for reform**. New benefits should only be offered to reflect the progress made by the partner countries in political and economic reform. In the absence of progress, partners will not be offered these opportunities.

This communication proposes that the principles of differentiation and progressivity should be established by means of country and/or regional **Action Plans**. These should be political documents – drawing together existing and future work in the full range of the EU's relations with its neighbours, in order to set out clearly the over-arching strategic policy targets and benchmarks by which progress can be judged over several years. They should be concise, complemented where necessary by more detailed plans for sector-specific cooperation.

The setting of clear and public objectives and **benchmarks** spelling out the actions the EU expects of its partners is a means to ensure a consistent and credible approach between countries. Benchmarks also offer greater predictability and certainty for the partner countries than traditional 'conditionality'. Political and economic benchmarks could be used to evaluate progress in key areas of reform and against agreed targets. 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. Wherever possible, these benchmarks should be developed in close cooperation with the partner countries themselves, in order to ensure national ownership and commitment.

International organisations, notably the OSCE and the Council of Europe, the International Labour Organisation (ILO) and the IFIs, can assist with establishing benchmarks. These organisations should also be engaged in the process of supporting related reforms.

Action Plans and accompanying benchmarks should be established by the Council, based on proposals from the Commission,

wherever possible with prior discussion with the partner countries concerned. The Action Plans, once agreed, will supersede common strategies to become the Union's main policy document for relations with these countries over the medium term.

When it comes to the **institutional and contractual arrangements** of the Association Agreements and Partnership and Cooperation Agreements, the full implementation and exploitation of the provisions contained in the existing Agreements remains a necessary precondition for any new development.

Libya

▶ The EU has no contractual relations with Libya.
▶ In April 1999, following the suspension of UN sanctions, Libya acquired observer status in the Barcelona Process and was invited to become a full member as soon as the UN Security Council sanctions have been definitively lifted and once Libya has accepted the full Barcelona 'acquis'.
▶ The EU has suspended sanctions against Libya and lifted restrictions on diplomatic and consular personnel and visas; the embargo on arms exports remains in place.
▶ Although Libya has not so far accepted the Barcelona acquis, in particular because of disagreement over the position of Israel and the Palestinian Authority, it regularly observes in Foreign Ministers and Senior Official's meetings.
▶ The EU should therefore give consideration to how it could incorporate Libya into the neighbourhood policy. In order to send a coherent message, further engagement needs to be pursued within a conditional framework and a clear understanding of the benefits of making progress towards cooperation based on respect for shared values.

Thereafter, the EU will examine the scope for new **Neighbourhood Agreements** to build on existing contractual relations. These would supplement existing contractual relations where the EU and the neighbouring country have moved beyond the existing framework, taking on new entitlements and obligations. If, however, the Neighbourhood Agreements contain provisions going beyond those of the Euro-Mediterranean Association Agree-

ments, similar arrangements could be offered, on equivalent terms, to the Mediterranean partners.

5. Next Steps

A three step process could be envisaged for developing and implementing the Action Plans for each country:

I.   Dialogue in the existing frameworks (Association and Partnership and Cooperation Agreements) jointly analysing the achievements and failures of reform hitherto. The Association and Cooperation Committees should be mandated to prepare this work.
II. A document would then be drawn up by the Commission and the Member States, to be agreed in association with each country, setting out common objectives and benchmarks and a timetable for their achievement. This action plan should be given a political endorsement by the EU and the partner(s) involved, if appropriate at the level of the Association and Cooperation Councils.
III. An annual review of progress in implementing the Action Plan, integrated into the existing institutional cooperation framework with the partner countries, would be a concrete demonstration of enhanced EU political interest and provide governments with the opportunity to receive credit from the EU for their political and economic reform efforts.

The financial implications of the new Neighbourhood Policy should be reflected in the Commission's future budgetary proposals. The Commission will consider proposals for a new Neighbourhood Instrument focussing on ensuring the smooth functioning and secure management of the future Eastern and Mediterranean borders, promoting sustainable economic and social development of the bordering regions and pursuing regional and trans-national cooperation. The Commission will consider how objectives and benchmarks could help regarding regulatory approximation, further market opening and preferential trade relations with Russia, Ukraine and Moldova in line with the commitments and obligations in the PCAs. Where justified by progress made against the Action Plans, the Commission will also put forward initiatives to:

◗ extend existing Community policies, programmes and instruments to neighbouring countries not already benefiting from them.
◗ implement a progressive and targeted extension of the EIB's external mandate to Russia and the WNIS, in close collaboration with the EBRD and the other relevant IFIs.
◗ evaluate FEMIP and consider its possible incorporation into an EIB majority owned Euro-Med Bank.

The contribution of the new member states will be fundamental to the development of the new neighbourhood policy.

Commission Communication

21 May 2003

The Western Balkans and European Integration (extract)

Conclusions and recommendations

In light of the above, the European Commission's conclusions and recommendations are the following:

◗ The preparation of the countries of the Western Balkans for future integration into European structures is a major priority of the European Union. These countries should have a clear perspective of joining the European Union when they have satisfied all the necessary criteria.

◗ The Stabilisation and Association process has laid the foundation for the further reforms required for the countries to prepare for a closer relationship with the European Union, with the goal of membership and should be further reinforced by the measures proposed in this Communication. The process will be strengthened further to draw the countries ever closer to the Union in a shared agenda for European integration.

◗ While the European Union will provide all support possible, advancement in the process of European integration will depend mainly on each country's own commitment and capability as fully functioning states to political and economic reform as well as adherence to the core values and principles of the Union.

◗ The countries of the Western Balkans need to develop further concrete co-operation among themselves particularly in such areas as refugee return, migration, freedom of movement, the fight against organised crime, trade, energy and transport.

- The countries of the Western Balkans should establish a regional framework for parliamentary co-operation and develop relations with the European Parliament and Parliaments of the Member States and the Accession Countries.
- The introduction of European Integration Partnerships, inspired by the pre-accession phase of the current enlargement, will give a fresh impetus to reform. The Commission could be invited to develop further the concept of European Integration Partnerships with a view to presenting these with the next SAP reports.
- The countries should be invited to associate themselves with certain declarations, Common Positions and other decisions in the framework of the CFSP. Political dialogue at different levels should be strengthened.
- Economic dialogue should now be extended to all the countries of the region.
- Support for institution building under the CARDS programme should be strengthened by further expanding twinning programmes, by extending TAIEX-like services to the region and by closely monitoring legislation and administrative capacity. Particular attention should be given to mobilising expertise from the new Member States, which have had recent successful experience of transition and of pre-accession preparations.
- In the field of justice and home affairs, the Commission will initiate a dialogue with the countries in the region with the aim of establishing key priorities and benchmarks, including in the area of organised crime and corruption. Programmes should be further strengthened in this area. The Commission encourages the countries in the region to establish national action plans to fight organised crime.
- As a means of increasing the region's export possibilities and promoting investment and economic growth, the system of pan-European diagonal cumulation of origin should be extended to the countries of the Western Balkans when the individual countries fulfil the necessary conditions, and applied in a manner fully consistent with all relevant community policies.
- Small and medium sized enterprises are particularly important for economic development and for the successful transition to a fully functioning market economy. The Western Balkan countries could make a commitment to the principles in the European Charter for Small Enterprises.

◗ Participation in relevant Community programmes should be further extended to the Western Balkans. The Commission could be invited to make the necessary proposals.

The Commission suggests that the orientations in this Communication should guide the European Union in working with the countries of the Western Balkans to bring them closer to the shared goal of EU membership.

List of abbreviations

❚ Acquis   Acquis communautaire – Community legislation

❚ CARDS   Community Assistance for Reconstruction, Development and Stabilisation

❚ CFSP   Common Foreign and Security Policy

❚ COSAC   Conférence des Organes Spécialisés en Affaires Européennes

❚ EU   European Union

❚ JHA   Justice and Home Affairs

❚ SAA   Stabilisation and Association Agreement

❚ SAP   Stabilisation and Association process

❚ TAIEX   Technical Assistance and Information Exchange Office

Communication from the European Commission

(extract)

Brussels, 21 May 2003
COM(2003) 294 final

Reinvigorating EU actions on Human Rights and democratisation with Mediterranean partners (extract)

The situation with respect to Human Rights and democratisation in the MEDA countries [Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and the Palestinian Authority] is varied and complex, but it is possible to identify certain broad trends. The UNDP Arab Human Development report of 2002 concluded that, although substantial progress has been made in some areas, further economic and social development is hampered by deeply rooted shortcomings in the structures of governance in the Arab world. The report identifies three "deficits" relating to freedom, empowerment of women and knowledge. It concludes that thorough reform and consolidation of governance, strengthening political and economic freedoms and improving public participation are all essential for achieving lasting economic, social and human development.

The Arab countries fall considerably below world average on all of six variables of governance used in the UNDP report, except for "rule of law" where they slightly exceed the average. In many MEDA countries, a powerful executive branch exerts significant control and is subject to inadequate checks and balances from the legislative and judicial branches. Obsolete norms of legitimacy can prevail. Representative democratic structures are weak and not always genuine. Women remain marginalised in economic and political structures and are broadly discriminated against in law and custom.

The long standing international consensus that Human Rights and fundamental freedoms are universal, indivisible and interrelated is reflected in the fact that most MEDA countries have ratified most major international Human Rights instruments, and universal Human Rights principles are enshrined in constitutions, legal codes and government pronouncements. Some positive steps are being taken in the area of Human Rights, with MEDA partners such as Morocco, Jordan and the Palestinian Authority engaged in a broadly positive process of relevant reforms.

However, generally speaking, the implementation of Human Rights standards in the region falls short of compliance with international norms. Promotion of democracy and Human Rights is complicated by the fact that religious extremism has emerged as a powerful political alternative. A tension between internal security concerns and the promotion and protection of Human Rights can result in negative consequences in human rights terms, particularly apparent under the umbrella of the "war on terror" in the wake of September 11th 2001. Freedoms of expression and association are frequently curtailed, mainly by resorting to emergency legislation. Human Rights defenders and NGO's practising advocacy in the human rights field face legal and administrative constraints, are frequently marginalised and sometimes repressed.

A quick analysis country by country would confirm insufficient progress as regards regulatory frameworks (and their application), institutional capacity, educational activity, and levels of participation of civil society in the promotion and protection of Human Rights.

The situation could be summarised as follows:

◗ Deficits in governance hamper the development of democratic values, and the promotion and protection of Human Rights;
◗ Marginalisation of women undermines political representation and hamper economic and social development;
◗ Implementation of international Human Rights conventions is poor;
◗ Legal and judicial systems lack sufficient independence;
◗ NGOs working in the civil and political spheres are weak, severely circumscribed in their action and cut off from international networking;
◗ Education, though relatively better funded than in many other

developing countries, is unevenly dispensed, does not serve to overcome traditional discriminatory patterns and is ill adapted to the requirements of the modern economy;

▶ Authoritarianism and poor economic and social performance favour political marginalisation and provide fuel for radical movements and violence;

▶ Some political interpretations of Islam exploit cultural differences to question the universality of Human Rights.

Compared to the other MEDA partners, Israel presents distinct characteristics. It functions as a well established parliamentary democracy, with an effective separation of powers, a functioning system of governance, and active participation of NGOs and civil society in all internal aspects of political and social life. However, Israel's compliance with internationally accepted standards of Human Rights is not satisfactory. Two important specific areas need to be tackled. Firstly, the issue of reconciling the declared Jewish nature of the State of Israel with the rights of Israel's non-Jewish minorities. Secondly, the violation of Human Rights in the context of the occupation of Palestinian territories. There is an urgent need to place compliance with universal human rights standards and humanitarian law by all parties involved in the Israeli/Palestinian conflict as a central factor in the efforts to put the Middle East peace process back on track. This will require a special effort by the EU and the setting up of an appropriate strategy.

Council conclusions

18 June 2003

'Wider Europe – new neighbourhood'

1. The enlargement of the European Union on 1 May 2004 represents a historic step for the entire European continent and presents a unique opportunity to strengthen co-operation with its neighbours to the East and to the South. The Council recalls the Declaration adopted by the European Conference in Athens on April 17th, 2003.

2. Noting that geographical proximity will generate converging interests and increase the importance of working together to address common challenges, the EU wishes to define an ambitious new range of policies towards its neighbours based on shared values such as liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law. This should be seen as separate from the question of possible EU accession that is regulated by article 49 of the Treaty on European Union.

3. The Council welcomes the Communication of the Commission "Wider Europe - Neighbourhood: a new framework for relations with our Eastern and Southern Neighbours" as well as contributions made by the High Representative, and considers that they provide a good basis for developing a new range of policies towards Ukraine, Moldova, Belarus, Algeria, Egypt, Israel, Jordan, Lebanon, Libya[1], Morocco, Palestinian Authority, Syria, Tunisia and, at the same time reinforcing EU-Russia strategic partnership. At a later stage, the Council will examine whether the Southern Caucasus countries could also be covered within these policies.

1. Libya has been invited to accept the Barcelona acquis in order to join the Barcelona Process.

4. The new neighbourhood policies should not override the existing framework for EU relations with Russia, the Eastern European countries, and the Southern Mediterranean partners, as developed in the context of the relevant agreements, common strategies, the Northern Dimension Initiative and of the Barcelona Process. They should encourage and support policies of the New Eastern and Southern neighbours aimed at coming closer to the EU. Implementation of existing agreements remains a priority.

5. The overall goal of the new policies will be :
a. To work with the partners to reduce poverty and create an area of shared prosperity and values based on free trade, deeper economic integration, intensified political and cultural relations, enhanced cross-border co-operation and shared responsibility for conflict prevention and conflict resolution.
b. To anchor the EU's offer of concrete benefits and preferential relations within a differentiated framework which responds to progress made by the partner countries in defined areas, in particular political and economic reform as well as in the field of JHA.

6. The EU's approach could therefore be based on the following incentives:
a. More effective political dialogue and co-operation.
b. Intensified co-operation to prevent and combat common security threats.
c. Greater co-operation in conflict prevention and crisis management.
d. Perspectives for participating progressively in the EU's Internal Market and its regulatory structures, including those pertaining to sustainable development (health, consumer and environmental protection), based on legislative approximation.
e. Preferential trading relations and further market opening in accordance with WTO principles.
f. Enhanced co-operation on matters related to legal migration.
g. Enhanced co-operation to tackle drugs trafficking, trafficking in human beings and organized crime, through, inter alia, support for border management and cross-border co-operation.
h. Enhanced cultural co-operation, mutual understanding and people-to people contact.

i. Perspectives of integration into transport, energy and telecommunications networks and the European Research Area.

j. New instruments for investment promotion and protection while preserving the respective competences of the Community and the Member States.

k. Support for WTO accessions and integration into the global trading system.

l. Enhanced and improved assistance, better tailored to needs, including improved interaction of all relevant sources of finance, including IFIs.

m. Promotion of intra-regional, sub-regional and cross-border co-operation.

n. Enhanced co-operation in the field of education, training, and science.

o. Enhanced co-operation in environmental protection.

7. Differentiation will be the basis for the new EU policies towards its neighbours, which will be implemented by Action Plans. Action Plans will become key policy instruments of the EU for relations with the neighbouring countries over the medium term. These should be political documents, building on existing agreements and setting out clearly the over-arching strategic policy targets, common objectives, political and economic benchmarks used to evaluate progress in key areas, and a timetable for their achievement which enable progress to be judged regularly. They should be concise, complemented where necessary by more detailed plans for sector-specific cooperation, and should inform EC country assistance.

8. On the basis mentioned above, the Council invites the Commission with the contribution, where appropriate, of the High Representative, to:

a. launch dialogue within existing frameworks on achievements and failures of meeting agreed targets under existing agreements;

b. from 2004 onwards, present proposals for Action Plans for all countries concerned as appropriate, commencing i.a. with Ukraine, Moldova, and Southern Mediterranean partners with Association Agreements;

c. examine measures to improve the interoperability between the different relevant instruments for support to the border areas and further alignment of TACIS, PHARE, CARDS, MEDA and

INTERREG programmes and report thereof to the Council;

d. present a communication on a new Neighbourhood Instrument, focussing on promoting sustainable economic and social development of the bordering countries and pursuing regional and trans-national co-operation, including people-to-people contacts, and on ensuring the smooth functioning and secure management of the Eastern and Mediterranean borders, based on the evaluation of existing instruments and as an integral part of the consideration of the relevant financing instruments in the new financial perspectives after 2006.

9. At the appropriate time, on the basis of evaluation of implementation of existing agreements and taking into account the principle of differentiation, the EU will examine the scope for new or enhanced agreements. These would supplement existing contractual relations where the EU and the neighbouring country have moved beyond the existing framework.

EU security strategy
(extract)

20 June 2003

Extending the Zone of Security around Europe

Even in an era of globalisation, geography is still important. It is in the European interest that countries on our borders are well-governed.

Neighbours who are engaged in violent conflict, weak states where organised crime flourishes, dysfunctional societies or exploding population growth on its borders all pose problems for Europe.

The reunification of Europe and the integration of acceding states will increase our security but they also bring Europe closer to troubled areas. Our task is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.

The importance of this is best illustrated in the Balkans where the European Union, with NATO and other partners, is committed to achieving stability, good governance, and the closest possible integration of the region into Europe.

This effort will have to be sustained for some years to come.

Following the failures of the nineties, the European Union, over the past years, has considerably strengthened its engagement in the still fragile Western Balkans. It has helped to stabilise the situation in Southern Serbia and FYROM and facilitated the constitutional arrangements between Serbia and Montenegro. The European Union took over the police mission in Bosnia and Herzegovina from the United Nations and the military operation in FYROM from NATO. With the Stabilisation and Association process the European Union has created an effective framework

for reforms and for progress towards Europe. It is not in our interest that enlargement should create new dividing lines in Europe.

We need to extend the benefits of economic and political cooperation to our future neighbours in the East. Ukraine, Moldova and Belarus – while resolving political problems there. We should take a stronger interest in the problems of the Southern Caucasus, which will in due course also be a neighbouring region.

Resolution of the Arab/Israeli conflict is a strategic priority for Europe.

Without this, there will be little chance of dealing successfully with other problems in the Middle East. The European Union has been involved in this question for more than twenty years. It remains an essential interest, which is now being taken forward through the Quartet.

The Mediterranean area generally continues to undergo serious problems of economic stagnation, social unrest and unresolved conflicts.

The European Union's interests require a continued engagement with Mediterranean partners, through more effective economic, security and cultural cooperation in the framework of the Barcelona Process.

Treaty references to 'European-ness'

a. Art.O, Maastricht Treaty on European Union (formerly Art. 237 of the Rome Treaty)

Any European State may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.

The conditions of admission and the adjustments to the Treaties on which the Union is founded which such admission entails shall be the subject of an agreement between the Member States and the applicant State. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.

b. Art. 49, Amsterdam Treaty on European Union

Any European State which respects the principles set out in Article F(1) may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.

[sub-paragraph unchanged]

c. Draft Constitution (as released by the European Convention)

Art. I-57: Conditions of eligibility and procedure for accession to the Union

The Union shall be open to all European States which respect the values referred to in Article 2, and are committed to promoting them together.

Any European State which wishes to become a member of the

Union may address its application to the Council of Ministers. The European Parliament and the Member States' national Parliaments shall be notified of this application. The Council of Ministers shall act unanimously after consulting the Commission and after obtaining the consent of the European Parliament. The conditions and arrangements for admission shall be the subject of an agreement between the Member States and the candidate State. That agreement shall be subject to ratification by each contracting State, in accordance with its respective constitutional requirements.

d. Draft Constitution (as released by the European Convention)

Art. I-56: The Union and its immediate environment

The Union shall develop a special relationship with neighbouring states, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterized by close and peaceful relations based on cooperation.

For this purpose, the Union may conclude and implement specific agreements with countries concerned in accordance with Art. III-227 of the Constitution. These articles may contain reciprocal rights and obligations as well as the possibility of undertaking activities jointly. Their implementation shall be the subject of periodic consultation.

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Abbreviations

AKP	Justice and Development Party (Turkey)
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-Border Cooperation
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
COPS	Political and Security Committee
CSR	Common Strategy on Russia
DG	Directorate-General
EAPC	Euro-Atlantic Partnership Council
EC	European Community
ECHO	European Community Humanitarian Office
EEA	European Economic Area
EIB	European Investment Bank
EMP	Euro-Mediterranean Partnership
ESDP	European Security and Defence Policy
EU	European Union
EUMS	European Union Military Staff
EUPM	European Union Police Mission
FDI	Foreign Direct Investment
FRY	Federal Republic of Yugoslavia (now Union of Serbia and Montenegro)
FTA	Free Trade Agreement
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
GNP	Gross National Product
HR	High Representative
ICJ	International Court of Justice
IFI	International Financial Institutions
IGC	Intergovernmental Conference
Interreg	Community initiative aimed at stimulating interregional cooperation
JHA	Justice and Home Affairs
KFOR	Kosovo Force
MEDA	Mediterranean European Development Agreement
MO	Russian Ministry of Defence
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisation
NIS	Newly Independent States
NRC	NATO-Russia Council
OSCE	Organisation for Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
PfP	Partnership for Peace

PHARE	Poland-Hungary: Aid for the Reconstruction of Economies
PJC	Permanent Joint Council
PMR	Pridniestrovsksya Moldavskaya Respublika, or Transnistria
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SEE	South-Eastern Europe
SEECP	South-East Europe Cooperation Process
SEEDS	South East Europe Democracy Support
SFOR	Stabilisation Force in Bosnia-Herzegovina
SPSEE	Stability Pact for South-Eastern Europe
TACIS	EU programme of Technical Assistance to the Commonwealth of Independent States and Mongolia
TEU	Treaty on European Union
UK	United Kingdom
UNSCR	United Nations Security Council Resolution
US	United States
USSR	Union of Soviet Socialist Republics
WEU	Western European Union
WMD	Weapons of Mass Destruction
WNIS	Western Newly Independent States
WTO	World Trade Organisation

Chaillot Papers

This *Chaillot Paper* is the product of collegial reflection by the EUISS's research team. The effects of the current enlargement process are already making themselves felt in not only the internal but also the external policies of the widening Union. New borders and neighbours are bringing new challenges while reconfiguring old ones. This new reality requires more than just additions to existing policies: the entire neighbourhood, or proximity, policy of the enlarged EU will have to be reassessed and reformulated.

First, enlargement itself – for long the most successful security policy of the EC/EU – may be reaching its geographical and functional limits. For the Union, the main problem will become how to exert influence on its neighbours comparable to that exerted in the past decade on the Central and East Europeans without offering the prospect of membership linked to strict 'conditionality'. Belonging to 'Europe' and joining 'EU Europe' are distinct conditions and processes that may overlap and even coincide eventually but may have to remain separate in the short term.

Second, those neighbours that are entirely excluded from the enlargement process demand no lesser engagement on the part of the EU. Both the overall amount and the actual use of the EU funds and programmes allocated to them require constant review in the light of the policy goals the Union sets itself.

Third, all neighbourhood or proximity policies have to strike an effective balance between regional and individual approaches, i.e. between creating (or maintaining) a common regional framework for relations with the EU and more targeted programmes that take into account the peculiarities of each neighbour.

Finally, such policies will be effective only if their recipients (the various neighbours) receive clear messages and are presented with clear options by the Union and all its member states. Commitment and coherence should be shown in trade, aid, assistance, border policies and dialogue with societies, not just governments. Yet they also have to guide the political will to act in accordance with values, norms and principles set out in advance. This has not always been the case – but should become common practice for the enlarged EU.