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Iris KEMPE

## The EU and its Neighbors: In Search of New Forms of Partnership

*Summary: Learning from its experience with the eastern enlargement, the European Union developed a neighborhood policy aware of the need to avoid the creation of a new dividing line in Europe that might put a strain on the relations between the new member states and other countries of the Central and Eastern Europe that would border the new EU. In the light of changes that occurred over time, especially Russia's resurgence as not only a regional, but a global power, the author points out the obvious shortcomings of the EU's policy and why it failed to meet the expectations of both the countries encompassed by the policy, and the EU. In addition, the author gives an overview of the changes to the neighborhood policy proposed by the EU member states and, finally, points out the importance of devising a coherent strategy towards the region that would yield long-term results.*

### The Paradigm Change since 2004

#### *Beyond Enlargement*

Initiating the European Neighborhood Policy (ENP) in 2004 was a logical consequence of the previous enlargement concept, as well as the related new strategic challenges. As early as the middle of the 1990s, countries such as Ukraine and Moldova that would directly border the Union after the big enlargement in 2004 put EU membership on their foreign policy agenda, not drawing the consequences for internal transition and readjusting relations

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towards Russia.<sup>1</sup> Meanwhile the future European neighbors developed strategic partnerships with the upcoming EU members.<sup>2</sup>

The ENP is targeted to crating security and stability beyond the EU's external borders and avoiding a new dividing line as a potential negative side effect of enlargement. From this perspective, the neighborhood policy reflects the intention of the European Commission that European integration should not end with offering membership, but should offer concepts to strengthen security and stability for Europe as a whole offering a strategic option to emancipate from Russian influence by integrating them into Euro-Atlantic structures. That would potentially include implementing free movement from Lisbon all the way to Luhansk. Beyond functional cooperation, however, the ENP does not offer any kind of institutional ties. This was exemplified

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by Romano Prodi, when he said that the ENP includes „sharing everything but institutions“, which is the most important difference between the ENP and the option of membership.

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

that might burden the relations between the new member states and other Central and Eastern European countries that would lie outside of the EU's new eastern borders. The inclusion of Mediterranean countries into the ENP involves a different set of cultural, geographical and historical issues. France and other southern EU member states have been concerned that the ENP can potentially create a discrepancy between an Eastern Europe that possesses membership prospects and southern neighbors that are increasingly excluded from European developments. France has a strong interest in avoiding a new shift of priorities in EU external relations and favors a stronger association

<sup>1</sup> M. Sadowska, P. Świeboda, „Eastern Partnership – Good Start, Hard Labour to Come“, *Demos Europe: Commentaries and Reports* (December 2008).

<sup>2</sup> Ministry of Foreign Affairs of the Republic of Poland, „Non-Paper with Polish Proposals Concerning Policy towards new Eastern Neighbours after EU Enlargement“, A. Mazur-Barańska, W. Stanisławski (eds) *EU Enlargement and Neighborhood Policy*. (Warsaw: Stefan Batory Foundation, 2003), pp. 85- 98; „The Eastern Dimension of the European Union. The Polish View“, Speech by Włodzimierz Cimoszewicz, Polish Minister of Foreign Affairs, A. Mazur-Barańska, W. Stanisławski (eds) *EU Enlargement and Neighborhood Policy*. (Warsaw: Stefan Batory Foundation, 2003), pp. 15-24; [http://www.batory.org.pl/doc/nowi\\_se.pdf](http://www.batory.org.pl/doc/nowi_se.pdf).

between the EU's Mediterranean partners and the economic and political structures of the European continent. In addition to keeping the EU's external policy priorities balanced between east and south, southern EU member states are also particularly interesting in keeping migration from North Africa under control.

### *Russia – from Western Orientation towards Becoming an Energy based Superpower*

Starting in 2004 the paradigms of the 1990s came into question because of several developments. President Putin's second term in office, which started in March 2004, led to changes in Russia that altered the chaotic but open-minded Yeltsin period into an era characterized by attempts to create a strong state based on:<sup>3</sup>

1. recentralization of the political system;
2. the 'dictatorship of law'; and
3. a *Souverenaya Demokratiya*.

Since 2004, Russia has staked its claim to a new role in the international system as an energy-based power to be taken seriously in international organizations, in conflict resolution and in fighting against terrorism. Even if Russia and the European Union do not share the same values, both partners need each other and widespread linkages have superseded Cold War thinking.

### *The European Impact of the Rainbow Revolutions*

The Color Revolutions in Georgia (2003) and Ukraine (2004) initiated and a new wave of transition, both in the national arena aiming for democracy and a market economy, and closely interlinked to the countries' international orientation.<sup>4</sup> Not only Georgia and Ukraine, but potentially also other states formerly or still belonging to the Kremlin's sphere of influence, are struggling for transition, Western orientation and a balanced position vis-à-vis Moscow. The deterioration of relations affects more than just Russia itself. Moscow sees countries such as Ukraine, Georgia, Belarus and Kazakhstan as it's 'Near Abroad', while Brussels regards them as the 'new neighborhood'. As former United States National Security Advisor Zbigniew Brzezinski asserted, democratic and Western-oriented states bordering Russia would be the most reliable guarantee to prevent any kind of post-

<sup>3</sup> B. Nemtsov, V. Milov *Putin. Itogi. Nesavisimyy ekspertnyj doklad*. (Moscow: 2008); „Russia's Wrong Direction. What the United States Can and Should Do“ (March 2006).

<sup>4</sup> I. Kempe (ed) *Presidential Election and Orange Revolution. Implication for Ukraine's Transition*. (Kiev: Helmut Kurth, 2005).

Soviet power play. As far as Russia is concerned, the paradigm change of the Revolutions indicates alternatives for post-Soviet transition while at the same time limiting Russia's international influence.

### *Paradigm Change initiated by the Russian-Georgian War in August 2008*

August 8, 2008 marks a paradigm change in international relations. For the first time, Russia intervened militarily in its 'Near Abroad'. The intervention can be generated by the following factors. Since the Rose Revolution, 2003 Georgia developed an image as a democratic advance guard. By demonstrating its interest of joining the European Union and NATO, the Georgian government tried to emancipate its country from the influence of the Kremlin. So far, the European Union and NATO have not agreed to offer Georgia concrete prospects of membership. This decision has been based in part on 'enlargement fatigue', but also indicates deepening institutional integration, the unresolved ethno-territorial conflicts with Abkhazia and South Ossetia and the shortcomings of Georgia's economic and political transition.<sup>5</sup>

Georgia has been contributing to an alternative energy transport route safeguarding European energy supply by bypassing Russia. The Baku-Tbilisi-Ceyhan oil pipeline and Baku-Tbilisi-Erzurum gas pipeline – both of which go through Azerbaijan, Georgia and Turkey – bring Caspian Sea and Central Asian energy resources to global markets while bypassing both Russia and Iran. Geo-strategic priorities were of the utmost importance in routing and building these parts of the European energy infrastructure.

The Georgian government has been in favor of quick solutions for the conflicts with Abkhazia and South Ossetia, while the attempts to overcome the legacy of Stalin's nationalities policies based on bottom-up cooperation and understanding were very limited. The five-day war between Russia and Georgia has caused a long list of unsolved problems and opened new strategic requirements. It would be too early and superficial to offer tailor-made strategic answers right now. Nevertheless, it is definitely time to open a debate about identifying actors, issues and the agenda involved.

### *Decision Making in the EU of 27 Member States*

By 2004, the European Union was a success story of simultaneous broadening and deepening. The EU grew to 27 member states, eight of them

<sup>5</sup> *After the August 2008: Consequences of the Russian-Georgian War.* (Tbilisi: The Caucasus Institute for Peace Democracy and Development, 2008); [www.pasos.org/content/download/57251/200323/file/After+August+2008\\_cipdd.pdf](http://www.pasos.org/content/download/57251/200323/file/After+August+2008_cipdd.pdf).

from the former Soviet bloc and sensitive about building new relations with the Kremlin. Since then, however, European integration has suffered from both the failure to adopt the constitutional treaty and a more general enlargement fatigue.<sup>6</sup> Decision-making in the EU of 27 now depends greatly on national influence and strategic alliance building among members. The increasing intention to strengthen national interest in the European integration has been a driving force developing the ENP. Originally initiated by the Central European EU members

### **Reality Check**

Four years after introducing the ENP it is about time to assess to what extent the aspired goals were implemented and how to develop the agenda further.

Originally basing on enlargement the ENP is targeting to create security and stability beyond the EU's external borders. The overall goal would be transition towards democracy, market based economy and European values.<sup>7</sup> Differing from the enlargement process the ENP is lacking clear cut reform goals as well as sticks and carrots for implementation.<sup>8</sup> The most decisive difference is related to the missing membership perspective of ENP, which is reinforced by the fact that the Eastern neighbors, Ukraine and Moldova anticipated joining the European Union as a strategic target of domestic transition and international orientation from Russian dominance to Western cooperation. Since 2003 the rainbow revolutions in the ENP countries were perceived as a step fulfilling Western expectation. Contrary to the expectation from the region, the European Commission so far did not admit the domestic changes by offering institutional cooperation causing disappointing reactions from the region.

Without going into details, it is easy to see some shortcomings in the country action plans. For instance, the Ukrainian action plan was adopted December 9, 2004, at the very moment when the Orange Revolution in Ukraine initiated a new wave of democratic transition guided by European

<sup>6</sup> R. Boudewijn, J.A. Emmanouilidis, "How to Proceed after the Irish 'No'", *Clingendael Commentary* (2008).

<sup>7</sup> "Communication from the Commission 'European Neighbourhood Policy. Strategy Paper', COM(2004) 373 final" (May 12, 2004); [http://ec.europa.eu/world/enp/pdf/strategy\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/world/enp/pdf/strategy_strategy_paper_en.pdf).

<sup>8</sup> I. Kempe, "Zwischen Anspruch and Realität. Die Europäische Nachbarschaftspolitik", *Osteuropa* No. 2-3/2007, pp. 57-68.

values. The democratic opposition in Ukraine, supported by a huge amount of civil society activism already fulfilled the priorities of the ENP action plan dedicated to implementing democratic values and demanding free and fair elections, freedom of the media and a strong civil society. Beyond these goals, the ENP did not offer guidelines on maintaining the democratic transition after the first decisive step of free and fair elections.

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Georgia might be assessed as another test case of implementing the ENP. The 2008 progress report as making the following assessment: "In general, Georgia made progress in 2007 in several areas covered by the Action Plan. Since the 'rose revolution' Georgian authorities have been pursuing an ambitious agenda of political and economic reforms. However, the first year of Action Plan implementation was constrained by delays in adopting an implementation strategy and clearly identifying responsibilities, budget and a time line".<sup>9</sup> The reporting of the Georgian NGO Coalition comes to a not less critical assessment.<sup>10</sup> In general, one might blame the Georgian government and civil society for not implementing the ENP agenda but at the same time the critical assessment also

goes back to the given ENP agenda.

The second ambitious goal is related to the geographical coverage of the neighboring countries in the East and South. In general terms the ENP country strategies and action plans are a precondition to offer each ENP country a tailor made strategy. Nevertheless, implementing the concept is meeting very differing preconditions resulting from each target country reaching from countries being stocked in the half way of transition but generally being

<sup>9</sup> "Commission Staff Working Document Accompanying the Communication from the Commission to the Council and the European Parliament 'Implementation of the European Neighbourhood Policy in 2007' Progress Report Georgia, SEC(2008) 393" (April 3, 2008), p. 2; [http://ec.europa.eu/world/enp/pdf/progress2008/sec08\\_393\\_en.pdf](http://ec.europa.eu/world/enp/pdf/progress2008/sec08_393_en.pdf).

<sup>10</sup> "Report on the Implementation of Georgia's European Neighbourhood Policy Action Plan" (Tbilisi: Georgian NGO Coalition, 2007-2008); [http://www.transparency.ge/files/215\\_448\\_168647\\_NGO%20Coalition%20report%20FINAL.pdf](http://www.transparency.ge/files/215_448_168647_NGO%20Coalition%20report%20FINAL.pdf).

interested in approaching the European Union as close as membership as Ukraine, rentier states substituting their national interests based on oil and gas resources as Azerbaijan, the country with the highest global GDP growth to the Southern neighbors threatening the Southern EU members by illegal migration.<sup>11</sup>

Considering the specific character of the ENP countries makes it very complicated to apply the very same strategic instrument to all countries having very different preconditions. According to their differences in domestic and foreign policy orientation, economic potentials and challenges for transition and also differences in how the ENP is perceived from the targeted countries, the ENP is more of a one fits all approach than a tailor made strategy. Budgetary wise the ENPI (*European Neighborhood and Partnership Instrument*), 2007-2010 foresees € 343.3 million for the Mediterranean and € 223.5 million for the East European neighborhood countries prioritizing cooperation with the Mediterranean neighborhood.

To sum up, the most important outcome of the ENP is being part of the European agenda but nevertheless the ENP neither fulfils the expectations from the Eastern Neighbors nor does it correspondent to the related strategic goals of the European Commission. Aside from criticism of the shortcomings of the current ENP, the added value of the concept is related to its agenda setting. Reform debates are related to three main aspects: Geographical coverage and priority setting, becoming an attractive membership alternative and shaping decision making on the future architecture of Europe.

### Reforming the ENP

Considering the contradiction between initiating a debate but only being partly in accordance with the strategic expectations of membership, creating security and stability beyond the external borders and keeping geographic balance between the Eastern and Southern neighboring countries the ENP constantly caused reform debates.

In preparation of the German EU presidency in summer 2006 the German Foreign office proposed an ENP Plus concept concentrating on the Eastern part of the neighboring agenda Moldova, Ukraine and Belarus (under the hypothesis of future democratic transition), and the countries of

<sup>11</sup> M. Lefebvre, "France and the European Neighbourhood Policy", *Foreign Policy in Dialogue* Vol.6, Issue 19 (July 2007), pp. 14-19.

the Southern Caucasus: Georgia, Armenia and Azerbaijan.<sup>12</sup> A main issue of the new strategy is how to transfer part of the *acquis communautaire* to the ENP countries, particularly those sections covering overlapping interests in the areas of internal market, energy, transportation and justice and home affairs. Furthermore, the strategy also proposes a concerted broadening of institutional cooperation with the potential of including the ENP countries in the EU's decision-making process.

Similar to the German proposals the Polish and the Lithuanian governments issued non-papers demanding strategies beyond the current ENP.<sup>13</sup> Both governments differentiate between "European neighbors" requiring an institutional perspective and "neighbors of Europe" which do not. European neighbors are characterized by their adherence to European values of democracy, market economy, rule of law and civil society. Most of the European neighbors pursue an ultimate goal of joining the EU regardless of how long the process might take. The most important difference to the neighbors of Europe is that the latter do not aspire to EU membership but rather concentrate on cooperation with the European Union.

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

The decisive difference between the German ENP-Plus on the one side and the Polish and Lithuanian non-papers for an Eastern dimension of the European Neighborhood Policy on the other, is related to the amount

<sup>12</sup> "Berlin entwickelt neue Nachbarschaftspolitik. Sorge vor sicherheitspolitischen Vakuum im Gebiet zwischen Europäischer Union und Russland", *Frankfurter Allgemeinen Zeitung* (July 3, 2006), p. 1.

<sup>13</sup> See policy proposals from Lithuania on the "Reform of the European Neighbourhood Policy" (September 20, 2006) and the Polish proposal on "European Neighbourhood Policy – Eastern Dimension and EU-Ukraine relations – food for thought".

of institutional cooperation, as well as to how explicit a perspective should be offered to countries aspiring for membership. Vilnius and Warsaw are in favor of offering, first and foremost to Ukraine, a European perspective corresponding to the country's ambition to implement European values and to readjust external orientation from Russian hegemony to being part of the Euro-Atlantic community. The German proposal contains neither this membership perspective nor does it make reference to emancipation from Russian influence. However, all strategies have in common that they agree to differentiate between two agendas, the Eastern European and the Mediterranean.

Assuming Germany's potential impact on a new Eastern policy and the emerging support by Central Europe, the European Commission seems to have felt the pressure for ENP reform. On December 4, 2006, the Commission communicated to the Council and the European Parliament its draft paper *On Strengthening the European Neighborhood Policy*.<sup>14</sup> Compared with the strategy papers on the European Neighborhood Policy, the Communication from the Commission is more specific in detail, reflecting the pressure from the East European ENP countries, as well as Germany's ability to influence Europe's Eastern policy during its EU presidency.

With the new outline, the Commission also tried anticipating other far-reaching reform proposals for the ENP that would not reflect the lowest common denominator among the EU member states. Therefore, even the Commission proposal made in December 2006 on the eve of the German EU prospects for membership or prioritizing the East European neighbors. This shows that the Commission has been managing to keep reforms expected from an ENP-Plus within a certain strategic limit.

Besides the efforts of the European Commission to keep the balance between the Eastern and the Southern priorities of the ENP the German

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<sup>14</sup> "Communication from the Commission to the Council and the European Parliament on Strengthening the European Neighbourhood Policy, COM (2006) 726 final" (December 4, 2006); [http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006\\_0726en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006_0726en01.pdf).

EU presidency in 2007 promoted amplified regional cooperation in the East, strengthening the Mediterranean Dimension of the EU's foreign relations became a paramount interest for the Southern member states, especially for France. As the Germans before, France used the upcoming EU presidency in the second term of 2008 to come up with a new proposal shaping the European neighborhood. Nicolas Sarkozy's idea of building a 'Mediterranean Union' therefore intentionally emphasized launching an autonomous field of regional cooperation, while at the same time it rhetorically remained in the European context, having been compared to the Northern Dimension and the Baltic-Sea-Council.

The French proposal for a Mediterranean Union aims for an intensified cooperation between the European Union member states and the Mediterranean countries.<sup>15</sup> It was formulated for the first time during Sarkozy's election campaign in 2007 and originally implied a selective approach, suggesting that only France, Spain, Italy, Portugal and Malta should confederate with the five North African countries Morocco, Algeria, Tunisia, Mauritania and Libya. The Union was supposed to place emphasis on cooperation in the fields of counterterrorism, illegal immigration, sustainable development, as well as energy security, and should be a looser grouping than the EU. Having been backed especially by Italy and Spain, the Union should reduce imbalances between the North and the South of the European Union. After Sarkozy's election, the plans for the Mediterranean Union gained substance. In addition to the ten potential members, further states have been considered to enter the Union: Turkey, Egypt, Cyprus, Greece, Israel, the Palestinian Authority, Jordan, Lebanon and Syria. Energy supply should be a main pillar of the Union, granting France access to the gas supplies of the North African countries while in return transferring nuclear energy technology for civilian use to them.

In a foreign Ministers meeting in May in Brussels, Poland in cooperation with Sweden continued the row presenting strategies reforming the ENP.<sup>16</sup> The new created tandem is reinforcing the EU's ties with its eastern neighbors with a view to putting at least some of them on the path to EU membership. The Eastern Partnership should be based on the ENP, but go beyond the current approach ENP, confirming, on the one hand, the differentiation principle towards relevant neighbors, in line with the ENP assumptions,

<sup>15</sup> "Sarkozy's Mediterranean Union Plans Irk Merkel", *Euractiv.com* (December 13, 2007); <http://www.euractiv.com/en/future-eu/sarkozy-mediterranean-union-plans-irk-merkel/article-169080>.

<sup>16</sup> P. Buras, K. Pomorska, "Poland and the European Neighbourhood Policy", *Foreign Policy in Dialogue* Vol. 6, Issue 19 (July 2007), pp. 26-32.

and, on the other hand, building horizontal links between these neighbors and the EU.<sup>17</sup> Particular emphasis should be put on Ukraine but also in the Southern Caucasus in particular Georgia. The new initiative is seen as a complement to the French-driven Union for the Mediterranean proposal, but unlike the original French vision, the Polish-Swedish proposal clearly states that it would be embedded into existing EU structures and does not seek additional funding but is financed solely out of the ENP budget. Furthermore a cooperation between Poland, the driving force of Eastern policy among the new member states and Sweden, which so far has been more neutral is a new strategic approach reflecting decision making in the European Union of 27 member states. Since December 2008 the initiative became a document approved by the European Commission the coverage became an official character going beyond a policy paper.<sup>18</sup> Furthermore the Czech EU presidency in 2009 followed by the Swedish one will use the concept as a guiding line, developing the Eastern Policy further.

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

Concepts enhancing the ENP are mostly driven by EU member states either concentrating on the Eastern or Southern neighborhood. Considering

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<sup>17</sup> See Polish-Swedish proposal "Eastern Partnership" (May 23, 2008).

<sup>18</sup> "Communication from the Commission to the European Parliament and the Council, Eastern Partnership, COM(2008) 823 final" (December 3, 2008); [http://ec.europa.eu/external\\_relations/eastern/docs/com08\\_823\\_en.pdf](http://ec.europa.eu/external_relations/eastern/docs/com08_823_en.pdf).

the historic, geographic and cultural differences between the Eastern Mediterranean and Southern Caucasian ENP countries, creating a regional identity is a challenge far from being solved by the EU strategy implemented from above. The ongoing debates conducted by the member states are pointing out that the ENP is not satisfactory fulfilling the related strategic goals but is opening a floor for new strategic thinking which is so far dominated, in particular, by mostly national interests.

As the reality check of the ENP exemplifies, the policy indicates the demand developing an instrument fulfilling the related goals of the European Commission as well as the expectations of the targeted countries. So far the reform discourse has been conducted beyond the European institutions mostly driven by member states and neighboring countries. Developing the ENP indicates the shortcoming of the current approach in three areas. Keeping the balance between the interests of the Southern and Central European EU-member states have not been fulfilling critical questions from the ENP countries and by the reform initiatives from the EU member states concentrating an ENP Plus, Eastern dimension or Mediterranean Union on the particular national interests. Not fulfilling the high expectations of gaining institutional perspectives decreases the attractiveness for the Eastern ENP countries as Ukraine, Moldova or Georgia while the Mediterranean countries are not assessing the full potential of the ENP but rather using the country strategies as an added value for further cooperation but being of limited influence for the national agendas.

### **Towards a Neighborhood Policy**

Reforming the ENP should decrease the gap between the Eastern and Southern agenda. Secondly, one also has to consider the balance between the reform pressure from the neighboring countries demanding for further cooperation and integration and the EU members being interested in increasing their national interest. And finally one has to think about designing a future strategic map of Europe going beyond the current dimensions of the EU.

#### ***An Alliance for a New Eastern Policy***

The Polish-Swedish proposal of an Eastern Partnership illustrates decision making in a European Union with 27 and more member states, and requires new approaches to alliance building. Overstretch in the geographic reach of the ENP can only be reduced by concentrating on those countries directly bordering the European Union that are currently undertaking a transition

dedicated to European values. Implementing this goal would not mean annulling the ENP but rather a regional differentiation between Mediterranean and Eastern Europe, putting the focus on the latter.

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

Implementing a new Eastern policy successfully also has to be considered in the related budgets, meaning that using 70% of the ENP budget for the Mediterranean agenda does not reflect having Eastern Europe as a priority. To reduce the financial and strategic gap, additional funding from EU member states and the international financial institutions should be considered.

#### ***Supporting Regional Integration***

As long as EU membership is not a realistic option, integration has to be supported by other mechanisms. The neighboring countries and the European Union should use the expiring Partnership and Cooperation to redefine the bilateral relations from both sides involved. Considering the 2004 paradigm changes the PCAs has to overcome the former blue print approach by considering the national interests and related European challenges.

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

#### ***Pressure form the Neighboring Countries by Successful Transition***

During the rainbow revolution the Western capitals were not only deeply impressed by the democratic developments in neighboring Ukraine and also Georgia, but also showed at least some willingness to open the EU and NATO. Due to domestic crises and unclear signals, the developments did not proceed in the direction of membership, and the Orange or Rose spirit lost its momentum. As a result Ukraine's and Georgia's international position is still a moving target between East and West, lacking clear signals.



Rainbow revolution countries would be well advised to maintain a balance between dependence on the Kremlin and looking towards the West. Yet this approach also runs the risk of repeating the mistakes of the Kuchma era. If EU and NATO integration are the new goal of Ukraine's foreign policy, they must be the number-one national priorities guiding internal and international developments—a strategic decision that requires support from the broadest possible political, social and economic consensus. But even without incentives from the EU, Kyiv already has taken some important steps in this direction. What is important now is to implement reforms and meet the Copenhagen criteria, as well as to fulfill the European Neighborhood action plan. Furthermore the Georgian-Russian war in August 2008 is another paradigm change having an impact on the relations with the European neighboring countries/'the near abroad'. With its intervention in the Southern Caucasus, the Kremlin has been demonstrating a new image of Russia on the domestic as well as on the international scene. President Medvedev illustrated that his policy is not dedicated to modernizing the country based on western cooperation, as was expected directly after his inauguration. In contrast to former expectations the priority so far has been continuing Putin's approach of a 'Sovereign Democracy', a strong state and influencing foreign relations, in particular the 'Near Abroad', based on energy dependence, energy transit and ethnic minorities. Overall Russia's behavior in the Southern Caucasus went even beyond Putin's rhetoric's towards making an example out of Georgia with military intervention against a country which has been the strategic outpost of the West in the Caucasus. That was also perceived as a signal to the more pro-Russian states Armenia and Azerbaijan.

In addition to the official progress reports by the European institutions, the neighboring countries are also called upon to present their own reports assessing the implementation of the action plan. In addition to reform policies, Ukraine and Georgia need to find partners to support its plans for Western integration. Good relationships with Poland, the Baltic States, and Slovakia are already in place and bode well for an independent and democratic Ukraine and Georgia. Assessing the national character of EU decision making, which dominates community discussion with regard to making Eastern policy, the neighboring countries would be well advised to use the upcoming Polish EU presidency in 2011 as an instrument for promoting EU membership.

### *Redefining Russia in Eastern Europe*

With the Russian- Georgian conflict is also an example that the Kremlin is still the major player in the 'Near Abroad' controlling Western orientation, cooperation and energy supply and transport. This signal has to be

considered in European strategies to shape Eastern policy such as the *Eastern Partnership*, the *ENP Action Plans*, *Black Sea Strategies* and the *Partnership and Cooperation agreement* between the European Union and Russia. Contrary to the former assumption, Russia and the European Union differ in shaping the overlapping integration space between Russia and the West. The strategic difference between the 'European Neighborhood' and the 'Near Abroad' has been growing. Even on occasions when Russia is needed as a partner, as for safeguarding the European energy supply and controlling territorial conflicts, one has to be careful about differentiation between Russian and European interests. The Caucasus conflict generates pressure on European discussion makers to elaborate and implement a Russian strategy that can overcome the gap between common values and different interests, speaking with a single voice and elaborating a European energy strategy. It would be narrow-minded and even dangerous to ignore Russia, but at the same time cooperation with Russia requires a European strategy that is also anchored into the transatlantic partnership. The development of Moldova and Ukraine, ENP countries that also depend on Russia (because of ethno-territorial conflicts in Transdnistria and Crimea, energy and pipelines) and at the same time aspire to greater cooperation with the West has to be observed with particular attention to avoid further escalation of the war in the Southern Caucasus.

The European Union should create a trilateral institutional framework, bringing together the ENP countries, Russia and the EU institutions. Furthermore Russia's membership in the Council of Europe and the OSCE should be used as platforms for democratic dialogue.

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*It would be narrow-minded and even dangerous to ignore Russia, but at the same time cooperation with Russia requires a European strategy that is also anchored into the transatlantic partnership.*

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### **Mapping the Future of Europe**

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

The paradigm changes since 2004 caused by Russia, the rainbow revolution countries and the crises of European integration has created a new strategic environment which is also related to an American foreign policy absorbed by the 9/11 attacks pulling attention and resources from Europe to the Middle East. So far the common U.S.-European grand strategy is lacking behind the new strategic challenges in the nearest European periphery. To not lose the strategic momentum, the EU should cooperate with NATO to continue the mapping of Europe with the transatlantic partners successfully initiated at the beginning of the 90<sup>th</sup> in the Baltic States and Central Europe by offering membership. NATO's Brussels summit exemplified some fractures in the alliance but at the same time one should also revise the instruments as MAP to guide the new EU and NATO member states according to the requirements of the 2004 paradigm change.

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Iryna SOLONENKO

## European Neighborhood Policy after Four Years: Has it Had any Impact on the Reform Process in Ukraine?

*Summary: This paper argues that although the ENP has failed to give a boost to the reform process by and large, it has developed instruments that have managed to support pro-reform trends and pro-reform constituencies in Ukraine, as well as to establish good practices and reform-minded institutions. Those are not well entrenched right away in order to have impact on the reform process, but they entail the potential to Europeanize Ukraine in the long run. In a way, the ENP has contributed to the development of the 'enclaves of Europeanization' in Ukraine. Nevertheless, the paper argues, the ENP in its current shape is not sufficient if the EU is serious about the success of reforms in its neighborhood. The weak domestic potential for reforms might not be sustained without strong support from the outside. To tackle this, the EU needs to strengthen its policy in several substantial ways.*

The European Neighborhood Policy has undergone significant evolution since the moment it was invented and launched. The evolution has been three-fold: it concerns the geographical outreach of the policy, the degree of integration of the partner countries with the EU, and the set of tools aimed at supporting the reform process in the partner countries and fostering cooperation of the countries among each other. As the result, the policy today looks different as compared to the initial British-Dutch idea of 2002<sup>1</sup>

<sup>1</sup> In April 2002 the foreign ministers of Great Britain and Denmark proposed to offer 'special neighbors' status to Ukraine, Moldova and Belarus.

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and the framework proposed in the 2004 *ENP Strategy Paper*<sup>2</sup>. The European Neighborhood Policy saw several of the European

Commission's Communications and different EU member states' initiatives, all of which have contributed to the evolution of the ENP. The ENP today can well be characterized as enlargement light<sup>3</sup>, as it acquired many policy tools that were invented for the recent wave of EU enlargement. With the recent Eastern Partnership initiative<sup>4</sup> the EU has also added the element of cooperation among the partner countries in the East, an approach that has so far been applied to the Southern EU neighbors only.

The manifold and dynamic nature of the ENP speaks for the flexibility of the EU and its openness to new ideas and approaches. Yet, an important question to ask is whether the ENP has succeeded to promote reforms in the neighborhood. It can well be argued that this should be the key objective of the ENP both from the perspective of confirming the role of the EU as the strong international player who is able to project its norms and values to surrounding countries and regions, and from the perspective of the EU's own security, to which democratic, well-governed and, prosperous neighbors will certainly contribute. The relevant ENP documents and the *EU's 2003 Security Strategy* indicate that the EU does

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*Although the ENP has failed to give a boost to the reform process by and large, it has developed instruments that have managed to support pro-reform trends and pro-reform constituencies in Ukraine, as well as to establish good practices and reform-minded institutions. In a way, the ENP has contributed to the development of the 'enclaves of Europeanization' in Ukraine.*

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<sup>2</sup> "Communication from the Commission to the Council and the European Parliament 'European Neighbourhood Policy. Strategy Paper' COM(2004)373" (May 12, 2004).

<sup>3</sup> N. Popescu, "The EU's Sovereign Neighbours", European Council on Foreign Relations. (December 1, 2008); [http://ecfr.eu:80/content/entry/commentary\\_the\\_eus\\_sovereign\\_neighbors/](http://ecfr.eu:80/content/entry/commentary_the_eus_sovereign_neighbors/).

<sup>4</sup> The Eastern Partnership initiative appeared as a joint Polish-Swedish proposal in May 2008. The Council of the EU asked the Commission to follow up with its Communication. In December 2008 the relevant Communication of the Commission was presented. The Eastern Partnership is supposed to be launched by the Czech Presidency in the spring of 2009.

perceive its external policies as an instrument of promoting well-governed, democratic, and prosperous states around the world.<sup>5</sup>

At first glance, the ENP seems to have achieved little where the promotion of reforms in the neighborhood is concerned. Ukraine, which is regarded as a flagship ENP country, is a good example. Since the Orange Revolution, which coincided with the launch of the ENP, Ukraine has lived almost under constant political crises. It has revealed that the political elites in Ukraine are unable to build consensus and think beyond immediate political gains; while institutions, including judiciary, have turned to be very weak and unable to create constraints for political elite. Does this mean the ENP has been a failure or the policy did succeed to stimulate certain reforms?

This paper argues that although the ENP has failed to give a boost to the reform process by and large, it has developed instruments that have managed to support pro-reform trends and pro-reform constituencies in Ukraine, as well as to establish good practices and reform-minded institutions. Those are not well entrenched right away in order to have impact on the reform process, but they entail the potential to Europeanize Ukraine in the longer run. In a way, the ENP has contributed to the development of the 'enclaves of Europeanization'<sup>6</sup> in Ukraine. Nevertheless, the paper argues, the ENP in its current shape is not sufficient if the EU is serious about the success of reforms in its neighborhood. The weak domestic potential for reforms might not be sustained without strong support from outside. To tackle this, the EU needs to strengthen its policy in several substantial ways.

## Evolution of the ENP

The evolution of the ENP over the past years has been significant. Three dimensions of this evolution can be identified. Firstly, the geographical outreach of the policy has changed. Secondly, the vision of the degree and the mode of integration of the partner countries with the EU has changed. Thirdly, the set of tools aimed at supporting the reform process in the partner countries has increased and improved. In addition, the approach towards

<sup>5</sup> "A Secure Europe in a Better World. European Security Strategy" (December 12, 2003); [http://www.consilium.europa.eu/cms3\\_fo/showPage.ASP?id=266&lang=EN&mode=g](http://www.consilium.europa.eu/cms3_fo/showPage.ASP?id=266&lang=EN&mode=g).

<sup>6</sup> See K. Wolczuk, "Adjectival Europeanisation? The Impact of EU Conditionality on Ukraine under the European Neighbourhood Policy", *European Research Working Paper Series* No 18 (2007); <http://www.eri.bham.ac.uk/research/workingpapers.htm>; K. Wolczuk, "Ukraine and its Relations with the EU in the Context of the European Neighbourhood Policy", S. Fischer (ed) *Ukraine: Quo Vadis?*, Chaillot Paper No 108 (2008).

fostering cooperation among the partner countries has changed, whereby the multilateral dimension has been offered to the Eastern neighborhood. Where geographical perspective is concerned, the initial 2002 British-Dutch idea of giving neighborhood status to Belarus, Moldova and Ukraine developed into the policy targeted at the entire EU neighborhood in the East and the South during 2003-2004<sup>7</sup>, and by the end of 2008, with the launch of the Eastern Partnership, the clear trend of separating the Southern and the Eastern dimension was back to the agenda.<sup>8</sup> This even made some analysts argue that such a geographical separation means the death of the European Neighborhood Policy.<sup>9</sup> Where the degree and mode of integration with the EU is concerned, several ideas have been articulated, but neither of those has become a reality as of yet. The ideas expressed so far included those of sharing with the partner countries 'everything but institutions'<sup>10</sup>, extending to the partner countries the EU's 'four freedoms'<sup>11</sup>, and a more vague 'stake in the internal market'<sup>12</sup>. The recent debate has given birth to an interesting idea of sectoral integration, whereby the partner countries can even have access to EU institutions in some sectors, similarly to the mode of cooperation of the EEA<sup>13</sup> countries with the EU<sup>14</sup>. Deep free trade area (which is a stake in internal market, although the size of the stake is subject to negotiation) and sectoral integration sound like realistic projects, but are not credible until the moment they become part of the *EU-Ukraine Association Agreement* currently

<sup>7</sup> Two Commission's Communication – one in March 2003 and another one in May 2004 – appeared. The three Caucasus countries were included into the policy in 2004.

<sup>8</sup> See "Brussels European Council 11 and 12 December. Presidency Conclusions", No 17271/08 (December 11-12, 2008); [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/104692.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/104692.pdf). See also "Communication from the Commission to the European Parliament and the Council 'Eastern Partnership', COM(2008) 823 final" (December 3, 2008).

<sup>9</sup> See G. Gromadzki, "Five Theses on European Neighbourhood Policy", Policy Brief of the Stefan Batory Foundation (2008); [http://www.batory.org.pl/doc/ENP\\_policybrief.pdf](http://www.batory.org.pl/doc/ENP_policybrief.pdf).

<sup>10</sup> The formula expressed by the President of the European Commission Romano Prodi in 2003.

<sup>11</sup> "Communication from the Commission to the Council and the European Parliament 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', COM(2003)104" (March 11, 2003); [http://ec.europa.eu/world/enp/pdf/com03\\_104\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com03_104_en.pdf).

<sup>12</sup> "Communication from the Commission 'European Neighbourhood Policy. Strategy Paper', COM(2004) 373final" (May 12, 2004); [http://ec.europa.eu/world/enp/pdf/strategy/strategy\\_paper\\_en.pdf](http://ec.europa.eu/world/enp/pdf/strategy/strategy_paper_en.pdf).

<sup>13</sup> European Economic Area, which today includes Norway, Iceland and Liechtenstein.

<sup>14</sup> Unpublished paper of the Research Centre of the Slovak Foreign Policy Association and Polish-Swedish paper with the support of the incoming Czech Presidency on Elaboration of the Eastern Partnership (October 3, 2008).

under negotiation. Even if these 'projects' are agreed upon, it still takes time before they are implemented and therefore demonstrate their effectiveness. In any case Ukraine will need to set the precedent. Where the tools to support the reform process are concerned, the ENP initially lacked those. However, those appeared in the process and mostly as the response to the development of EU-Ukraine relationship, whereby the new tools offered to Ukraine were also offered to other neighbors. The ENP Plus initiative of December 2006<sup>15</sup>

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*The ambiguity of the ENP after all allowed a sufficient degree of flexibility in terms of its implementation, whereby certain partner countries would be instrumental in shaping the evolution of the ENP. As the result, Ukraine has become the flagship country of the ENP and in many ways provoked the evolution of the policy into what it is now.*

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and the *Eastern Partnership* initiative are of particular importance here. With the Eastern Partnership initiative the EU has also added the element of multilateral cooperation among the partner countries in the East, an approach that has so far been applied to the Southern EU neighbors only.

This evolution of the ENP can be explained by the fact that the policy lacked clear design and strategy from the very beginning. The approach behind the ENP was that something needed to be done about the EU's neighborhood in view of the biggest ever enlargement. The ENP was neither clear about the degree of rapprochement with the EU of the neighboring countries, nor about the attention and resources the EU would be ready to allocate to support reforms in the neighborhood. After all, the specific

goals or the *finalité* of the ENP have never been specified. Largely due to its ambiguity the ENP produced various interpretations and perceptions of the policy among the partner countries. While some partner countries accepted the policy or were rather indifferent about it, other partner countries, notably Ukraine, never accepted the ENP. The country, which has aspired to EU membership, viewed the ENP as a substitute to enlargement, which it could not accept. The ambiguity of the ENP after all allowed a sufficient degree of flexibility in terms of its implementation, whereby certain partner countries

<sup>15</sup> "Communication from the European Commission to the Council and the European Parliament on Strengthening the European Neighbourhood Policy COM(2006)726 final" (December 4, 2006); [http://ec.europa.eu/world/enp/pdf/com06\\_726\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com06_726_en.pdf).

would be instrumental in shaping the evolution of the ENP. As the result, Ukraine has become the flagship country of the ENP and in many ways provoked the evolution of the policy into what it is now.

By now the ENP has become a policy, which can be labeled 'enlargement light', although the ENP resembled enlargement from the very onset as argued by many scholars.<sup>16</sup> This can be explained by the institutional inertia factor, whereby the European Commission applied the expertise it acquired while managing the enlargement in developing and managing the ENP.<sup>17</sup> Secondly, due to its eastward enlargement and by the time it was almost over and the ENP was launched, the EU had arguably emerged as a stronger and more self-conscious reform-promotion actor with relevant implications for its external policies<sup>18</sup>, the ENP being one of those.

### ENP Instruments to Support the Domestic Reform Process

While the ENP is multi-fold, as discussed above, its instruments of supporting the domestic reform process in the partner countries are in the centre of this article given their relevance for the objectives of the policy and the EU's own interests. From this perspective the crucial stages in the evolution of the ENP include the ENP Plus initiative, which was largely stimulated by developments in the EU-Ukraine relationship and German's Ostpolitik ambitions and the Eastern Partnership, which is also to a large extent shaped to respond to Ukraine's ambitions and aims to demonstrate the potential of the new EU member states, namely Poland and Czech Republic, in setting foreign policy agenda for the EU. Like the ENP Plus, the Eastern Partnership

<sup>16</sup> J. Kelley, "International Actors on the Domestic Scene: Membership Conditionality and Socialization by International Institutions", *International Organisation* No. 58 (Summer 2004), pp. 425-457; M. Emerson, G. Noutcheva, "Europeanisation as a Gravity Model of Democratisation", *CEPS Working Document* No. 214/November 2004 (2004); [http://shop.ceps.eu/BookDetail.php?item\\_id=1175](http://shop.ceps.eu/BookDetail.php?item_id=1175); P. Kratochvíl (ed) *The European Union and Its Neighbourhood: Policies, Problems, and Priorities*. (Prague: Institute of International Relations, 2006).

<sup>17</sup> The ENP was launched by the Romano Prodi Commission. More specifically, the DG Enlargement of the Commission dealt with the policy and many people dealing with the 2004 enlargement were charged with the ENP at that time. Only after the new Commission was appointed in 2004 the ENP became the matter of responsibility of the DG External Relations and ENP.

<sup>18</sup> U. Sedelmeier *EU Enlargement, Identity and the Analysis of European Foreign Policy: Identity Formation through Policy Practice*. (European University Institute, Robert Schuman Centre for Advanced Studies, 2003).

offers to all EU neighbors (in the latter case only to Eastern neighbors) what the EU has already offered to Ukraine, but in addition strengthens the offer to Ukraine and adds regional dimension.

Given the experience of the enlargement policy towards the Central-Eastern Europe and the Western Balkans<sup>19</sup>, as well as the challenges Ukraine's European integration faces, the following tools stand out as important: *conditionality*, *socialization*, *benchmarking* (or what is also referred to as 'gatekeeping'), *domestic guidance for reforms* and strengthening administrative capacity for reforms, as well as *consistency* among the EU policy tools, domestic reform plans and funding available from the EU and other sources.

*Conditionality* is regarded as the key element of the EU's 'transformative power'<sup>20</sup> vis-à-vis third countries as demonstrated by the policy of enlargement, that is when the EU reinforces reforms by offering rewards or incentives. This strategy works if "the benefits of EU rewards exceed the domestic adoption costs"<sup>21</sup>. It can also work indirectly through the differential empowerment of domestic actors, that is strengthening the position and influence of the pro-reform constituencies vis-à-vis their political opponents.<sup>22</sup> Although mentioned in the Wider Europe and ENP Strategy Paper Communications of the European Commission, conditionality did not appear in the ENP until the EU-Ukraine Action Plan was signed by the parties in February 2005. It was introduced, largely, as the response to Ukraine's Orange Revolution<sup>23</sup>, since the relevant provisions did not appear in the initial text of the Action Plan adopted by the Council of the EU in December 2004. As a result, for instance, Ukraine was offered such incentives as EU support to Ukraine's WTO accession, deep free trade area, visa facilitation, increased financial assistance, support for people-to-people dimension and landing from the

<sup>19</sup> Enlargement is regarded to be the EU's most successful policy where the promotion of reforms in the partner countries is concerned.

<sup>20</sup> H. Grabbe *The EU's Transformative Power. Europeanization through Conditionality in Central and Eastern Europe*. (Palgrave Macmillan, 2006).

<sup>21</sup> F. Schimmelfennig, U. Sedelmeier, "Introduction: Conceptualizing the Europeanization of Central and Eastern Europe", F. Schimmelfennig, U. Sedelmeier (eds) *The Europeanization of Central and Eastern Europe*. (Cornell University Press, 2005), p. 12.

<sup>22</sup> Ibid, pp. 11-12. See also M. Vachudova *Europe Undivided: Democracy, Leverage and Integration After Communism*. (Oxford: Oxford University Press, 2005), p. 162.

<sup>23</sup> See M. Roth, "European Decision-Making on the EU-Ukraine Action Plan after the Orange Revolution: the Role of the New Member States", K. Kosior, A. Jurkowska (eds) *Beyond the Borders. Ukraine and the European Neighbourhood Policy*. (Rzeszów: University of IT and Management, 2007), pp. 45-68 for different options discussed in the EU in response to the Orange Revolution, ranging from offering a membership perspective to Ukraine and renegotiation of the Action Plan to simple amendment of the Action Plan. The latter option prevailed.

European Investment Bank. Recently Ukraine was also offered the Association Agreement and launch of the visa dialogue.<sup>24</sup> Such conditionality, though, has failed to produce any impact on the reform process as will be discussed below. Conditionality is supposed to be strengthened and become more credible as the EU-Ukraine Association Agreement is concluded. Another chance to strengthen conditionality appears in the form of the 'new practical instrument'<sup>25</sup> or the new generation Action Plan, which is supposed to be adopted in February-March 2009. The Eastern Partnership initiative partially responds to the need to strengthen conditionality, but it remains to be seen how this will develop in reality when the new *Action Plan for Ukraine* and the *Association Agreement* are concluded.

*Socialization* is a softer, but equally important instrument of the EU of supporting the reform process in the partner countries. Generally, it implies "multiple personal and institutional contacts, which inevitably serve as a mechanism of 'Europeanization'"<sup>26</sup>. Unlike conditionality, which implies rational choice and is predominantly targeted at political elites, socialization in the long term results in the penetration of EU norms and values into society. Again, the ENP has substantially strengthened this component of EU's relationship with its neighbors. Thus, for instance, the EU-Ukraine Action Plan set up a new mechanism of consultations on foreign policy planning between the Ukrainian Ministry of Foreign Affairs and the Secretariat General of the Council of Ministers of the EU.<sup>27</sup> Also, a number of sub-committees under the EU-Ukraine Cooperation Committee increased from three to seven.<sup>28</sup> Beyond the formal institutional framework, the amount of contacts and informal channels among elites has also increased. The ENP also places an important emphasis on what the Commission calls the 'people-to-people'

<sup>24</sup> See "EU-Ukraine Summit. Joint Declaration on the EU-Ukraine Association Agreement", (Paris: September 9, 2008); [http://www.ue2008.fr/PFUE/lang/en/accueil/PFUE-09\\_2008/PFUE-09.09.2008/sommet\\_union\\_europeeneukraine](http://www.ue2008.fr/PFUE/lang/en/accueil/PFUE-09_2008/PFUE-09.09.2008/sommet_union_europeeneukraine).

<sup>25</sup> Another name for it is 'new joint tool'. The name 'new practical instrument' appeared in the declaration of the EU-Ukraine Summit "Deepening EU-Ukraine Cooperation", (Paris: September 9, 2008); [http://www.ue2008.fr/PFUE/lang/en/accueil/PFUE-09\\_2008/PFUE-09.09.2008/sommet\\_union\\_europeeneukraine](http://www.ue2008.fr/PFUE/lang/en/accueil/PFUE-09_2008/PFUE-09.09.2008/sommet_union_europeeneukraine).

<sup>26</sup> A. Mungiu-Pippidi, "EU Enlargement and Democracy Progress", M. Emerson (ed) *Democratisation in the European Neighbourhood*. (Brussels: Centre for European Policy Studies, 2005), p. 17.

<sup>27</sup> Between May 31, 2005 and October 31, 2007 Ukraine aligned itself with 1204 CFSP statements of the EU out of 1306. See <http://www.mfa.gov.ua/mfa/ua/2032.htm>.

<sup>28</sup> For the list of all sub-committees see "Ukraine-EU: From the Action Plan to An Enhanced Agreement", Ukrainian Centre for Economic and Political Studies; Europa Institut at the University of Zurich (2007); [http://www.uceps.org.ua/img/st\\_img/statti/Ukraine-EU\\_2007\\_eng.pdf](http://www.uceps.org.ua/img/st_img/statti/Ukraine-EU_2007_eng.pdf).

dimension. For instance, Erasmus Mundus and Jean Monnet educational programs were opened to Ukraine (but also to many other countries); due to ENP programs such as TAIEX and Twinning (established specifically as a part of the enlargement policy back in the 1990s) were offered as well (although only at the level of central government so far); in its Communication the Commission<sup>29</sup> proposed that several Community programs and agencies are opened for Ukraine's participation. Finally, the EU-Ukraine visa facilitation agreement was signed between the EU and Ukraine in June 2007 and entered into force as of January 2008, which arguably simplifies visa issuance and allows long-term visas for certain categories of people<sup>30</sup>. The Eastern Partnership offers substantial progress in this respect, which also means that the EU recognizes the importance of socializations. Thus, the Eastern Partnership envisages biannual meetings of Heads of States or Governments, annual meetings of Ministers of Foreign Affairs, 4 thematic platforms (on Democracy, good governance and stability; Economic integration and convergence with EU policies, Energy security; and Contacts between people) and the Eastern Partnership Civil Society Forum. An important innovation is that these forums and platforms will include representatives of the EU member states along with relevant representatives of the partner countries, whereas the current configuration for political dialogue does not envisage participation of all EU member states.<sup>31</sup> Another innovation of the Eastern Partnership includes conclusion of "mobility and security pacts", allowing for easier legitimate travel to the EU with the ultimate long-term goal of visa-free travel.<sup>32</sup> More opportunities for cultural cooperation, research, youth and educational cooperation are also welcome by the Communication of the Commission along with the invitation for the European Parliament, the Committee of Regions and the European Economic and Social Committee to

<sup>29</sup> "Communication from the European Commission to the Council and the European Parliament on the General Approach to Enable ENP Partner Countries to Participate in Community Agencies and Community Programmes, COM(2006) 724final" (December 4, 2006); [http://ec.europa.eu/world/enp/pdf/com06\\_724\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com06_724_en.pdf).

<sup>30</sup> "Agreement between the European Community and Ukraine on the Facilitation of the Issuance of Visas", CE/UA/VISA/en (2008); <http://www.delukr.ec.europa.eu/page45572.html>.

<sup>31</sup> Under current configuration the EU side is represented only by the country holding the Presidency in the EU (alongside with the respective representative of the Commission). In the recent Cooperation Council meetings the Secretary General of the Council /High Representative for Foreign and Security Policy of the EU participated as well.

<sup>32</sup> This at the same time would envisage efforts to combat corruption, organized crime and illegal migration, the upgrading asylum systems to EU standards and the establishment of integrated border management structures.

get involved. A lot now depends on the implementation efforts by various actors on all sides involved.

*Benchmarking*, or what can also be referred to as 'gate-keeping'<sup>33</sup> is also important and it is closely linked to conditionality. Although the ENP does not envisage EU accession, it offers a certain degree of integration with the EU. This process of integration can be divided into stages allowing the neighbors to get to the next stage once certain conditions are met. Scholars of enlargement have, for instance, pointed to the fact that the EU's transformative power was the strongest "during the decision phase of whether or not to open accession negotiations"<sup>34</sup>. This argument can be extended by arguing that the EU's transformative power was the strongest during the decision phase of whether or not to move to a subsequent stage of the accession process. Whereas in the case of the 2004 entrants there was only one clearly defined threshold, which separated different stages of the accession process (pre-negotiation phase and negotiations), in the case of Bulgaria and Romania another threshold appeared – that of the possibility of applying the postponement clause. Evidence suggests that during the period of deciding whether to invite Romania

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*Ukraine needs to be offered short-term benefits, where, for instance, economic benefits will be linked to political reforms. This would stimulate reforms, but also help to maintain support for European integration among the population at large by helping to move away from the zero-sum perspective where EU accession is the only attractive incentive.*

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and Bulgaria to join in 2007, some reforms were accelerated. It is therefore clear that the EU succeeded in promoting reforms by defining thresholds, which separate different stages of the accession process, and linking progress to each subsequent stage with meeting specific conditions. The evolution of enlargement policy proves this, as it shows that the EU has moved towards

<sup>33</sup> This is how Grabbe labels the phenomena of the pre-accession process, which is divided into stages, meaning that the EU controls access to each further stage in the pre-accession process. See H. Grabbe, "How Does Europeanisation Affect CEE Governance? Conditionality, Diffusion and Diversity", *Journal of European Public Policy* 8(4) (2001), pp. 1013-1031.

<sup>34</sup> T. Haughton, "When Does the EU Make a Difference? Conditionality and the Accession Process in Central and Eastern Europe", *Political Studies Review* 5(2) (2001), p. 235.

a more clearly structured accession process with more specific thresholds, which separate different stages of the process. Thus, beside the postponement clause in the accession treaties with Bulgaria and Romania, the policy towards the Western Balkans and Turkey provides for even more examples: in the case of Croatia and Turkey the Commission introduced benchmarks for closing and opening of chapters in the process of accession negotiations.<sup>35</sup> Unfortunately, this approach has not been applied in the ENP so far, although the Commission's ENP Communications did talk about benchmarking. For Ukraine, where short-term thinking prevails both among the political elites and the bureaucracy, such gate-keeping is extremely important in order to stimulate reforms. Ukraine needs to be offered short-term benefits, where, for instance, economic benefits will be linked to political reforms. This would stimulate reforms, but also help to maintain support for European integration among the population at large by helping to move away from the zero-sum perspective where EU accession is the only attractive incentive.

Sufficient *guidance for reform process* coupled with the *administrative capacity-building programs* is another important element, which the ENP has attempted to tackle, but only to a limited extent. The Twinning and TAIEX programs, both aimed at enhancing administrative capacity and legal adaptation and previously open to accession countries only became available to Ukraine within the ENP. Institutional twinning includes training, support for reorganization measures and expertise that will help Ukraine draft laws and regulations based on EU legislation.<sup>36</sup> Since the Twinning program was launched at the end of 2006, 22 projects have been underway in Ukraine.<sup>37</sup>

<sup>35</sup> See "Communication from the Commission to the European Parliament and the Council. Enlargement Strategy and Main Challenges 2006-2007, COM(2006) 649" (November 8, 2006), p. 6. [http://ec.europa.eu/enlargement/pdf/key\\_documents/2006/Nov/com\\_649\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2006/Nov/com_649_strategy_paper_en.pdf).

<sup>36</sup> The Ukrainian-European Policy and Legal Advice Centre (UEPLAC) is another key project in the field of legal approximation. See <http://ueplac.kiev.ua>. In addition, the Commission is funding Ukraine's National Coordination Unit for EU Technical Assistance (NCU). [http://ec.europa.eu/europeaid/where/neighborhood/country-cooperation/ukraine/ukraine\\_en.htm](http://ec.europa.eu/europeaid/where/neighborhood/country-cooperation/ukraine/ukraine_en.htm).

<sup>37</sup> Interestingly, EU member states compete among each other to implement Twinning projects with Ukraine and the competition for Ukraine is much higher than for MEDA with 4-5 countries placing their bids for each project and France being the most successful bidder so far. Interview with Andriy Vyshnevsky, at that time Director of the Center for Support of Civil Service Institutional Development under the Main Department of the Civil Service of Ukraine, November 2007. Data on figures obtained from an official of the Main Department of the Civil Service of Ukraine.

<sup>38</sup> Not EuroAid or DG RELEX, the sources from which all other instruments come. Also, Ukraine became the first TACIS country to become eligible for this instrument.

TAIEX is the only instrument open for Ukraine, which is managed by the European Commission's DG Enlargement.<sup>38</sup> It provides expertise, seminars, trainings and expert assessment by EU member states' officials and civil servants in various fields, which Ukrainian officials identify. Demand-driven it allows an easy application and quick delivery of the needed assistance. Since TAIEX was officially launched in Ukraine at the end of 2006, more than 1100 civil servants having benefited from around 50 activities within the program, with Ukraine being the frontrunner in terms of using this opportunity among the ENP countries.<sup>39</sup> Nevertheless, both programs' impact is limited to central bureaucracy with all the projects being implemented by ministries in Kiev. Moreover, implementation of both programs has shown that additional capacity-building programs are needed in order for relevant civil servants to make full use of those instruments. In addition, support for administrative and civil service reform is needed. The *Eastern Partnership Institution-Building program* (CIB) aimed at improving administrative capacity in all relevant sectors of cooperation with each partner co-funded from the *European Neighborhood and Partnership Instrument* (ENPI).<sup>40</sup> It still needs to be seen how this initiative is implemented in practice.

*Consistency* among the jointly negotiated Action Plans, domestic implementation plans and domestic reform plans, EU funding and other available funding, as well as legal adaptation plans is another element that the ENP has attempted to tackle. This consistency was to large extent available in the Accession Partnerships for the CEECs and the European Partnerships for the Western Balkans and has proved to be useful. The ENP has only marginally tackled the problem of discrepancy between these various tools. Thus, the ENPI is supposed to be a much more flexible instrument than TACIS was, meaning it can be adjusted to fund priorities of the Action Plan. Roughly half of the ENPI national funding goes as the direct budgetary support to assist in reforming one national sector each year given there is the national reform strategy. Yet the discrepancy is still strong. Most objectives listed in the EU-Ukraine Action Plan are not backed by any EU funding at all. The national annual implementation plans, although compiled by the Secretariat of the Cabinet of Ministers, are not often known in the ministries in Kiev. The national strategy of legal approximation is being developed and implemented within a separate planning process and is barely linked to any national or

<sup>39</sup> Data obtained from an official of the Main Department of the Civil Service of Ukraine.

<sup>40</sup> "Communication from the Commission to the European Parliament and the Council 'Eastern Partnership', COM(2008) 823 final" (December 3, 2008), p. 4.



jointly agreed with the EU reform plans. Finally, domestic reform plans, if any, are not in any way connected with the EU-Ukraine Action Plan. This is largely so due to the lack of mechanism of institutional coordination of Ukraine's European integration. It is only recently that the institutional coordination has improved as the Coordination Bureau on European and Euro-Atlantic Integration was created in the Secretariat of the Cabinet of Ministers. It takes time though for this institution to produce results. Therefore, the new practical instrument between the EU and Ukraine, which is supposed to be launched in February-March 2008, should be designed in such a way that it would bridge the aforementioned gaps.

### Implications of the ENP on the Reform Process

So far the EU's conditionality, in the form it has been offered, has had little impact on the reform process in Ukraine. Since the Orange Revolution, which coincided with the launch of the ENP, Ukraine has lived almost under constant political crises and hardly any reforms have been carried out. Ukraine is definitely to be blamed for the lack of domestic progress; yet this is also a challenge for the EU to develop the strategy and tools to address the lack of political will, divided political elites and short-term thinking.

The ENP has nevertheless managed to address certain enclaves of Europeanization or reform-minded groups in Ukraine, which can mostly be found among the bureaucracy and civil society. Under the ENP (although mostly due to the change of the EU-Ukraine relationship after the Orange Revolution) the EU-Ukraine cooperation agenda has significantly intensified. Due to the signing of the Action Plan in February 2005 Ukraine accepted certain political commitments, while the EU's involvement into the domestic reform process has increased. This opened the space for activity of pro-European bureaucracy, which appeared in the Secretariat of the Cabinet of Ministers and several key ministers well under Kuchma (that is before the Orange Revolution). Thus, the bureaucracy in the Ukrainian government came up with annual implementation tools for the EU-Ukraine Action Plan, its system of monitoring this implementation<sup>41</sup> and involving civil society into the process. This might well have been a purely bureaucratic exercise, but it succeeded in establishing some good practices and improving capacity of government functionaries. Under the conditions when the PCA is too general

<sup>41</sup> See web page of the Cabinet of Ministers for both the roadmaps and domestic monitoring reports. <http://www.kmu.gov.ua>.

to provide any guidelines for reform and any domestic concept or program of European integration is missing<sup>42</sup>, the Action Plan has become an important framework and reference point for the domestic reform agenda at least as far as the bureaucracy is concerned. This is an interesting phenomenon, which a scholar of Ukraine's European integration labeled as Europeanization without 'political leadership'<sup>43</sup>.

With the election of the new government and establishment of the position of the Vice-prime minister for European integration in December 2007 certain political guidance over the bureaucracy was established. The coordination mechanism for European integration was improved to tackle the problem of distorted communication between different governmental institutions. Thus, the meetings of the Ukrainian side of the EU-Ukraine Cooperation Committee became a monthly exercise, whereas the governmental Committee for European and Euro-Atlantic Integration started meeting weekly. Moreover, the Coordination Bureau on European and Euro-Atlantic Integration was created in the Secretariat of the Cabinet of Ministers. These institutional changes were largely the response to the need of coping with significantly intensified EU-Ukraine cooperation agenda and already produced the setting up of some good practices.

Where civil society is concerned, it embarked on its watchdog functions given the increased political commitments of the Ukrainian government under the ENP. A separate Chapter of the Action Plan "Political Dialogue and Reform" elaborates on strengthening stability and effectiveness of institutions guaranteeing democracy, enhancing judicial reform and improving access to justice, ensuring effectiveness of the fight against corruption, ensuring freedom of media and expression, etc. These are all areas where NGOs in Ukraine have been quite active and acquired the necessary experience and expertise. In addition, a large-scale project of civil society monitoring of the EU-Ukraine Action Plan implementation was carried-out by a consortium of think tanks during 2005-2008.<sup>44</sup> In addition civil society expertise has

<sup>42</sup> The 1998 Ukraine's National Strategy of European Integration and 2000 National Program of European Integration was abandoned after Kuchma's presidency finished without even being officially cancelled.

<sup>43</sup> K. Wolczuk, "Adjectival Europeanisation? The Impact of EU Conditionality on Ukraine under the European Neighbourhood Policy", *European Research Working Paper Series* No. 18 (2007); <http://www.eri.bham.ac.uk/research/workingpapers.htm>.

<sup>44</sup> The project was implemented by a consortium of think tanks under the leadership of the Razumkov Centre with the financial support of the International Renaissance Foundation and Swiss Development and Cooperation Agency. Results are available at <http://www.uceps.org>.

become essential given the emergence of many new issues in the EU-Ukraine cooperation agenda and the lack of relevant expertise within the government. Thus, civil society experts have been involved in the development of national awareness raising and capacity building for civil servants' programs. Via the newly established Civil Society Expert Council with the Ukrainian side of the EU-Ukraine Cooperation Committee civil society experts developed a number of proposals on various issues of the EU-Ukraine relationship, including negotiation of the *Association Agreement*<sup>45</sup>. The very fact of setting up such a council, which accumulates the best Ukrainian civil society expertise in the field of European integration and institutionalizes cooperation between civil society and the government on relevant issues, is already a significant achievement.

The ENP has, therefore, empowered what can be referred to as 'enclaves of Europeanization'. However, those are not well entrenched and the EU has not been able to empower them to the extent that would change domestic equilibrium in favor of those constituencies.

This state of things gives some grounds for optimism, but it also has its limits. Firstly, the fact that the EU has become a key reference point for certain parts of Ukrainian society, namely a part of bureaucracy and civil society means that there are strong interests inside Ukraine on which the EU can potentially rely. It has been observed by several scholars that external actors have better chances to succeed in having impact on the domestic reform process if they operate 'in coalition' with domestic actors and structures that share the same interests and goals.<sup>46</sup> In other words, external actors (their conditionality) can succeed where they create the pressure and demand for reforms from within via empowering their domestic partners. The risk here is that the pro-EU interests are not well-entrenched in Ukraine, at least not enough to create successful pressure for reforms. Moreover, the Ukrainian society at large is still ambiguous about the EU, which also weakens the position of reform-minded actors. The challenge for the EU is, therefore, to identify and

<sup>45</sup> More information about the Civil Society Expert Council can be found at <http://www.ucipr.kiev.ua/modules.php?op=modload&name=News&file=article&sid=6032687&mode=thread&order=0&thold=0>.

<sup>46</sup> See W. Jacoby, "Inspiration, Coalition, and Substitution. External Influences on Post-Communist Transformations", *World Politics* 58 (July 2006), pp. 623-651; T. Carothers, *Critical Mission: Essays on Democracy Promotion*. (Washington: Carnegie Endowment for International Peace, 2004); F. Schimmelfennig, U. Sedelmeier, "Introduction: Conceptualizing the Europeanization of Central and Eastern Europe", F. Schimmelfennig, U. Sedelmeier (eds), *The Europeanization of Central and Eastern Europe*. (Cornell University Press, 2005).

empower those actors and structures in Ukraine that can create a long-term pressure for reforms and make pro-reform interests well-entrenched among decision-makers.

Secondly, several indicators suggest that Ukraine is becoming 'locked into' the process of European integration. In other words, the progress Ukraine has made so far in terms of complying with EU requirements suggests that certain path-dependency has occurred and 'locking out' of this path might be too costly (Pierson 2004). The fact that the Ukrainian parliament adopted the WTO legislation in the midst of political crisis and thus paved the way for free trade talks with the EU is a good example. Secondly, although the Action Plan implementation during the political turmoil in Ukraine slowed down, it did not stop altogether. Implementation of the Action Plan has been, by and large, pushed forward by the well-established pro-European bureaucracy, on which this paper elaborated above. Finally, negotiations on the new enhanced agreement have not been interrupted by the political crisis, which suggests certain independence of the process from the political climate on the top. Thus, institutional structures and memory brought over from Kuchma times<sup>47</sup>, coupled with increased intensiveness of the EU-Ukraine cooperation agenda, not in the least thanks to the ENP, have created preconditions for 'entrapment' of decision-making into the process leading towards adoption of decisions required for deeper integration with the EU. This evidence gives grounds to expect that certain path-dependency will lead to greater compliance with EU norms over time. From this perspective, a more intensive and far-reaching EU-Ukraine cooperation agenda with clear intermediate goals and benchmarks, reaching not only central bureaucracy, but also its lower levels, will enforce the institutional 'entrapment' of Ukraine into the reform process required by the EU.

### What Should the EU's Response Be?

The EU's response to address these trends, that is to support and help reform-minded groups grow and expand, as well as to support even greater institutionalization of Ukraine's European integration, has to be based on the strengthened conditionality, supplemented with a benchmarking or gate

<sup>47</sup> It was mentioned earlier that civil servants in charge of EU affairs have remained in posts for several years. Moreover, many institutional foundations, like, for instance, the State Department for Legal Adaptation and the Department of European Integration in the Secretariat of the Cabinet of Ministers were laid down before the Orange Revolution.

keeping approach, expanding socialization channels, as well as capacity-building programs and greater consistency among various policy and financial tools.

Where conditionality is concerned, it has to be improved in two ways. Firstly, the membership prospect should be offered to Ukraine. As Wolczuk

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*The EU's strategy should be based on supporting and helping reform-minded groups grow and expand, as well as to support even greater institutionalization or path-dependency of Ukraine's European integration. The key elements of this strategy should include strengthened conditionality, supplemented with a benchmarking or gate keeping approach, expanding socialization channels, as well as capacity-building programs and greater consistency among various policy and financial tools.*

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rightly points out, in Ukrainian perception any arrangement on the part of the EU alternative to that of membership perspective is not credible and therefore has little 'mobilizing potential' for reforms<sup>48</sup>. From this perspective the incentives offered under the ENP so far have little economic and political value for Ukrainian political elite. They are difficult to sell to the society and therefore derive political credentials. The deep free trade area is definitely an attractive incentive, but so far only for the experts and a narrow circle of reform-minded business class. The same concerns other potential benefits offered to Ukraine so far, such as participation in the Community programs and agencies.<sup>49</sup> Even those political elites that understand the future benefits coming from these incentives might not be ready to work for those given their low appeal to the society. The absence of membership perspective also empowers those who oppose any reforms as for instance actors involved in

heavily subsidized and technologically backward sectors of economy. Under these circumstances the pro-reform constituencies, who understand the value

<sup>48</sup> K. Wolczuk, "Ukraine and its Relations with the EU in the Context of the European Neighbourhood Policy", S. Fischer (ed) *Ukraine: Quo Vadis?*, Chaillot Paper No. 108 (2008).

<sup>49</sup> See "Communication from the European Commission to the Council and the European Parliament on the General Approach to Enable ENP Partner Countries to Participate in Community Agencies and Community Programmes, COM(2006) 724 final" (December 4, 2006); [http://ec.europa.eu/world/enp/pdf/com06\\_724\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com06_724_en.pdf).

of long-term benefits and the short-term prize the country would have to pay, have their bargaining position vis-à-vis the opponents weakened.

Another way to strengthen conditionality is that of meeting the challenge of the long-term nature of the incentives currently available. As argued above, there is no tradition in Ukraine to think strategically and from the perspective of long-term benefits. The rationale behind the deeds of political elite is that of deriving immediate gains, which can bring economic profit or political dividends. Any long-term thinking, especially under the absence of the 'big carrot', is simply not profitable. Similarly, bureaucracy has no habit of planning behind the annual perspective or even less. The EU needs to address this short-term thinking by dividing the process of Ukraine's integration with the EU into stages, thus making the process of achieving the long-term objectives focused on short-term objectives and benefits. Ukraine needs to be offered short-term benefits, where, for instance, economic benefits will be linked to political reforms. This would stimulate reforms, but also help to maintain support for European integration among the population at large by helping to move away from the zero-sum perspective where EU accession is the only attractive incentive. The new practical tool to be agreed upon in February-March 2009 has to be designed so that these concerns could be addressed. In fact, the methodology of *Accession/European Partnerships* offers useful insights here.

Similarly, the EU has to pay more attention to capacity building of the civil service in order to support its so-far positive response to the ENP tools and make it more influential in terms of setting the agenda for the political elite and offer informed decisions. Institutional capacity or administrative capacity is often seen as a very important precondition for successful reforms. It is especially important when it comes to implementation of the EU-related laws and policies. A number of scholars of enlargement have argued that conditionality of the EU had an impact on institutions and laws, yet it did not ensure their effective implementation or internalization. Thus, in many cases the EU accession process resulted in the establishment of 'Potemkin institutions'<sup>50</sup>, but not necessary ensured implementation of rules and practices. Similarly, Huges et al<sup>51</sup> suggest that institutional adaptation is not enough, but "cognitive adjustment by elites" should occur. In other words, "[the

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<sup>50</sup> W. Jacoby, *The Enlargement of the European Union and NATO: Ordering from the Menu in Central Europe*. (Cambridge: Cambridge University Press, 2004), p.17.

<sup>51</sup> J. Huges, G. Sasse, C. Gordon *Europeanization and Regionalization in the EU's Enlargement to Central and Eastern Europe: the Myth of Conditionality*. (Basingstoke: Palgrave Macmillan, 2004), p. 141.

elites] must not only learn to 'speak European', but also become acculturated and assimilated into European norms and 'ways of doing things'. Capacity-building programs and more targeted channels of socialization would contribute to changing the mind-set of bureaucracy and decision-makers and improving their skills for developing informed decisions, implement those and take more advantage of assistance offered by the EU.

Finally, the EU has to find a way do address the discrepancy between various policy tools (bilateral and domestic) and assistance tools (EU assistance, member states' assistance, other actors' assistance). The lessons of the Accession/European Partnerships in the process of development of the new practical instruments would be very helpful. Bringing all available policy and assistance tools under one roof would further stimulate the need for better coordination of the European integration policy of Ukraine and therefore consolidate all resources available in the government for European integration. This would also help to consolidate all resources available in Ukraine and those coming from other actors for priority policy objectives. In addition, this would help to reinforce the pro-European path-dependency trends in Ukraine. After all, this would contribute to making European integration the idea of national modernization in Ukraine.

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Laure DELCOUR

## A Missing Regional Dimension? The ENP and Region-Building in the Eastern Neighborhood

Summary: *Through examining the EU's record in region-building in its Eastern neighborhood, this paper intends to identify the reasons that have prevented the EU from supporting regional cooperation in the ENP, especially in its Eastern component as well as to question the emergence of an EU regional vision in the Eastern part of the continent and the relevance of 'thinking about' the Eastern neighborhood on a regional basis.*

Over the last fifty years, the encouragement of regional co-operation and integration has ranked high among the European Union's (EU) foreign policy priorities. While a significant share of European Community (EC) external assistance funds is earmarked to regional cooperation projects, region-building (defined here as the attempts to foster cooperation or integration at a regional level) lies at the core of key EU-pushed initiatives, the most famous being the Euro-Mediterranean partnership. Moreover, the EU has institutionalized a regular dialogue with a number of other regional organizations (e.g. Mercosur) or developed less formal mechanisms (e.g. Asia-Europe Meeting, ASEM) to strengthen relations with other regions. Actions (e.g. initiatives supporting region-building) and interactions (e.g. interregionalism, defined here as institutionalized relations with other regional groupings) at a regional level are therefore salient features of the European Union's foreign policy. Support to regional co-operation has been

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identified by scholars as one of the five objectives pursued by the EU on the international arena.<sup>1</sup>

The European Neighborhood Policy (ENP) stands as an exception in EU foreign policy with respect to region-building. Yet, at the Copenhagen European Council in December 2002, even before the ENP was launched, Poland advocated for developing an 'Eastern Dimension' in coherent, comprehensive framework that will enable individual development of relations with the new EU policy vis-à-vis Western New Independent States (NIS), understood as "a each of the countries concerned"<sup>2</sup> and supported by a regional action plan combined with country action plans. However, five years after the Polish proposal, it can be argued that an Eastern regional dimension is still missing in the EU's foreign policy. Recent initiatives to promote Eastern regional cooperation (*Black Sea Synergy*, *Eastern Partnership*) may be a watershed in this respect; but their belated character and significant differences in their content also highlight EU lapses in envisioning a proper regional framework for its Eastern neighbors and, beyond them, for the post-Soviet area. At the same time, a comprehensive (albeit controversial) framework for the relations with Southern Mediterranean partners, the *Union pour la Méditerranée*, has just been launched to give a new regional impetus to the existing Euro-Mediterranean partnership. Therefore, recurrent projects attempting to develop an Eastern dimension also suggest a discrepancy between the two regional components of the ENP with respect to the promotion of a regional vision by the EU.

The above examples suggest that the regional dimension encompasses two distinct aspects. The first relates to EU support to regional cooperation between ENP partner countries (i.e. the extent to which the EU has acted as a region-builder and encouraged links between Eastern neighbors) and the second concerns the existence of a regional vision developed by the EU in its policy vis-à-vis Eastern neighbors, i.e. the extent to which the EU resorts to a regional policy toolbox in the ENP. Through examining the EU's record in its Eastern neighborhood, this paper intends to identify the reasons that have prevented the EU from supporting regional cooperation in the ENP, especially in its Eastern component as well as to question the emergence of an EU regional vision in the Eastern part of the continent and the relevance of 'thinking about' the Eastern neighborhood on a regional basis.

<sup>1</sup> K.E. Smith *European Foreign Policy in a Changing World*. (Cambridge: Polity Press, 2003), p. 2.

<sup>2</sup> Ministry of Foreign Affairs of the Republic of Poland, "Non-Paper with Polish Proposals Concerning Policy towards new Eastern Neighbours after EU Enlargement", A. Mazur-Barańska, W. Stanisławski (eds) *EU Enlargement and Neighbourhood Policy*. (Warsaw: Stefan Batory Foundation, 2003), p. 86; [http://www.batory.org.pl/doc/nowi\\_se.pdf](http://www.batory.org.pl/doc/nowi_se.pdf).

### The EU and the Post-Soviet Area: the Shadow of Regional Cooperation

The lack of an Eastern regional dimension in the ENP finds its roots in the bilateral approach developed by the European Union vis-à-vis New Independent States (NIS) after the collapse of the USSR. Thus, unlike in the Mediterranean area, the ENP could not build in the East upon a previous record of EU support to regional cooperation. Throughout the 1990's, while it designed and developed one of its major region-building initiatives for the Southern Mediterranean countries (i.e. the *Barcelona Process*), the EU seems to have barely promoted regionalism in the former USSR. The overall policy framework and policy discourse largely focused on bilateral relations with the NIS and remained void of any regional dimension.

Quite paradoxically, the EU's initial policy following the collapse of the USSR was embedded in the vision of the post-Soviet area as still having a common identity and thus requiring a regional approach. As clearly expressed in the *Statements under the European Political Cooperation* following the USSR's collapse, EC initial reactions stressed the need for preserving a degree of regional cooperation among the new countries<sup>3</sup>. EC reactions to the collapse of the Soviet Union were deeply rooted in its self-perception as a model of integration. The coincidence between disintegration processes in the East of the continent and further integration in the West (with the Intergovernmental conferences gathering in Maastricht) was interpreted as an opportunity for the EC to transfer its experience of regional integration to the other part of the continent. As soon as 1992, the EC was depicted by several ex-Soviet academics or leaders as the road to follow for the new sovereign countries<sup>4</sup>; it was also a direct source of inspiration to policy-makers for the first project promoting regional integration among Central Asian Republics, the Centrasianic Union initiated in 1994 by Kazakh President Nazarbaev to create a common economic space. EC insistence on the need to preserve regional links among the new sovereign countries confirms its tendency to "reproduce itself"<sup>5</sup> through "making it regional"<sup>6</sup> in its relations with third

<sup>3</sup> L. Delcour *La politique de l'Union européenne en Russie: de l'assistance au partenariat?* (Paris: L'Harmattan, 2002).

<sup>4</sup> V. Korovkin, "Opyt ES dlá ekonomičeskogo soobsestva suverennyh respublik" ("EC experience for the Economic Community of Sovereign Republics"), *MeiMO* No. 1/1992, pp.95-105.

<sup>5</sup> C. Bretherton, J. Vogler *The European Union as a Global Actor*. (London: Routledge, 1999), p. 249.

<sup>6</sup> F. Bicchi, "Our Size Fits All: Normative power Europe and the Mediterranean", *Journal of European Public Policy* 13 (2), p. 287.

countries. Such an interpretation grants little reflexivity to the EC. Following this analysis grid, EC initial reactions to the collapse of the USSR should be seen as part of a routine-based behavior, even more so as the EU at that time had a poor knowledge of CIS countries stemming from several decades of mutual ignorance with the USSR. With hardly any specialists of the former Soviet Union staffing its external service, the EU experienced difficulties in building up a strategy for each country and thus initially relied upon well-known recipes.

Nevertheless, a realist analysis led the EC to develop a bilateral approach vis-à-vis the NIS (albeit under a similar framework provided by the Agreements on Partnership and Cooperation, PCA). After the collapse of the

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USSR, the construction of new States and sometimes of national identities indeed seemed hardly compatible with regional cooperation, not to mention integration. Many among the former Soviet Republics were reluctant, or simply rejected, the idea of regionalism. Thus, the organization launched in December 1991 to 'replace' the USSR and to promote a new kind of regional cooperation, the Commonwealth of Independent States (CIS), remained an empty shell. As the European Commission put it as early as January 1992<sup>7</sup>, centrifugal trends were likely to prevail in the former

Soviet space. As a consequence, differentiation was explicitly invoked as a core principle of the policies developed by the EU in the post-Soviet area throughout the 1990's and support to regional cooperation was limited to specific purposes. The EC backed regional co-operation in the former USSR only as far as the regional level proved the most appropriate to tackle common problems. Nuclear safety – a major EC concern after the USSR collapse<sup>8</sup> – is one of the best examples: EC support was channeled through programs specifically designed at a regional level, which accounted for nearly 20% of the funds committed by the EC through the TACIS program in the 1990's.<sup>9</sup> Thus,

<sup>7</sup> "Communications to the Council, SEC (92) 39 final" (January 9, 1992); and "Communications to the Council, SEC (92) 373 final" (February 26, 1992).

<sup>8</sup> "Statement on the Guidelines for Acknowledging New States in Eastern Europe and in the Soviet Union", European Political Cooperation (December 16, 1991).

<sup>9</sup> These figures include support to nuclear safety and to environment, which were merged in one priority sector. Cf. "Report from the Commission. The Programme Annual report

the prevalence of a bilateral approach and the limited scope of EU initiatives taken to support regional co-operation throughout the 1990's can be better explained through taking into account the role of internal and intra-regional developments within the new sovereign States, namely the disintegration processes that followed the collapse of the Soviet Union.

### The ENP: Regional Challenges, Bilateral Approach

The prospect of EU 2004 and 2007 enlargements led to a thorough renovation of EU policies in the post-Soviet area, including the creation of the ENP in 2003-2004. When it comes to the bilateral/region dimension, however, the new policy did not bring any major change. In spite of discursive attempts to foster regional cooperation, the EU still relies upon a bilateral toolbox in its Eastern policy, like it did in the 1990's.

While regional cooperation was envisaged in initial ENP documents, it remained for several years an empty shell in the policy's Eastern component. The initial Commission communication on the future neighborhood policy clearly followed the traditional EU foreign policy approach and identified regional cooperation as a key to stability and prosperity (two of the new policy's major objectives). This cooperation had to be explicitly stimulated by the Union, which perceived itself as having a duty to act as region-promoter at its periphery, including – implicitly – areas where no regional integration existed: "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."<sup>10</sup>

However, the declared importance of regional cooperation was *de facto* downplayed by two elements in the EU policy discourse on the ENP. First, the principle of differentiation was clearly asserted as a stepping stone of the new policy. This entailed a strong reliance upon bilateral tools (e.g. *Country Reports, Action Plans*, and, as far as assistance is concerned, *Country Strategy Papers, National Indicative Programs, Action Programs*). Second, with respect to regional cooperation no mention was made of Eastern neighbors in the EU

1999, COM(2000) 835 final" (December 12, 2000); <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2000:0835:FIN:EN:PDF>.

<sup>10</sup> "Communication from the Commission to the Council and the European Parliament on Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours, COM (2003) 104 final" (March 11, 2003); <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0104:FIN:EN:PDF>.

policy discourse. The need for regional cooperation was exclusively illustrated through references to Southern Mediterranean countries: expressions such as the 'EU Mediterranean Policy' or integration 'between Mediterranean partners'<sup>11</sup> entailed both the existence of a regional EU policy vis-à-vis its Southern partners and an agreement among these partners to reach a degree of integration in specific areas. The discrepancy between the ENP's two components was further confirmed by references to Southern partners as to the 'Mediterranean region' and to Eastern partners as 'Western NIS' or 'Eastern Europe'. Conversely, the principle of differentiation was quite often exemplified in policy discourse through mentioning Eastern partners, in particular Ukraine. Clearly, Western NIS, to which were added in 2004 the three Caucasus countries, were not perceived as constituting a region. The ENP's first years of implementation thus clearly demonstrated a focus on bilateral instruments, especially in the East.

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Nevertheless, the factors explaining such prevalence of bilateralism differ from those identified above for the 1990's. It can be argued that the emphasis put on bilateral links stems from Eastern neighbors' expectations. Being increasingly diversified, they are reluctant (at least when it comes to the most advanced of them) to engage into regional cooperation. The example of Ukraine provides a perfect illustration. As early as the end of the 1990's, the country had declared its intention to join the EU and designed a strategy for that purpose.<sup>12</sup> It then set up various mechanisms to go further in this way, especially to ensure approximation with EU legislation. Thus, Ukraine clearly positioned itself as a potential candidate for EU accession.<sup>13</sup> In the light of this engagement, the ENP was perceived as highly disappointing in Kyiv, even more so after the Orange revolution which confirmed the country's European choice. Being included in a single policy framework

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<sup>11</sup> Ibid.

<sup>12</sup> "Strategy of Ukraine's Integration to the European Union" (June 11 1998); <http://www.mfa.gov.ua/mfa/en/publication/content/2823.htm>.

<sup>13</sup> L. Delcour, "Does the European Neighbourhood Policy Make a Difference? Policy Patterns and Reception in Ukraine and Russia", *European Political Economy Review* No. 7, pp. 118-155.

together with countries that had no accession perspective was considered by Ukraine as a way to discard its European aspirations. As Ukraine considered its position within the ENP to be quite specific, it proved reluctant to any attempt to develop multilateral instruments. Moreover, whereas the Ukrainian authorities have repeatedly and strongly criticized the ENP for reflecting the EU's lack of commitment on future accessions, they have also sought for further differentiation inside the ENP policy framework. Kiev has thus managed to gain the recognition of an "advanced status"<sup>14</sup> within the ENP through taking advantage of the differentiation principle enshrined in policy documents. Over the past two years in particular, Ukrainian authorities have tried to get the utmost of ENP's bilateral instruments and benchmarks. Through striving to ensure an effective implementation of PCA and ENP Action Plan, they positioned the country as the good pupil among neighbors. This resulted in obvious policy gains: Ukraine was the first country, in March 2007, to open negotiations with the EU for an enhanced Agreement; it was also one of the main beneficiaries of EU funding allocated under the current ENPI programming, as well as under the Governance Facility set up in 2007.

Yet, two regional initiatives have recently emerged in the ENP with a view to complementing the prevailing bilateral approach in order to foster the relationship with Eastern neighbors and to address transversal/regional issues, among which energy security and 'frozen' conflicts: the *Black Sea Synergy* designed by the European Commission in April 2007 based upon a proposal by the German Presidency, and the *Eastern Partnership* initiated in 2008<sup>15</sup> based upon a Polish-Swedish proposal.

### *Region-Building as a Framework for Increased Coherence or for Further Differentiation?*

The two major regional initiatives proposed so far by the European Commission and EU member states highlight different understandings of region-building and the regional framework to be used. Under a first approach, which prevails in the Polish-Swedish proposal for an *Eastern Partnership*, regional cooperation is limited to ENP partner countries. Under a second approach, regional cooperation is subsumed within a framework including also non-ENP countries. It is argued here that these differences have major policy implications both for the ENP and for EU influence in its neighborhood.

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<sup>14</sup> "Communication from the Commission to the Council and the European Parliament on Strengthening the European Neighbourhood Policy, COM (2006) 726 final" (December 4, 2006); [http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006\\_0726en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006_0726en01.pdf).



Like the Eastern Dimension in the early 2000's, the Polish-Swedish proposal for an *Eastern Partnership* is well targeted and it is based upon a strong link between the EU policy framework – the ENP – and regional cooperation. The latter should be developed only for partners included in the former, i.e. Ukraine, Moldova, Georgia, Azerbaijan, Armenia, and Belarus for technical matters, to be extended subject to the country's political evolution. The Polish-Swedish proposal draws upon specific elements already mentioned as objectives in EU bilateral policy with some Eastern neighbors; it suggests their extension at a regional level. The *Eastern Partnership* thus aims at creating a free trade area, starting with services and agricultural products; at strengthening cooperation in transports and environment and at extending visa facilitation<sup>16</sup> to all Eastern partners, while at the same time giving a perspective for free movement of people with the EU. In other words, the *Eastern Partnership* does not mean to tackle regional issues as such. It intends primarily to enhance relations with Eastern neighbors<sup>17</sup> and the multilateral dialogue that is expected to be launched in the framework of various platforms (e.g. on democracy, good governance and stability; economic integration and convergence with EU policies) is a means to do so. Thus, the Eastern Partnership aims at having Western NIS emerging as a distinct regional area through bringing them closer to the EU and differentiating them further from other ENP/NIS countries.

On the one hand, even though it was presented as a trade-off for Poland's acceptance of the Union for the Mediterranean and thus as a counterbalancing between the two ENP components, the *Eastern Partnership* is likely to differentiate further Eastern partners from *South Mediterranean countries*. It indeed entails an implicit distinction between Eastern and Southern neighbors, based upon the existence of an accession perspective grounded on article 49 of the *Treaty on the European Union*. The Partnership is clearly conceived as a facilitator or as an antechamber for integration of western NIS into the EU, which according to Polish Minister of Foreign Affairs, would only seem 'natural'<sup>18</sup> at a later stage. Poland, which was instrumental in formulating

<sup>15</sup> "Communication from the Commission to the European Parliament and the Council, Eastern Partnership, COM(2008) 823 final" (December 3, 2008); [http://ec.europa.eu/external\\_relations/eastern/docs/com08\\_823\\_en.pdf](http://ec.europa.eu/external_relations/eastern/docs/com08_823_en.pdf).

<sup>16</sup> As far as ENP partners are concerned, visa facilitation and readmission agreements have been signed with Ukraine and Moldova.

<sup>17</sup> „(...) The Eastern Partnership will build on the declared will of partner countries to pursue alignment with the European Union and/or their aspiration for European integration, rather than on the regional aspect". "Commission Staff Working Document, Eastern partnership, SEC (2008) 2974/3".

<sup>18</sup> Conference of the Polish Minister of Foreign Affairs in Brussels on May 26, 2008: "In Poland we distinguish between the EU's southern and eastern neighbors: in the south we

the proposal, has always been one of the strongest proponents of Western NIS' (especially Ukraine's) accession into the EU. The project is inspired from Poland's own experience of regional cooperation within the Visegrad Group, which has served as a preparation for EU integration.<sup>19</sup> Nevertheless, due to most member states' reluctance to enlarge the Union further, it does not mention EU accession as an objective of the Partnership. As a consequence, the project may suffer from the same mismatch with Eastern neighbors' expectations as the whole ENP. In its current formulation, the proposal has triggered sharp criticisms by the Ukrainian authorities, for whom it does not significantly differ from the ENP on the issue of EU accession. The Ukrainian Ministry of Foreign Affairs has called for a clear step forward to give Eastern neighbors a real EU perspective:

"We believe that the initiative of the *Eastern Partnership* should envisage a clear EU membership perspective to those European neighbors of the EU who can demonstrate seriousness of their European ambitions through concrete actions and tangible achievements."<sup>20</sup>

On the other hand, the Polish-Swedish initiative is also implicitly meant to differentiate further Western NIS from the *other post-Soviet Republics*, above all from Russia. Currently however, the objectives of the EU's relations with Russia do not significantly differ from those of the ENP with Western NIS<sup>21</sup>, even though Moscow rejected the ENP from the very beginning. However, should it be implemented as such, the Polish-Swedish proposal could push partner countries further away from Russia. Even though the initiative intends to associate Russia under specific, local initiatives (e.g. around Kaliningrad), it may be perceived as a threat by Moscow.<sup>22</sup> As evidenced by the Commission's proposals on the content of the future *Eastern Partnership*

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have neighbors of Europe, in the east we have European neighbors of the EU that-if they fulfill the criteria-will one day be able to apply for membership".

<sup>19</sup> A.K. Cianciara, "Eastern Partnership' – Opening a New Chapter of Polish Eastern Policy and the European Neighbourhood Policy?", *Analyses and Opinions* No. 4. (Warsaw: The Institute of Public Affairs, 2008).

<sup>20</sup> "Statement Regarding the Development of the Eastern Dimension of European Foreign Policy" (May 26, 2008); <http://www.mfa.gov.ua/eu/en/news/detail/13105.htm>.

<sup>21</sup> L. Delcour, "Does the European Neighbourhood Policy Make a Difference? Policy Patterns and Reception in Ukraine and Russia", op.cit.

<sup>22</sup> See the reaction of Alexander Babakov, Vice-Chairman of the Duma, to the Polish-Swedish proposal: "To maintain the partner-like attitude begun during the Polish prime minister's visit to our country earlier this year, it would be better for such new initiatives to emerge, if not in partnership with Russia, then at least after prior consultation with Moscow. In the Eastern European region and-of course-on the territory of the Commonwealth of Independent States, it is not worth ignoring the warranted, fully justified and by now traditional interests of Russia", [www.warsawvoice.pl](http://www.warsawvoice.pl).

platforms, this initiative is clearly meant to foster links among the Western NIS based upon EU values and with the EU as a perspective. Russia itself is unlikely to get fully engaged into the process since this would imply its accepting EU norms as a reference, which it is ready to do only on a selective basis and if this coincides with its own interests. Furthermore, while Russia is for the time being a key economic and political partner to all Western NIS, its influence may decrease together with the setting up of a regional cooperation or the conclusion of thematic agreements using the EU as a referential. Such a perspective, however, is becoming unlikely after the conflict in South Ossetia, which has confirmed the central role – albeit coercive – played by Russia in the Caucasus. Future policy documents giving flesh to the *Eastern Partnership* will have to take into account the outcome of this conflict and the existence of other regional powers.

Unlike the *Eastern Partnership*, the *Black Sea Synergy* is first meant to strengthen consistency among policies implemented in the area in order to solve regional challenges. In the EU's discourse<sup>23</sup>, the selection of this sea basin as the geographical framework for a new policy is presented as a rational and self-evident choice stemming from the combination of several factors. The Commission justifies the Synergy by the Black Sea's specificity as "a distinct geographical area"<sup>24</sup>, faced by specific issues. The EU sixth enlargement shifted the EU's attention onto the Black Sea and brought the Union closer to the challenges surrounding the sea basin, first and foremost 'frozen' conflicts and energy, but also environment, bottlenecks in transport links and poor development of infrastructures. It can be argued, however, that the selection of the Black Sea to launch a new regional initiative was far from being obvious. When compared to other sea basins, the Black Sea area appears more fragmented, with common historical legacies but also considerable political, economic and cultural differences between coastal states. Countries included in the *Black Sea Synergy* are also heterogeneous as far as their situation, vis-à-vis the EU, is concerned: the initiative gathers EU member states (Romania and Bulgaria), a strategic partner (Russia), a candidate country (Turkey), and neighbors (Ukraine, Moldova, Georgia, Armenia, Azerbaijan). Therefore, it is argued that the identification of the Black Sea as a regional framework for a new policy also reflects a construction

<sup>23</sup> "Communication from the Commission to the Council and the European Parliament. Black Sea Synergy, A New Regional Cooperation Initiative, COM (2007) 160 final" (April 11, 2007); [www.cor.europa.eu/COR\\_cms/ui/ViewDocument.aspx?siteid=default&contentID=903954c8-2967-4911-a94d-65edfbf5d230](http://www.cor.europa.eu/COR_cms/ui/ViewDocument.aspx?siteid=default&contentID=903954c8-2967-4911-a94d-65edfbf5d230).

<sup>24</sup> Ibid.

by the European Union. The role of region-builder which the EU takes over around the Black Sea is made explicit in a few policy documents, for instance in the European Parliament's resolution which calls for "gradually creating a feeling among the Black Sea countries of shared responsibility"<sup>25</sup>. The inclusion of non-coastal countries such as Armenia, Azerbaijan, Moldova, also indicates that the initiative responds to a constructed political logic as opposed to a strict geographical approach.

The *Black Sea Synergy* thus reflects a functional, issue-based logic which results in an inclusive geographical framework gathering all countries bordering the sea basin – whatever their status vis-à-vis the EU may be – and, beyond them, all countries involved in regional challenges. In other words, the *Black Sea Synergy* aims primarily at providing a coherent framework for tackling common issues, which is considered as a condition to have enhanced relations with partner countries. The EU's approach is also based upon an analysis of the region as closely interconnected to adjacent areas: "Many activities remain strongly linked to neighboring regions, notably to the Caspian Sea, to Central Asia and to South-Eastern Europe"<sup>26</sup>.

The Eastern Partnership and the Black Sea synergy thus highlight two different visions of regional cooperation. The former is clearly meant to increase the EU's influence on Eastern neighbours through strengthening differentiation within the ENP and with Russia, while the latter envisions the region as an incremental construction and as a product of interactions with adjacent countries, which should be included to tackle regional challenges. While this leaves scope for "substantial complementarity"<sup>27</sup>, a key policy issue for the ENP is to find a suitable articulation between these two visions.

### In Search for a Regional Vision? The Need for Bridges between Compartmentalized EU Policies

Over the past few years, EU policies have been increasingly differentiated in the former USSR. When compared to the 1990's during which the EU had designed a similar contractual framework for the whole CIS, the striking

<sup>25</sup> "Resolution of 17 January 2008 on a Black Sea Regional Policy Approach, P6\_TA-PROV(2008)0017" (January 17, 2008).

<sup>26</sup> "Communication from the Commission to the Council and the European Parliament. Black Sea Synergy, A New Regional Cooperation Initiative, COM (2007) 160 final" (April 11, 2007); [www.cor.europa.eu/COR\\_cms/ui/ViewDocument.aspx?siteid=default&contentID=903954c8-2967-4911-a94d-65edfbf5d230](http://www.cor.europa.eu/COR_cms/ui/ViewDocument.aspx?siteid=default&contentID=903954c8-2967-4911-a94d-65edfbf5d230).

<sup>27</sup> "Commission Staff Working Document, Eastern partnership, SEC (2008) 2974/3".

feature is that EU action is now sub-regionalized. As a result of initiatives pushed forward by various EU actors, it is clearly split into three policies in the former Soviet area: the ENP developed in 2003-2004; the strategic partnership developed with Russia from 2003, structured around four common spaces; the 'new partnership' with Central Asia, designed more recently (during the 2007 German Presidency). Such sub-regionalization of the post-Soviet space in EU policies seems to be growing together with the negotiation of specific agreements and plans, as well as the inclusion of former Soviet Republics into different assistance programs (ENPI and DCI) to replace TACIS. The methods

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*The functional and inclusive approach promoted under recent EU regional initiatives seems difficult to implement as far as it requires to bridge gaps and inconsistencies between different EU policies.*

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used by the EU also deeply differ between CIS countries: only the five countries included in the European Neighborhood Policy have signed Action Plans entailing a political conditionality which is absent, for instance, in EU-Russia relations. Finally, the ongoing and forthcoming negotiations on future agreements to replace the current PCAs, which have just expired or are about to expire in all former Soviet Republics are likely to differentiate further EU policies.

Against that background, the functional and inclusive approach promoted under recent EU regional initiatives seems difficult to implement as far as it requires to bridge gaps and inconsistencies between

different EU policies. For instance, the entry into force of the visa facilitation and readmission agreement with Russia in June 2007 was assessed negatively in Georgia (that has not yet concluded such agreement with the EU), owing to its disruptive (yet unintended) effects on frozen conflicts. Indeed, the EU has apparently not sufficiently taken into account the fact that over 80% of Abkhazians and South Ossetians have a Russian passport. As a consequence, whereas the EU has recognized neither Abkhazia nor South Ossetia, inhabitants of the two secessionist Republics could theoretically travel to the EU more easily than their fellow Georgian citizens.<sup>28</sup> The delay in negotiations

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<sup>28</sup> Caution is needed as far as 1. no statistics are available on this issue, 2. EU consulates in Moscow also pay attention to applicants' place of residence when they deliver Schengen visas. However, there are reported cases of Abkhazians/South Ossetians getting their visas to the EU through Russia, thus reflecting disruptive effects of gaps between EU policies.

for a visa facilitation and readmission agreement with Georgia was inter alia justified by insufficient border control or lack of accommodation centers for readmitted persons. Nevertheless, coherence in EU migration policy is in this case at the costs of EU policies' influence and consistency in the former Soviet Union. Following the August 2008 conflict, the EU therefore announced the negotiations for a visa facilitation agreement with Georgia.

Gaps between EU policies can also be illustrated through the situation of 'neighbors of neighbors', i.e. Central Asian countries. The five Republics were proposed a 'new partnership' in 2007 to enhance their relations with the EU; the EC has also advocated for building bridges with the *Black Sea Synergy*, especially in the area of energy. However, the EU has failed to take into account in its policies the influence of other region-builders, namely Russia. The EU's efforts to foster energetic links between the Caspian and the Black Sea (i.e. the feasibility study sponsored on a Trans-Caspian-Black Sea Gas Corridor<sup>29</sup>) may thus be useless: through the agreement signed by Kazakhstan, Uzbekistan and Turkmenistan with Russia in March 2008, Russia has managed to remain the main sustainable transit way for Centrasian gas exports.

In its efforts to develop a regional vision, the EU is therefore faced in the East with a challenge that it does not meet in the South: a country which is at the same time an exceptional neighbor, a regional power and a global player. Both the EU's efforts to integrate Russia through socialization or its attempts to overlook Russia for building bridges between the Black Sea and Central Asia have yielded little so far. As a result of divergences between Member States, Russia now appears as a black hole in the EU's regional vision, thus highlighting the existence of unintended regional effects of ENP bilateral tools and pointing at EU policies' inconsistencies and lapses. The South Ossetian conflict in August 2008 has tragically shown the need for the EU to better take into account the regional role of Russia and to find a suitable way to deal with it. Based upon the combination of a firm dialogue and engagement of Russia<sup>30</sup> rather than upon isolation or containment, the common position built by the French Presidency vis-à-vis Russia in the wake of the Georgia conflict may pave the way for increased EU coherence and effectiveness; however, it needs to be further sustained.

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<sup>29</sup> "Communication from the Commission to the Council and the European Parliament. Report on the First Year of Implementation of the *Black Sea Synergy*, COM (2008) 391 final" (June 19, 2008); <http://www.delgeo.ec.europa.eu/en/Support/blacksea.pdf>.

<sup>30</sup> Including through involving Russia in ESDP missions, as evidenced by Russia's participation (for the first time under a EU operation) in the EUFOR mission in Chad a few weeks only after the Georgia conflict.

## Conclusion

To conclude, at a time when the European Union promotes a new comprehensive policy for its relationship with the Southern Mediterranean region, it seems to lack an Eastern vision.

This is linked to a legacy from the 1990's, i.e. to the fact that owing to the disintegration processes taking place in the former Soviet Union, the regional

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component has remained limited in EU policies. New policies designed in the wake of the last waves of EU enlargement, such as the ENP, have not significantly changed the picture *per se*; but regional cooperation has incrementally emerged as a necessary component in the ENP to complement the existing bilateral tools.

However, the ENP does not seem neither sufficiently articulated with other EU policies in the post-Soviet area, nor included in a strategic framework which would take into account the existing relations between CIS countries. While the EU has succeeded in promoting intra-regional cooperation in other areas (e.g. South-South cooperation

for Southern Mediterranean or ACP countries), it fails to build bridges between its current Eastern policies. Above all, while the development of a specific relationship with Russia is grounded on this country's position as a global player, the EU has not found an appropriate way to integrate properly Moscow in the design of its regional policies.

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Alexander DULEBA

## The ENP Tools. Lessons Learned and Thinking about a Follow Up

*Summary: The ENP was constituted in 2004 with the aim of adapting the enlarged EU to its enlarged neighborhood, and to support the transformation process in neighboring countries in line with EU standards. The main universal instrument of the ENP came to be the Action Plan. This article looks for further development of the Action Plan as an ENP instrument in terms of its both content and institutional framework following the experience of Ukraine. In addition, the article tries to identify the interplay of the Action Plan with the new sectoral tools of the ENP in order to eliminate the flaws of its existing implements.*

The Action Plan is a policy document negotiated between the EU and the ENP country, based on the country’s needs and capacities, as well as its and the EU’s interests. The Action Plan itself is not a binding agreement between the EU and the respective ENP country. The EU has however offered the joint Action Plans only to those ENP countries that were already in an established contractual relationship with the EU through *Association Agreements (AA)* and/or *Partnership and Association Agreements (PCA)*.

The ENP has got new impulses thanks to the EU presidencies of Finland in the second half of 2006, and Germany in the first half of 2007. Due to the

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coordinated effort during their consequent EU presidencies, including close interaction with the Commission, both presidencies managed to advance the strategic framework for the EU policy towards Eastern Europe. First of all, Finnish and German presidencies made first real steps to address the missing 'regional component' of the Eastern ENP. In addition they have opened a new dimension of ENP in the field of sector cooperation between the EU and ENP countries; including the introduction of the new ENP instruments such as the sector agreement, a thematic (sectoral) dialogue and possibility for the accession of ENP countries to the European Community Programs and Agencies.

This article looks for further development of the Action Plan as an ENP instrument in terms of its both content and institutional framework following the experience of Ukraine. In addition, the article tries to identify the interplay of the Action Plan with the new sectoral tools of the ENP in order to eliminate the flaws of its existing implements.

### EU-Ukraine Action Plan

The *EU-Ukraine Action Plan* was endorsed by the EU-Ukraine Cooperation Council on February 21, 2005. It specified 14 priorities for action and 71 goals to be implemented within 6 sector chapters<sup>1</sup>:

- Political Dialogue and Reform – 15 goals;
- Economic and Social Reform and Development – 9 goals;
- Trade, Market and Regulatory Reform – 21 goals;
- Cooperation in Justice and Home Affairs<sup>2</sup>;
- Transport, Energy, Information Society and Environment – 17 goals;
- People-to-People Contacts – 9 goals.

Subsequently, the Ukrainian government has adopted three annual Action Plans to implement the *EU-Ukraine Action Plan* priorities and goals for 2005, 2006 and 2007. The implementation plan of the Ukrainian government for 2005 consisted of 177 actions/measures of legislative and administrative nature (implemented through 361 tasks for the ministries and governmental agencies), 145 actions/measures for 2006, and 133 for 2007 respectively.

<sup>1</sup> "EU/Ukraine Action Plan", European Commission (2005); [http://ec.europa.eu/world/enp/pdf/action\\_plans/ukraine\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf).

<sup>2</sup> Cooperation in Justice and Home Affairs between the EU and Ukraine follows the *EU/Ukraine Action Plan on Justice and Home Affairs* of December 10, 2001, which was incorporated into the *EU/Ukraine Action Plan* of February 21, 2005.

Altogether, Ukraine has implemented more than 400 actions over a period of three years between 2005-2007, with the aim of meeting the goals of the *EU/Ukraine Action Plan*.

The implementation process of the AP in Ukraine could be divided into main five phases:

1. setting out joint (bilateral EU/Ukraine) priorities and goals;
2. drafting annual implementation action plans (for 2005, 2006, and 2007) by Ukrainian authorities;
3. setting out the implementation mechanism in Ukraine (coordination mechanism/and national monitoring and reporting);
4. national evaluation of the implementation in Ukraine before reporting to the European Commission; and
5. evaluation by the European Commission.

The further analysis will follow the above implementation process of the AP in Ukraine and focus on main lessons that could be learned in order to improve the AP as an ENP tool.

### Ukrainian Lessons

Even though there is a common 'good tone' to speak about the 'joint' and 'country tailor-made' priorities of the AP, the truth is that they have been primarily postulated by the Commission and not so much by the Ukrainian government itself. The Commission has determined the priorities for the Ukrainian AP following its own country report on Ukraine as of May 2004. If one compares the Commission's recommendation to the Council on the implementation of AP with Ukraine with the final version of the bilaterally signed AP document one could hardly find very significant differences. At the same time it is true that the Ukrainian side has prepared its own proposal on how to draft 'joint priorities'. However, following the words of one of the Ukrainian officials who participated in the talks with the Commission, in order not to complicate the talks and because of the modest position of the Ukrainian government towards the ENP as such, Ukraine has accepted most of the Commission's proposals.<sup>3</sup>

<sup>3</sup> Within the research project we have interviewed Ukrainian officials who have been engaged into the AP implementation in Ukraine, including some of them who participated in the talks with the EU on AP for Ukraine from the very beginning.

### *Lesson No. 1 – Unilateral Prioritization*

The AP intended as a universal and ‘neighboring country tailor-made’ instrument should be the ‘joint business’ de facto from the very beginning, however, it was not in case of Ukraine and that’s true not only when it comes to the initial formulation of priorities for a Ukrainian AP.

After signing the AP, the Ukrainian government has adopted three annual implementation plans for 2005, 2006, and 2007 respectively. The crucial questions are: how the priorities/goals of the Action Plan set out largely by the Commission were transposed into the concrete actions of the Ukrainian government? Who and how did they identify the actions to be implemented in Ukraine and who decided that exactly these, including their number and scope, are the most applicable/adequate to meet the goals set out in the AP? How was the Ukrainian government able to identify actions for 2006 yet in April 2005 considering the fact that the Commission has released its first progress report on Ukrainian AP only in December 2006? What was the point of reference for Ukrainian authorities so that they know they do the ‘right thing’ and move in the ‘right direction’ after the completion of the 2005 plan and before drafting the 2006 one?

Our research finding says that the Ukrainian government has unilaterally identified the actions to be taken in order to meet the goals of the AP having no adequate response/evaluation from the Commission until the first progress report of December 2006. Unlike the Commission in the first phase of the definition of the priorities for the AP when it postulated them on the base of its country report on Ukraine of May 2004, the Ukrainian government did not make any special feasibility study and/or a complex assessment of the situation in respective Ukrainian sectors vis-à-vis the EU acquis in order to identify the most advisable actions to come closer to EU standards.

### *Lesson No. 2 – Lack of Coordination in Implementation*

Because of unilaterally set out actions to meet the priorities of the AP by the government of the ENP country without the Commission’s participation the outcome is a strategic gap between the first two phases of the AP implementation process. In other words, the implementing actions envisaged by the ENP country do not necessarily correspond with the priorities of the AP largely determined by the Commission. Under such arrangement and/or better to say a lack of participation of the Commission in phase two, the ENP country carries out many baseless activities that do not lead it necessarily closer to EU standards.

In order to implement the AP, the Ukrainian government has created the Coordination Council for Approximation of Legislation with the EU Acquis

headed by the Prime Minister and established the Department for European Integration at the Office of the Government. As to its resolutions no. 117-p/22 April 2005, 243-p/27 April 2006 and 238-p/26 April 2007, the Ukrainian government has tasked the Ukrainian parts of the EU-Ukraine Cooperation Council and the EU-Ukraine Cooperation Committee’s subcommittees to monitor the performance of ministries and governmental agencies in implementing the tasks of the annual Ukrainian action plans.<sup>4</sup> The subcommittees have been reporting the results to the Ukrainian part of the EU-Ukraine Cooperation Committee (EUCC), which subsequently was assigned to report to the EU part of the Committee and to the Ukrainian government. The EUCC was created by the EU-Ukraine Cooperation Council, which has been established by the PCA of 1994 (in force since 1998). Actually, the seven sub-committees are operational under the umbrella of the EUCC as follows: subcommittee No. 1 Trade and Investment; No. 2 Economic and Social Issues, Financing and Statistics; No. 3 Business Environment, Competition, Cooperation in Regulatory Area; No. 4 Energy, Transport, Nuclear Energy and Ecology; No. 5 Customs and Cross-Border Cooperation; No. 6 Justice and Home Affairs; and No. 7 Science and Technology, Research and Innovation, Education, Culture, Public Health, Information Society.<sup>5</sup>

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*Because of unilaterally set out actions to meet the priorities of the AP by the government of the ENP country without the Commission’s participation the outcome is a strategic gap between the first two phases of the AP implementation process.*

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<sup>4</sup> See “Pro zatverdzhennya zakhodiv shchodo vykonannya u 2005 roci Planu dij Ukrayina – YeS”, Resolution of the Cabinet of Ministers of Ukraine No 117-p with the supplement “Zachody shchodo vykonannya u 2005 roci Planu dij Ukrayina – YeS”, (April 22, 2005); “Pro zatverdzhennya zakhodiv shchodo vykonannya u 2006 roci Planu dij Ukrayina – YeS”, Resolution of the Cabinet of Ministers of Ukraine No 243-p with the supplement “Zachody shchodo vykonannya u 2006 roci Planu dij Ukrayina – YeS”, Kiev (April 27, 2006); “Pro zatverdzhennya zakhodiv shchodo vykonannya u 2007 roci Planu dij Ukrayina – YeS”, Resolution of the Cabinet of Ministers of Ukraine No 238-p with the supplement “Zachody shchodo vykonannya u 2007 roci Planu dij Ukrayina – YeS”, Kiev (April 26, 2007).

<sup>5</sup> See “Rozpodil kompetentsiyi pidkomitetiv Komitetu z pytan’ spivrobotnytstva mizh Ukrainoyu ta Yes u vykonanni polozhen’ Planu dij Ukrayina – YeS. Dodatok 5 do Me-

The number of meetings of the EU-Ukraine sub-committees in 2007 was five, while there was no meeting at all of SC No. 3 and the SC No. 7. The April 2008 progress report of the Commission states that “overall evaluations of Ukraine’s performance in meeting the goals of AP have been carried out in November 2005, March 2006 and May 2007”.<sup>6</sup>

### *Lesson No. 3 – Insufficient Evaluation*

Ukrainian experience shows that the annual evaluations done by the Commission on the ENP countries progress in implementing their AP is insufficient in terms of providing a reference point for further actions. The number and frequency of meetings of the joint subcommittees show that they cannot serve as the relevant channel for interaction between the Commission and the ENP country during the process of implementation of the AP. If the AP is to become a relevant ENP tool it should be equipped with much more ENP country-friendly, intense and flexible institutional framework.

Evaluation of the Ukrainian authorities’ performance in meeting the goals of the AP in both progress reports of the Commission, including the joint Commission/Ukrainian government one as of March 2008, is a rather positive one with references on some goals to be still met and respective actions to be taken. Nevertheless, general evaluation/conclusion of the Commission concerning Ukraine’s achievements within the AP over the three years (2005-2007) is the following one: “good progress has been achieved in the implementation of the EU-Ukraine Action Plan”.<sup>7</sup> However, the official evaluation of the Commission and Ukrainian government differ profoundly from the independent evaluations done by Ukrainian think tanks and NGOs.

A good collection of critical evaluations of NGOs could be found on the internet portal Yevropeyskyy Prostir (European Space), which is an internet info resource specializing on Ukraine’s relations with the EU as well as it serves as the communication channel for Ukrainian NGOs active in the European integration process. Vitaliy Martyniuk (analyst of the Ukrainian Centre for Independent Political Research and the International Institute for Humanitarian Technologies) in his assessment of the actions of the Ukrainian

government notes that *many* actions planned in the annual action plan of the Ukrainian government for 2007 *have no concrete character*, e.g. to hold consultations, to organize meetings, etc. It is difficult to evaluate concrete results of non-concrete actions, he concludes. As to Maxim Latsyba (Ukrainian Centre for Independent Political Research) the Ukrainian government did not meet goals of the AP in the area of civil society development (chapter 2.1. Political dialogue and reform, goal 6. Ensuring civil society development). He refers to the fact that the Ukrainian government in its three annual implementation plans has set out 7 actions to meet the goal No. 6 of the AP; however, it has implemented only 1 of the planned 7 actions.<sup>8</sup>

Ukrainian think tank Laboratoriya zakonodavchyykh initsiatyv (Laboratory of Legislative Initiatives) has carried out research on the achievements of the Ukrainian government in meeting the goals of the AP in the area of chapter 2.1. Political dialogue and reform, section on Democracy, rule of law, human rights and fundamental freedoms (goals of the AP No. 1-12). They have identified the following six problem factors when it comes to the implementation of AP in Ukraine: first, lack of effective coordination and interaction between actors involved into the implementation process of AP in Ukraine; second, lack of concreteness of the AP and the absence of a strategic approach to its implementation; third, unrealistic deadlines and terms for implementation of the planned actions; fourth, implementation of the actions through the normative acts adopted by the government instead of the laws passed by the parliament; fourth, a vague formulation of requirements on responsible officials and a too formal and bureaucratic approach to the implementation of the AP; and fifth, the absence of transparent and measurable criteria for both the evaluation of the implementation process of AP and the responsibility of bureaucrats for meeting their tasks.<sup>9</sup>

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*The official evaluation of the Commission and Ukrainian government differ profoundly from the independent evaluations done by Ukrainian think tanks and NGOs.*

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todychnykh rekomendatsiy shchodo pidhotovky zakhodiv z vykonannya u 2006 rotsi Planu diy Ukrayina – YeS ta provedennya monitorinhu stanu yikh realizatsiyi”, Adopted by the Bureau for European and Euro-Atlantic Integration established at the Government of Ukraine (November 22, 2005).

<sup>6</sup> “Implementation of the European Neighborhood Policy in 2007. Sectoral progress report, Commission Staff Working Document, SEC(2008) 403” (April 3, 2008); [http://ec.europa.eu/world/enp/pdf/progress2008/sec08\\_403\\_en.pdf](http://ec.europa.eu/world/enp/pdf/progress2008/sec08_403_en.pdf).

<sup>7</sup> “Communication from the Commission to the Council and the European Parliament on Implementation of the European Neighborhood Policy in 2007, COM(2008) 164” (April 3, 2008); <http://www.delgeo.ec.europa.eu/en/press/1over.pdf>.

<sup>8</sup> See more at: <http://eu.prostir.ua/library/8486.html>.

<sup>9</sup> See “Ukrayina – Yevropeyskyy Soyuz: naperedodni ukladennya novoho bazovoho dohovoru”, Materials for Round Table organized by the Laboratory of Legislative Initiatives and Konrad Adenauer Foundation, (Kiev 2007).



The most comprehensive independent research on the implementation of AP in Ukraine has been carried out by a consortium of Ukrainian think tanks led by the Razumkov Centre (Ukrainian Centre for Economic & Political Studies named after Olexander Razumkov) within the project entitled *Public Monitoring of the Ukraine-EU Action Plan Implementation*.<sup>10</sup> Within the project they interviewed 103 Ukrainian experts in December 2006 and 101 experts respectively in April 2007. The experts' evaluation shows a growing skepticism in their assessments on the development of EU – Ukraine relations in general and the implementation of AP in particular. The following are the main findings that could be drawn from the research done within the project:

First, the research showed that there is the absence of transparent and measurable criteria for evaluation of the performance of Ukraine/ENP countries in implementing APs. The EU and Ukrainian authorities did not speak a 'one evaluation language' on what has been achieved in Ukraine in implementing the AP. In addition, the quantitative method of evaluation of taken actions was not followed by a qualitative method of evaluation, and especially when it comes to the assessment how much the chosen actions (by Ukraine/ENP country) match with the jointly agreed priorities in the AP. In many cases it is not clear how much and why just very chosen action (and why not any other one) corresponds and/or is best suited to achieve the AP priority. There is a vague definition of the applied evaluations such as 'moderate progress', 'certain progress', 'substantial progress', etc.

Second, the expert evaluation done within the project differs considerably from the evaluation of the Commission and the Ukrainian government in some areas of AP, e.g. in case of the goal to form the functioning market economy, to improve environmental protection, to reform energy sector, etc. Even though the Commission and Ukrainian government have concluded in their evaluations that the "goal was met", "substantial progress has been achieved", etc. in some above mentioned areas; however, Ukrainian experts do not share them. Once again this difference shows the importance for a qualitative method of evaluation, which is not applied equally in official evaluations. Expert evaluation as well as public opinion on the developments in some sectors targeted also by the AP differs fundamentally from the assessment of the EU and Ukrainian government.

<sup>10</sup> See the outputs of the project in the publications *Natsional'na Bezpeka i Oborona* No. 7 (67) (2005); *National Security & Defence* No. 2 (86) (2007); *Ukrayina – YeS: vid Planu diy do posylenoyi uhody* (2007) and final report of the project in *National Security & Defence*, No. 6 (2008) published by the Ukrainian Centre for Economic & Political Studies named after Olexander Razumkov, Kiev based think-tank.

And third, the above expert skepticism corresponds with the growing skepticism of Ukrainian officials responsible for the implementation of the AP who learned that they do not need to implement so many actions, e.g. in 2007, as they envisaged in the annual plans for 2005 and 2006 since that is not reflected and/or 'priced' by the EU.<sup>11</sup> They learned that more actions do not mean more responsiveness from the Commission or a good thing for their country.

#### *Lesson No. 4 – No Clear Presentation*

Ukrainian experience shows that the lack of transparent and measurable evaluation criteria of the ENP country's performance in meeting the AP goals is definitely the weakest point of the present ENP as such. Without it the AP can hardly work and serve the EU as a tool to achieve its own goals vis-à-vis ENP countries. According to Svitlana Kulykova (the head of the European Integration Department at the Office of the Government of Ukraine), the Commission has denied Ukraine's proposal to agree upon the joint and measurable criteria of the AP implementation.<sup>12</sup> The Commission was ready just to 'take into consideration' the *Position Document* of Ukraine, which remained to be a sort of a self-evaluation of the Ukrainian government. As to the above document of the UA government, which contains the evaluation of Ukraine achievements by both the EU and Ukrainian government when it comes to the implementation of 44 jointly agreed priorities of the AP in the course of 2005-2006, the EU and Ukraine share the same evaluation regarding 18 priorities; the evaluations of the EU and Ukraine differ in 8 priorities, and there is no EU evaluations on Ukrainian achievements in 18 priorities. Why? What is a definition/substance of evaluations such as 'moderate progress', 'certain progress', or 'substantial progress'? What justifies the Commission for having a different evaluation of the Ukrainian government performance in the above priorities if there is no jointly agreed and shared methodology for evaluation? The above crucial weakness of the AP mechanism has been identified not only by the research done by the Razumkov Center in Ukraine, but as well as by the analysis carried out by the TESEV (Istanbul) and GIGA-

<sup>11</sup> See the contribution of Svitlana Kulykova (the Head of the Bureau for European and Euro-Atlantic Integration established at the Government of Ukraine) in *Ukrayina – YeS: vid Planu diy do posylenoyi uhody*. (Kiev: Ukrainian Centre for Economic and Political Studies named after Olexandr Razumkov, Institute of Europe of the University of Zurich, 2007), p. 39.

<sup>12</sup> *Ibid*, p. 39.

DOI (Hamburg) concerning the AP experiences of the Southern neighbors from the Mediterranean Region.<sup>13</sup>

### *Lesson No. 5 – The Weak Communication*

If the main purpose of the ENP progress reports of the Commission is to serve as a point of reference/and a guideline for actions for the ENP countries they should be reviewed and revised. They do not serve that purpose the best way they could. Why don't they evaluate the relevance and scope of all implemented/or not-implemented actions by the ENP countries? If one looks at the Commission's progress reports on Ukraine one could not find even a mention of how many actions Ukraine has implemented within the period of the evaluation, what actions were good and which ones were wrong with an explanation of why and what has been done wrong. How to explain a selectiveness of the Commission reports when it comes to the evaluation of the ENP countries' performance in some areas/parts of the AP whereas other parts are not covered? For instance, the Commission's progress report on Ukraine of April 2008 does not mention at all the fact that the Ukrainian government has implemented only 1 of the 7 planned actions to meet the goal No. 6 of the AP on ensuring civil society development.<sup>14</sup> Why is there no reference to Ukraine's performance in the area of 'civil society development' in the last progress report on Ukraine at all?

### **Preliminary Conclusions**

The Ukrainian experience shows a gap between the official evaluation of Ukraine's achievements in implementation of the AP in some areas, e.g. functioning market economy, by the EU/Commission and the government on one side and the public opinion in Ukraine and independent expert assessments on the other one. Why is there a gap between the official and independent evaluations, why officials say 'good' and experts and public say 'not good' when it comes to the evaluation of some of Ukraine's achievements within the AP? The relationship between 'good laws' and 'better life' does not work automatically in ENP countries, especially in the post-soviet

<sup>13</sup> See S. Senyücel, S. Güner, S. Faath, H. Mattes *Factors and Perceptions Influencing the Implementation of the European Neighbourhood Policy in Selected Southern Mediterranean Partner Countries*. (Istanbul, Hamburg: EuroMeSCo, TESEV, GIGA-DOI, 2006); [http://www.euromesco.net/images/tesev\\_giga%20final%20eng.pdf](http://www.euromesco.net/images/tesev_giga%20final%20eng.pdf).

<sup>14</sup> See the contribution of M. Latsyba at <http://eu.prostir.ua/library/8486.html>.

region of Eastern Europe. In this way it could be at least partly explained why the public perception differs from the official one when it comes to the evaluation of the ENP country's progress. While the Commission and governmental officials monitor/measure whether an envisaged legislation has been adopted or not, there is still a way/time from the adoption of law to its implementation.

After two years of AP implementation Ukrainians learned that they have been too enthusiastic in terms of setting too many actions to implement the AP. "All we understand is that there is a need to reduce the number of actions".<sup>15</sup> They learned that they do not need to work too much in order to achieve a better evaluation of the EU. This is their 'ENP lesson' from the interaction with the Commission and its responsiveness on their activities over three years of implementation of AP. How do Ukrainian lessons from the AP comply with the fundamental goal of the ENP set out by the EU itself, and namely, to support the modernization process of neighboring countries? At the same time, the experience of Ukraine shows that there is still a large scale room to reform the existing institutional framework of the AP in order to accelerate cooperation between the EU and its neighbors. The reform of the institutional framework should improve the interaction between the EU institutions and the respective ENP country so that it becomes more intense and close, especially when it comes to the EU engagement into the evaluation, monitoring and guiding of an ENP country performance in implementing the actions from the Action Plan.

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<sup>15</sup> See the contribution of Svitlana Kulykova (the Head of the Bureau for European and Euro-Atlantic Integration established at the Government of Ukraine) in *Ukrayina – YeS: vid Planu diy do posylenoyi uhody*. (Kiev: Ukrainian Centre for Economic and Political Studies named after Oleksandr Razumkov, Institute of Europe of the University of Zurich, 2007), p. 39.

## Developing the Sectoral Tools

As already mentioned in the introduction, thanks to the subsequent Finnish and German EU Presidencies in 2006 and 2007 as well as the effort of the European Commission the ENP was enhanced with the new thematic and/or sectoral dimension in addition to the AP. The EU offered three new sectoral formats for its interaction with the ENP countries:

1. participation in the Community Programs;
2. an access to the Community Agencies; and
3. a possibility to conclude a sectoral agreement.<sup>16</sup>

The third one is the first ENP tool establishing a binding contractual relationship between the EU and ENP country, which is a right step in the direction of enhancing the EU commitment towards its neighbors. In other words, it is a new formula of ENP proposed to those ENP partners who are both *willing and ready to go beyond the Action Plan* that could be summarized as follows: “contractual sectoral relationship based on two fundamental principles – obligatory approximation to the respective EU sectoral acquis and the access to the EU sectoral programs and institutions”.

### Germany's 'ENP Plus' Proposal

However, when it comes to recent developments in launching new sectoral instruments, one can observe a rather unclear and chaotic concept within the EU about how to develop them. The development of some sectoral dialogues with ENP countries is going to be founded on sectoral agreements with some ENP countries (e.g. in the field of energy and air cargo services) and in some sectors it will be enough to manage only a thematic dialogue with the ENP countries. Once again, there is lack of strategic policy consistency in order to make the best of new sectoral instruments for achieving the declared goals of the EU policy towards its Eastern neighbors. Therefore, it is important once more to point out key ideas of the German 'ENP Plus' proposal of 2006. It would be a strategic mistake for the EU to lose them.<sup>17</sup>

<sup>16</sup> “Communication from the Commission to the Council and the European Parliament on Strengthening the European Neighborhood Policy COM(2006)726 final” (December 4, 2006); [http://ec.europa.eu/world/enp/pdf/com06\\_726\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com06_726_en.pdf); “Communication from the Commission to the Council and the European Parliament on the General Approach to Enable ENP Partner Countries to Participate in Community Agencies and Community Programmes COM(2006) 724 final” (December 4, 2006); [http://ec.europa.eu/world/enp/pdf/com06\\_724\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com06_724_en.pdf).

<sup>17</sup> *Sechs Thesen zu einer Europäischen Nachbarschaftspolitik “PLUS”, 2006.*

First, the 'ENP Plus' proposal of Germany has addressed the weakest point of the existing strategic framework for EU policy towards its Eastern neighborhood, namely its till lately exclusive bilateralism in relations with its Eastern neighbors. The bilateral approach has been a hindrance to the EU in dealing with both regional challenges and the regional nature of its interests in Eastern Europe. The regional policy of the EU in combination with the sectoral tools for ENP proposed in the 'ENP Plus' was the major development in the EU's strategic approach towards its Eastern neighbors since the *Amsterdam Treaty* entered into force in 1999. It came close to closing the strategic gap in the EU's present Eastern policy, and namely the gap between regional sectoral interests of the EU in Eastern Europe (e.g. security of energy supply, combating illegal migration, etc.) and a complete absence of regional policy instruments that would help the EU to both defend and enforce its interests vis-à-vis the region of Eastern Europe.

Second, *sectoral agreement* as it is characterized in the ENP Plus proposal (being inspired by a model of sectoral agreements between the EU and EEA countries) – understood as a new instrument for the EU in its relations with its Eastern neighbors – is an excellent sample of what the substance of EU foreign policy is; it could hardly work without its 'enlargement' and/or 'integration' component. Sectoral agreement as a tool for exporting the EU acquis to the Eastern neighborhood could serve both the modernization of the countries concerned and the EU's regional interests in some key sectors at least. Certainly the EU's foreign policy could not function in Eastern Europe without this component. The modernization of post-communist Eastern Europe in line with the European model is a vital interest of the EU and sectoral agreement, understood as a tool for expansion of the EU's legal area, will serve this purpose. It should be pointed out once again that sectoral agreements as proposed by Germany's ENP Plus initiative represent an exemplary case of unison between the EU's foreign and enlargement policies as *the same policy*. There is no other way for the EU, especially when it comes to its policy towards European neighbors.

Third, the ENP Plus and its sectoral agreement instrument assume an important change in the present EU's ENP policy. The *binding* sectoral

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agreement is supposed to change the *voluntary* character of the 'classic' ENP Action Plan in that an ENP country would decide 'how much' of the EU *acquis* and in which sectors it will implement. What would constitute a real change in this respect is that sectoral agreements were envisaged as being binding documents *for both sides*, including the EU. This circumstance completely changes the EU's present *voluntary* approach towards its Eastern neighbors within the existing ENP framework. It is enough to say that the European Commission has not been ready to give its assessment on Ukraine's performance in meeting the goals set out in its Action Plan for almost two years. Without a response from the EU, there is no way for an ENP country to know how to adjust and develop its activities in order to meet the goals of its respective EU Action Plan. In this way, the EU has evolved a new *higher* level of the ENP which goes beyond the horizon of its original definition 'everything, but institutions' and a sort of *bona gratia* nature of Action Plans.

The name of the new ENP sectoral tool does not matter, rather its essence, which was included in the original German proposal on the ENP Plus. Let it be called the 'community program', but each of these *sector community programs* should comprise of three basic components:

- a. *binding sector agreement* between the EU and neighborhood country;
- b. *binding implementation* of a respective sector *acquis* by the neighboring country; and
- c. *observer statute* for the neighboring country and access to EU institutions that are planning and implementing the respective sectoral policy of the EU.

Together with the Action plan, the Sectoral agreement (or Community Program) as it is understood above, could become a second *universal* ENP instrument (together with the Action Plan), equal for all the sectors and all ENP countries that are ready and want to sign such sectoral agreements with the EU.

### *Clear Perspective Needed*

As already mentioned above, the way in which the Commission is launching new sectoral tools of the ENP is rather a confusing one since it does not provide ENP countries with a clear perspective on where they are stepping up together with Brussels in the field of sectoral cooperation. In terms of the consistency of further ENP development, it is important that the Community Program (based on sectoral agreements), as well as the Action Plan become universal and equally applied tools of the ENP. Where a sector agreement is not needed – in some fields the arguments of the Commission are acceptable, mainly in those sectors where there is a weak or no European

*acquis* – let the cooperation in such sectors be called *Thematic Dialogue*, but not a community program.

In order for a sector agreement, e.g. about energy with Ukraine to become a substantial instrument leading towards building a regional sector partnership in Eastern Europe, it is necessary for it *to be open towards an accession of a third country* or third countries, e.g. in the case of signing an energy agreement with Ukraine, the accession of Moldova or other eastern neighbors of the EU. Openness of the sector agreement within the ENP should become their *attribute* as far as they should help the EU build regional partnerships in Eastern Europe. Sector Agreements can be at first signed bilaterally, but at the same time they should remain *open for their further regional multilateralization*, which is the basic assumption for building a treaty anchored sectoral regional partnership with ENP countries in Eastern Europe.

And finally, ENP country/countries that would sign an appropriate sector agreement, should gain an observer statute in the EU institutions that plan and implement the respective sectoral policy. Hereby, as a next step, the EU should start to lead a fully valued *common sector regional dialogue* with these countries. In the case of this dialogue the same should apply as in the case of a sectoral agreement – it should be *open for other countries of Eastern Europe*, who did not sign a sector agreement with the EU at that respective time and regardless of the fact whether they participate in the ENP or not. *The regional sector dialogue should go beyond the ENP framework* and should be open also for countries that are not ENP participants. This is the way that the EU could build up true *Common Sectoral Spaces* with Eastern neighbors. If done so, it will become a real ground for a functional regional format of cooperation. Otherwise, regional initiatives proposed as yet will remain to be politically nice buildings, however with no real fundamentals.

### **The ENP's Future**

In sum, after four-years of existence the ENP has evolved the following implements: The Action Plan, strengthened sectoral dialogue (via a thematic dialogue and possibility for the ENP countries to conclude sectoral agreements with the EU, including to accede to the Community Programs and Agencies), and finally, new formats for regional cooperation in a shape of the Black Sea Synergy, the Union for Mediterranean, and the Eastern Partnership. In the aftermath of the Georgia crisis in August 2008, one could conclude that there is a political consensus between the EU member states that the ENP should become more instrumental in terms of both strengthening the EU presence

in the region of Eastern Europe and achieving its foreign policy goals vis-à-vis Eastern neighbors.<sup>18</sup>

The crucial questions for thinking about a follow up reform of the ENP are the following: first, how to reform the ENP instruments so that they enhance the EU commitment towards/in the region and the second, how to go beyond the initial concept of the ENP, including its geographical borders in the East. There are a couple of still open questions that should be replied to if the EU wants to advance the ENP in/and for its Eastern neighborhood:

First, what should be the future of the Action Plan as the key and yet lately the only ENP tool? Moldova and Ukraine are the first Eastern neighbors that have implemented their neighborhood policy Action Plans in 2007. The AP in case of Ukraine and Moldova has been elongated until both countries sign new post-PCA agreements with the EU. Should the EU insist on preserving the AP as a universal modernization policy tool regardless of an achieved contractual relationship with an ENP country in the East? E.g. the EU Association Agreement with its most advanced neighbor in the South, Morocco came into force in 2000 while Morocco has agreed upon its AP with the EU in 2004. In other words, there was no direct chronological relationship between the Association Agreement of Morocco and its AP. Should the EU apply a different approach towards Eastern neighbors?

Second, if so, what should be the changes of the AP in terms of its content and institutional framework so that it could work better in line with the interests of both the EU and its Eastern neighbors? The very fact of having a *set of ENP tools* unlike the only one (AP) during the period of 2005-2006 raises the question about their interplay and coherence. Especially, considering the fact that sectoral cooperation (such as transport, energy, information society, environment, research and development) constitutes an important part of the existing APs. In addition to the sectoral cooperation the AP is aimed at promoting political dialogue between the EU and ENP country as well as at supporting *political modernization* of ENP countries (political reforms, good governance and improving democratic institutions and procedures, etc.). There is a need to upgrade a 'new generation of the AP' in order to eliminate the existing duplication of AP with sectoral tools. The ENP tools should become more transparent and structured in line with the ENP main goal: to assist EU neighbors in their both political and sectoral modernization.

<sup>18</sup> "Extraordinary European Council, Brussels, 1 September 2008. Presidency Conclusions", Council of the European Union, 12594/08, CONCL 3; [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/102545.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/102545.pdf).

Third, the AP as the ENP tool should focus on promoting political dialogue and political modernization of ENP countries whereas new tools for sectoral cooperation (Community Programs, Community Agencies and sectoral agreements) should be developed in a way so that they facilitate *sectoral dialogue* and *sectoral reforms* of the ENP countries. The way to achieve that is not only an eventual separation and/or exemption of sectoral agenda from the APs of those ENP countries that would not be able to meet the criteria for joining the Community Programs and Agencies and/or to conclude any sectoral agreement with the EU. Definitely, there will be such ENP countries. In this case the APs should keep covering the sectoral agenda. But the way forward should be a sort of gradual de-sectoralization of APs with those ENP countries that will be able to benefit from and work with the new EU sectoral instruments. The less sectoral issues and more political reforms should be the guide in developing a 'new generation' of ENP Action Plans.

Definitely, there should be differentiation between the new ENP sectoral instruments themselves. The possibility for the ENP country to conclude a sectoral agreement with the EU should be open only for those countries that are ready to fully accept and approximate with the respective sectoral *acquis* of the EU. In other words, for such ENP countries the conclusion of a sectoral agreement would mean their *sectoral integration* with the EU. In this way the sectoral agreement should be viewed as both the highest offer of the EU in the area of sectoral cooperation on one side and the ultimate goal for the ENP country on the other one. The further post-agreement stage should be trade and investment benefits, including more assistance funding for the ENP countries in the respective sectors. The possibility to participate in the Community Programs and Agencies for the ENP countries should be viewed as a temporary stage leading to their gradual preparation for sectoral integration with the EU via sectoral agreements in the future. It is of ultimate importance for the ENP as a complex and coherent policy concept so as the ENP countries know from the very beginning their 'road map' leading to their sectoral integration with the EU.

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*If the ENP is to be a coherent policy framework the proposed regional formats for cooperation within the ENP (Union for Mediterranean, Black Sea Synergy, Eastern Partnership, etc.) should be adjusted to the existing ENP instruments (AP, forms of sectoral dialogue) and be built up on them.*

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As to the future of the AP as the key ENP instrument for the *bilateral interaction* between the EU and ENP country the Ukrainian lessons learned from the AP implementation of 2005-2007 do represent a crucial reference point for thinking about its further reform. The main Ukrainian AP lesson could be summed up in the following way. The key problem is the *absence of transparent and measurable criteria for evaluation* of the performance of Ukraine/ENP countries in implementing APs. The EU and Ukrainian authorities did not speak a 'one evaluation language' on what has been achieved in Ukraine in implementing the AP. In addition, the quantitative method of evaluation of taken actions is not followed by a qualitative method of evaluation, especially when it comes to the assessment of how much the chosen actions (by Ukraine/ENP country) match with the jointly agreed priorities in the AP. In many cases it is not clear how much and why just very chosen actions (and why not any other one) have corresponded and/or were identified as the best suited to achieve the 'jointly' agreed upon AP priority. Any future reform of the AP mechanism should draw from this lesson and put it at the hearth of the business.

If the ENP is to be a coherent policy framework the proposed regional formats for cooperation within the ENP (Union for Mediterranean, Black Sea Synergy, Eastern Partnership, etc.) should be adjusted to the existing ENP instruments (AP, forms of sectoral dialogue) and be built up on them.

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## ENP Financial Instruments: Need for a Change

**Summary:** *As our experience shows, EU policies towards neighbors are in many ways ineffective. One of the reasons could be inadequate and badly organized and positioned financial tools that are helping policies to be realized. Introduction of the new instrument (ENPI) brought new hopes that the European neighborhood policy will better on target and will meet needs, hopes and development strategies of not only EU member states, but also EU neighborhood countries. Even though it's difficult to evaluate the ENPI impacts today (at the stage when the new programs just started to work), it's clear that we already need discussion on the ENPI reform. It's because the ENPI needs more visibility, transparency and accountability, it needs more involvement of other actors (NGOs, local governments ...) in to the processes related to spending of the EU funds in neighboring countries and it also needs citizens' support so aims of the ENP could become reality. We also need more simple, less bureaucratic, varied and flexible financial (delivery) tools that will cope with the emerging problems that ENP countries face.*

Policies without adequate and flexible instruments are unsuccessful and ineffective. Until December 31, 2006, EU assistance to the countries of the European Neighborhood Policy was provided under various geographical programs including TACIS (12 countries of Eastern Europe and Central Asia) and MEDA (10 countries of North Africa and Middle East), as well as thematic programs such as EIDHR (European Initiative for Democracy and Human Rights).

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Program TACIS was established in 1991 and its first priority was to help transition countries with their political and economic system transformation. Later-on, the program became a complex sophisticated system of aid and relations with partner countries. Total allocation for the period of 1991-99 reached a sum of 4.221 bill. EUR, while the contracting level in 2000 reached 86.4% (3.65 bill. EUR). Most of the resources were used in the area of nuclear security and environmental protection (20.16%), public administration reforms, reforms of social systems and education systems (15.0%), restructuring of companies and development of the private sector (14.1%), energy (9.0%), agriculture and food industry (8.2%) and transport (6.6%).

**Table 1:** TACIS Allocations in mil. EUR

	1991-1999	2000-2001	2002-2003	2004-2006
Armenia	58.9	10.0	10.0	20.0
Azerbaijan	87.2	14.0	14.0	40.0
Baltic states*	15.0	-	-	-
Belarus	56.6	5.0	5.0	10.0
Georgia	66.0	15.0	14.0	28.0
Kazakhstan	111.9	15.0	12.0	21.9
Kyrgyzstan	49.5	10.0	15.8	29.0
Moldavia	61.8	14.8	25.0	42.0
Mongolia	28.5	6.0	-	-
Russia	1,274.0	182.0	184.0	392.0
Tajikistan	8.0	0.0	30.4	41.5
Turkmenistan	39.9	0.0	3.8	11.5
Ukraine	460.8	91.0	97.0	212.0
Uzbekistan	102.5	15.4	22.0	28.7
Regional Programs**	1,194.8	345.9	226.6	381.0
Donors Cooperation	308.0	n.a.	n.a.	n.a.
Program Implementation (Publicity, Monitoring, Evaluation)	254.8	n.a.	n.a.	n.a.
Others***	42.9	n.a.	n.a.	n.a.
<b>TOTAL</b>	<b>4,220.9</b>	<b>724.1</b>	<b>659.6</b>	<b>1,257.6</b>

Source: "EC Development Cooperation for ENPI Countries, General Introduction" (2008); <http://www.enpi-programming.eu/wcm/content/category/5/157/200/en/>. and authors' calculations.

\* resources granted in 1991; \*\* including cross/border program and nuclear safety program; \*\*\* small programs like Program for democracy (1994-1997) and STAP.



In 1999-2000, the European Commission reformed the program and new legislation<sup>1</sup> changed the system of programming and implementation. It also set up new basic topics of cooperation with partner countries with the aim to concentrate cooperation. Each partner country could select 3 main cooperation topics (+ nuclear safety if relevant) from these topics:

- support of institutional, legislative and administration reform;
- support of private sector and economic development;
- support of solving the social consequences of transformation of society;
- development of infrastructure networks;
- support of environmental protection and good management of natural resources;
- nuclear safety (where appropriate).

The EC also set up minimal limits for the project with the aim to concentrate the resources, e.g. minimal limits for Ukraine and Russia were 2 mil. EUR per project, for other countries limits were 1 mil. EUR per project. Programming included 3 levels: the first level was Strategic Papers with 5-7 years validity, the second level was *Multi-Annual Indicative Programs* (they included specified priorities and allocations for each country), usually lasting 3 years and the final level was annual or biennial action programs that specified concrete programs and projects for a certain year. Various regional programs included mainly neighboring countries (e.g. *Regional Program for Central Asia*) and were focused mostly on environmental protection, trade and transport and in the area of home affairs and justice (including border protection). Two special programs were established – TACIS for cross-border cooperation and TACIS for nuclear safety.

Due to the difficulties in programming and preparation of the strategic documents, during the years 2000-01, projects were realized on the basis of unused and used resources from the period 1991-1999. The first indicative programs were created for the period of 2002-2003 and later on for the period of 2004-2006. After approval by the EC, the tenders and grants procedures took the place, in which institutions from EU member states, from candidate countries and partner countries could participate. For the budgetary period (2000-2006), the funds available for partner countries were approximately 3.1 billion EUR, and European Investment Bank lending for allocation was 500 million EUR for TACIS countries.

<sup>1</sup> "Council Regulation (EC, Euratom) No 99/2000 of 29 December 1999 Concerning the Provision of Assistance to the Partner States in Eastern Europe and Central Asia" (December 29, 1999); [http://www.interreg.gov.pl/NR/rdonlyres/CAF22E20-27B5-4A1B-86AD-4200CF30BB50/0/interreg3\\_euratom99.pdf](http://www.interreg.gov.pl/NR/rdonlyres/CAF22E20-27B5-4A1B-86AD-4200CF30BB50/0/interreg3_euratom99.pdf).

The program MEDA was established in 1995 under the Barcelona process and it included 10 countries.<sup>2</sup> MEDA had 3 main goals:

- the creation of a common space for peace and stability through political and security dialogue;
- the creation of a common space for prosperity through economic and financial partnership and creation of a free trade zone;
- uniting people through social and cultural cooperation.

Financial allocation for MEDA countries in 1995-1999 amounted to 3.435 bil. EUR. At the same time, EIB in 1995-2000 provided loans and other form of aid in a sum of 4.029 bil. EUR. For the budgetary period 2000-2006, the funds available were approximately 5.35 billion EUR for MEDA countries, as well as approximately 6.4 billion EUR in EIB lending instruments. The increase of funds for MEDA countries is evident. The system of implementation was similar to the TACIS program.

**Table 2:** *Contracted Resources MEDA in mil. EUR\**

	MEDA I. (1995-1999)	MEDA II. (2000-2006)
Algeria	164	307
Egypt	685	596
Gaza/Western Bank**	106	397
Jordan	257	314
Lebanon	182	127
Morocco	644	907
Syria	107	207
Tunisia	431	472
Regional Cooperation	201	688
<b>TOTAL</b>	<b>2,777</b>	<b>4,015</b>

Source: "EC Development Cooperation for ENPI Countries, General Introduction" (2008); <http://www.enpi-programming.eu/wcm/content/category/5/157/200/en/>. and authors' calculations.

\* without Turkey, \*\* Allocation MEDA II. For 2000-2004, the sum for 2005-2006 is not available.

<sup>2</sup> In 2002 Turkey was excluded from MEDA since the special program for Turkey was set up.

All TACIS and MEDA countries also had access to other EU 'global' and 'sector' programs like EIDHR, CARDS, ECHO, TEMPUS, ECFIN, FEOGA, AENEAS and others.

TACIS projects were in the first phases (before 1999) managed by the SCR (EC service for external relations). After the reform also DG Relex and EU Aid participated at the management of the program. These institutions managed all aspects of the project implementations: technical, operational, financial, accounting, contracting, evaluation and audits. Since 2000, the partial decentralization was done by including EC Delegations in partners' countries to the program and project implementation. However, experience and evaluations done by various studies and even by EC<sup>3</sup> showed a lot of shortages of the implementation system.

First of all, process of identification and preparation of projects was very complicated and lasted for a long time (in many projects it took more than one year to begin the project implementation). Serious problems represented slow tendering and contracting procedures. Therefore the EC decided to simplify these procedures and in November 1999 published a manual for tenders and contracts. This manual reduced the number of procedures from 40 to 8 and simplified conditions for public procurement of goods and services. On the other hand, the manual brought new requirements in the area of transparency, esp. in the area of setting up terms for contracts and tenders, in the area of selection of best offer and in the area of broad information requirements about tenders and contracting procedures. The EC also started to elaborate a joint database of projects for all EU programs targeted at cooperation with third countries.

The TACIS and MEDA reform in 1999-2000 brought a more targeted and more tailor-made system of implementation for recipient countries. New legislation<sup>4</sup> changed system of programming and set up basic areas of cooperation. This reform wasn't deep enough and the EC in 2004-2005 started new reform leading to the creation of the ENP and to the creation of new tools. In these years TACIS and MEDA were also enlarged by new delivery mechanisms: TAIEX and Twinning.

<sup>3</sup> "Towards a New TACIS Concept and Regulation: Outline of Issues for Web-Based Consultation" (European Commission, 2004), available at the European DG Enlargement website.

<sup>4</sup> "Council Regulation (EC, Euratom) No 99/2000 of 29 December 1999 Concerning the Provision of Assistance to the Partner States in Eastern Europe and Central Asia" (December 29, 1999); [http://www.interreg.gov.pl/NR/rdonlyres/CAF22E20-27B5-4A1B-86AD-4200CF30BB50/0/interreg3\\_euratom99.pdf](http://www.interreg.gov.pl/NR/rdonlyres/CAF22E20-27B5-4A1B-86AD-4200CF30BB50/0/interreg3_euratom99.pdf).

Generally we can evaluate TACIS and MEDA programs by these conclusions:

- Both programs brought fragmented results and lagged behind the expectations and possibilities in helping the partners' countries. The main reasons include late transformation and reform of the programs and their customizing to the needs of partner countries; low impact with respect to reforms in many partner countries and low acceptance of project results by the political leaders of partner countries even the best projects have made a significant contribution to effective policy reform in some areas; stakeholders have on occasion criticized its perceived slowness and rigidity, fragmentation, complexity, the sometimes insufficient quality of EU experts and over-ambitious project aims; the performance and impact of the multi-country programs has been variable, because of difficulty in achieving country ownership, coupled with greater complexity in program design; despite efforts to improve coordination of EC aid instruments, EC aid to the region remains fragmented which reduces impact and visibility – this also implies to the area of coordination of aid with other donors, which was also very limited and underdeveloped.
- Effectiveness of the programs and projects is in many cases questionable. It has to deal with shortages in the management and implementation of the programs and projects because of bureaucracy, very demanding complexity of preparation and implementation procedures, low transparency also because of insufficiently developed control, monitoring and evaluation mechanisms and other factors.
- Even the new CSP approach adopted since 2000 has led to a marked improvement in programming, the participation of partners' countries as well as other actors (like civil society) in the process was very limited, if any.
- Ownership and related responsibility of partners' countries was also very limited and therefore resulting in low program and project impacts on policy/making in partners' countries.
- TACIS and MEDA had low visibility (especially among public and outside the capitals of partners' countries). Participation of other than state actors on the program and projects was also very limited, esp. in the area of program preparation (programming), monitoring and evaluation. Generally, evaluation of the TACIS and MEDA program and projects was very limited even by the EC and its institutions.

## The New Tools

For the new programming period (2007-2013), the EC has been reforming to the financial tools and instruments for its cooperation with other countries. It included a new classification of countries and their division to various programs.

The *European Neighborhood and Partnership Instrument* (ENPI), since January 1, 2007, has replaced the MEDA and TACIS instruments. A total of over EUR 11.2 billion under the EU's 2007-2013 financial framework will be provided to 17 partner countries that are EU neighbors. This budget allocation represents, in total, a 32% increase of the EU aid to these countries when comparing to TACIS and MEDA programs in 2000-2006.

*Other Financial Tools of EU External Aid are:*

The *European Development Fund* (EDF) which finances the development cooperation with 78 countries in Africa, the Caribbean and the Pacific. EDF is not designed to support the 'ENP countries'.

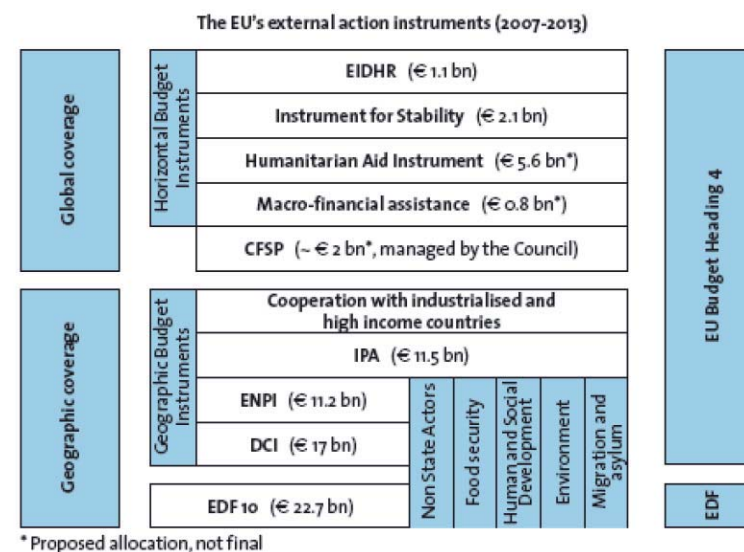
The *Development Cooperation Instrument* (DCI) is helping South Africa and 47 other countries in Latin America, Asia, Central Asia and the Middle East (not ENP countries). It also helps in reforming the agricultural sector in 18 ACP countries. However, the DCI also includes 5 thematic programs: investment in human capital, environment and sustainable development of natural resources including energy, supporting non-state actors and local governments, food security, and migration and asylum. These thematic programs could include all developing countries world-wide that is also ENP and EDF countries.

The *European Instrument for Democracy and Human Rights* (EIDHR) is available for all countries of the World. Total allocation for the program is 1.1 bil. EUR for 2007-2013. ENP countries have the highest share on the total allocation for that period.

*Instrument for Stability* (IfS) was set up to deal with existing and emerging crises (esp. in the area of security). The total allocation is 2.062 bil. EUR for 2007-2013. Indicative allocation for ENP countries is 11.2% from the whole budget of the IfS.

The *Nuclear Safety Cooperation Instrument* (NSCI) has an allocation of 524 mil. EUR for 2007-2013 and its main aim is to help primarily NIS countries with their nuclear programs and their security. Allocation for individual countries is not defined and drawing the funds depends on the submitted and approved projects. When analyzing previous similar instrument under TACIS, during 1991-2006 most of the resources were spent in Ukraine (47%), Russia (44%) and the rest in other countries (esp. Kazakhstan and Armenia).

Chart: EU External Aid Instruments for 2007-2013



Source: <http://www.enpi-programming.eu/>.

Under the preparation of ENP, the EC decided to reform also financial instruments uniting them under the ENPI. The EC also applied a 'structural funds' system (programming, management, implementation, evaluation and so forth) to the ENP financial instrument. EC assistance under the ENPI is/will be implemented through different types of programs:

- national programs for each partner country;
- 3 regional programs: one for the East, one for the South and one trans-regional for both East and South;
- 15 cross-border cooperation programs;
- 5 thematic programs. They are common to neighboring countries and development countries (ACP, ALA...).

The ENPI also includes new forms of technical assistance. Legislative approximation, regulatory convergence and institution-building are being supported through mechanisms which proved to be successful in transition countries that are now EU Member States i.e. targeted expert assistance (*Technical Assistance and Information Exchange – TA/IE*), long-

term twinning arrangements with EU member states' administrations – national, regional or local – and another very positive change was done by allowing participation of ENP partner countries in relevant EU programs and agencies.

During the German presidency, the new instrument – the *Governance Facility* was established, endowed indicatively with 50 mil. EUR annually, which provides additional support to the ENP partner countries that have made the most progress in implementing the governance priorities agreed in their Action Plans. In 2007, the first *Governance Facility* allocations were made to Morocco and Ukraine, in 2008 selected countries included Morocco, Ukraine and Israel.

Reflecting the needs of ENP countries, the *Neighborhood Investment Facility* was established at the end of 2007 and has started to support lending to ENP partners in 2008. The Commission allocated an amount of 700 mil. EUR for 2007-2013 and asked also member states to gradually match the community contribution, to maximize the leverage of loans. The NIF will fund projects of common interest focusing primarily on energy, environment and transport infrastructure and networks.

Under all these instruments, EU assistance priorities are identified, together with the countries concerned and other relevant actors, in general the *Country Strategy Papers* (CSPs) covering a 7 year period,, the *National Indicative Programs* (NIPs) covering 3 years and detailed annual programs. The priorities identified in the Action Plans are agreed with the authorities of the ENP partner country.

### Pros & Cons of the Reform of Financial Tools and Instruments

At this stage, when the ENPI is just starting, it is quite difficult to evaluate its impacts and effectiveness. However, based on previous findings from the TACIS and MEDA reforms as well as on the basis of the pre-accession instruments (PHARE, ISPA, SAPARD ...) and EU structural funds experience, we can assume these advantages and shortages of the new instrument – ENPI:

- the ENPI will provide more options for ENP countries than TACIS and MEDA, at least by two factors:
  - the ENPI by its' tools should be moving from technical assistance to fully-fledged cooperation (Cross-Border Cooperation, Twinning, TAIEX),
  - the ENPI will be supported by other actions: The Government Facility, the Neighborhood Investment Facility and also access of ENP partner countries to EU programs and institutions,

- more allocated resources (11,2 bil. EUR, increase by 32%) + increased EIB lending mandate 12,4 bil. EUR should lead at least to increase of number of actions, projects and therefore to more intensive cooperation with ENP countries.
- the ENPI will be a more tailor-made, policy-driven instrument (supporting priorities agreed in the ENP Action Plans) not only because of better and sophisticated programming, but also thanks to increased ownership and participation of ENP countries on the management and implementation processes. However, EC dominated in the negotiations about the final documents, programming lacks a higher participation of an actor like civil society, local governments and so forth. Programming documents still include a lot of priorities and therefore in the absence of synergy of projects, results could be again fragmented. However, generally comparing to TACIS and MEDA, we should expect better results.
- The 'Structural Funds' approach (also not perfect as we know from new member states' experience) that is based on multi-annual programming, partnership and co-financing brings hope for better use and the targeting of funds, however risks are rising in connection to unprepared institutional framework in ENP countries, shortages in personal capacities, not speaking about problems in area of corruption and so forth. This could lead to slow project preparation and implementation with impacts on quality of projects as well as with risks on misusing the funds in an ineffective way.
- Establishment of the ENPI brought some improvements and enhanced options for implementation (e.g. eligibility of tools for more recipients, simplified procedures esp. in cross-border cooperation) when comparing to TACIS and MEDA. It also brought concreteness. The Action Plans are more detailed, and experience with their implementation shows that this makes it much easier to discuss, agree and implement specific, time-bound and measurable objectives. This gives hope that ENPI will better cope with specific ambitions and capacities of ENP countries, reflecting the differentiated relations of the EU with its partners, whilst also promoting achievable steps towards regulatory convergence with EU legislation and standards.

Shortcomings of the ENPI seem to be:

- Questionable distribution of ENP resources that favors Mediterranean partners (2-times higher allocations for MED countries) which is probably connected to better EU lobbying of old member states and low preparedness for drawing the funds of East European countries (EEC). However, a number of prepared projects in the last years under the TAIEX

and Twinning by EEC has reached the level of projects prepared by MED countries and therefore more funds for EEC is necessary.

- The ENPI still relies on complicated programming and raises questions of low participation of other actors in the process (the preparation of the ENP strategy papers and the negotiations of the action plans were mostly conducted in an intergovernmental setting, without civil society participation) that could lead to time stress, low accountability and visibility of the ENP in partner countries and could also lead to limited results and impacts of the actions.
- The 'Structural Funds' approach brings a very demanding and bureaucratic system of delivery of the funds (e.g. very high cost of administration) and ENP countries could face, in the beginning of implementation, huge problems with it.
- The ENPI still lacks sophisticated mechanisms that will deal with low visibility, low level of information for non-state actors and people living in ENP countries, low transparency (no specific anti-corruption mechanism), low accountability and related issues.
- The ENPI also lacks sufficient verification and monitoring of funds including shortages in evaluation.
- Very broadly defined priorities within ENPI programs could lead to a low concentration on priorities and an absence of synergy of projects. ENP action plans lack concrete time tables, specific objectives and identification of financial and human resources needed to implement the agreed-upon measures. They are often formulated in rather broad terms and it could lead to fragmented results and impacts.

### The Future of Financial Tools

As for the foreseeable future, the EU should follow its approach of intensifying the policy and its delivery to bring clearer benefits, of pursuing a gradualist, performance-based and differentiated course as well as showing the willingness to deepen relations with selected ENP partners where this is warranted and sought by the countries concerned. And yet, the financial tools should contribute to these aims. Dealing with these issues, the EU might need more visibility, transparency and accountability (independent verification and monitoring of funds, measurable evaluation criteria and establishment of more concrete measurable benchmarks), more information (especially to regions and people), full involvement from other actors (NGOs, local governments, etc.) in the processes of policy implementation and

projects realization. The Union ought to gain the citizens' and civil society's support to reach the ENP aims. Without their support not only visibility of the EU action in neighboring countries will be low, but the ENP will have only limited impact. The EU needs also to engage the parliaments, judiciary and civil society in dialogue and monitoring of success of the ENP in partner countries.

In order to be successful, the EU also needs a clear link between the conditionality of used funds and the aims set in program documents and reforms (especially more responsibility of ENP countries for the results). There should be also simpler and more easily accessible compliance mechanisms in place to assess ENP programs' compliance with the EU as well as the national priorities and legislation, the better and more concentrated allocations (at this stage) including better transfer of know-how and successful projects within the country and between the ENP countries. The EU needs to build up institutional capacities and to provide project support in ENP countries to do things effectively as well as much more simpler, varied and flexible financial (delivery) tools (e.g. Trust Fund for soft projects, policy consultations, and small projects; further reform of implementation procedures; support of project preparation) to cope with emerging problems that ENP countries face. The EU needs to move from 'spending and wasting of money' to 'investing the money' on the effective, transparent and visible projects that increase quality and quantity of its cooperation with ENP countries. Such attempt requires also increased degree of aid coordination with other donors and international institutions to get more successful and more effective results and impact from the policies and actions taken.

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### **Rethinking Iran: From Confrontation to Cooperation**

By Christoph Bertram. Paris: Institute for Security Studies, EU, 2008.

The book represents very clearly the basic dilemma of the approach of the world community towards the threat posed by the Iranian nuclear program. The author (Christoph Bertram) obviously belongs to the set of experts, which has been trying to combine the impossible: legitimacy of the proliferation of weapons of mass destruction and international obligations. Admittedly, the author has recommended a new approach of the ‘West’ toward Iran. The category ‘West’, however, has not been specified in the book and the author oscillates between Europe (more specifically the European Union), the United States and maybe (the classification of the ‘West’ is missing in this book) other parts of the world, which have been regarded as the ‘West’. Anyway, the terminological specification of geopolitical entities is not quite satisfactory in this book.

Technically, the book has been divided into three crucial chapters (aside from preface by the director of the Institute for Security Studies – Álvaro de Vasconcelos). However, only two chapters (chapter I: *The Nuclear Controversy and: the Case for a New Approach*, and chapter II: *Getting Out of the Dead End: from Adversary to Partner*) are relevant. The third

chapter (*The Outlook: No Certainty, but an Opportunity?*) is only a two-page summary of and not an analytical chapter in itself like the previous two.

In chapter I, one finds the most controversies regarding the Iranian nuclear program. The author starts with the provocative thesis: is it possible, that Iran is coming to become (once more) a partner for the West?

Answering this puzzle, Christoph Bertrand has undertaken a very controversial trip into the nature of the animosity between Iran and the West. Analyzing the risk of the Iranian nuclear program, he has named two main factors, which are incontestable: First, Iran definitely (there is no doubt about this) has been producing fissile material for years, which, once enriched, could also be used for military purposes. Second, Iran cannot deny the fact that it has displayed many inconsistencies. Due to this second factor, it might be hard to believe the official Iranian statements that this country is not working towards the ‘bomb’.

After taking these two factors into consideration, the author, unfortunately, does not deliver any trustworthy analysis. He has only presented ideas. One of the opinions expressed is that Iran is not guilty (not guilty ‘alone’):

this country is, admittedly, a signatory of the *Non-Proliferation Treaty* (NPT) but, on the other side, it has not signed the *Additional Protocol to the NPT* (the latest up-date of this). To be specific: The NPT has allowed any signature country to have a non-military nuclear program, whereby the *Additional Protocol* is about technicalities, especially control – watchdog supervision.

Astonishingly enough, the author (Ch. B.) does not even try to excuse Iran in case of its ballistic missile tests – the obvious endeavor is to develop missiles with the range behind 1,300 km (Shahab 3). He even admits that these procedures might arouse suspicions!

In spite of this, the core of the book has been grounded at the assumption that Iran – even if possessing nuclear weapons, will not represent any ‘mortal’ threat either to the world community, or to the Arabic countries.

Speaking about this option (Iran possessing nuclear weapons), the author is not ready to agree with the general view (expressed by the EU-3, the US or, the IAEA). According to his opinion, one should take into account, first of all, the official pledges made by the Iranian government: “we do not plan any shift in our nuclear program: no military transformation of this civilian program is to be feared”.

This confidence in official statements by a respected security-political analyst Christoph Bertram represents, is quite striking. By using more a tactical than a strategic reasoning, the author has ridiculed the fears of the ‘West’: belief

in Iran being the main threat to the western concept of hegemony; Iran being the starting point (after it has proven to possess the nuclear weapons) for the proliferation of them in some Arabic countries; Iran as a source of a future WMD clash with Israel.

All of these fears have been belittled a lot. One cannot avoid the view that this minimization of nuclear threats coming out of Iran should serve the author as the coveted departure for his thesis about Iran as a possible future ally of the ‘West’. Please note, the author has never mentioned the ‘adversary’ of this alleged alliance between the ‘West’ and Iran: but if there should be forged an alliance between Iran and western countries, who should be the addresser? Who should be the ‘other side’? One does not receive any proper answer.

In the book, the author has displayed a lot of methodological contradictions:

First, he has admitted the non-compliance of Iran with the NPT. Second, he has tried to make a difference between the *NPT Treaty* (Iran is a part of it) and the *Additional Protocol*, although this protocol does specify technicalities regarding the control of obligations as stipulated in the NPT and does not excuse any signature country for non-compliance. Third, he (Ch. B.) plays with the possibility of accepting Iran as a future member of the nuclear ‘club’, diminishing the security threat opposed by this step.

The most outstanding part of this argumentation consists in dispersing the

fears that Iran is able to launch a nuclear holocaust by attacking Israel. Christoph Bertrand has used two arguments, which might encounter problems vis à vis a rigid ‘scientific’ verification. His arguments, unfortunately, seem to be a bit journalistic in their nature.

Criticizing the arguments about the alleged threat to ‘wipe Israel off the map’, he has widely relied on the historic rhetoric of Iran in this famous sentence. According to his interpretation, Iran does not intend to ‘wipe Israel off the map’, let alone to launch a nuclear attack. If this sentence should be quoted ‘verbatim’ (so the author), then its meaning has been distorted. Christoph Bertrand quotes (although obviously not being an expert in oriental studies as to the knowledge I have won so far or, specifically, in Persian language), the famous sentence is as follows: “The regime that is occupying Al-Qods (i. e. Jerusalem) must be eliminated from the pages of history”. According to the author, this sentence (which has had, by the way, disturbed the security architecture of the world since that and has influenced the presidential election campaign in the US), is to be taken symbolically, because the speech does not issue any military threat, “let alone a new holocaust with a nuclear attack on Israel”.

The second argument of the author (Iran does not represent any threat for international security), has also been based not on political reality ‘on the ground’, but on assumptions. The

author (Ch. B.) seems to rely fully on the famous slogan of the former French president Jacques Chirac, which he quotes as follows: “The danger does not lie in the bomb it (Iran) will have, and which it will be of no use to it... Where will it drop it, this bomb? On Israel? It would not have gone 200 meters into the atmosphere before Tehran would be razed”. (This historical sentence deserves quotation: it can be found in an interview with the New York Times, February 1, 2007).

In spite of these particular views on the character of Iranian nuclear threat, the author, paradoxically, believes in a compatibility between the interests of the West and those of Iran. He has distinguished between ‘suitable partners’ and ‘willing partners’. The main problem for him (and for his readers) is posed by the ‘incompatible interests’ represented by Iranian theocrats. Although one admits that the compatibility between the Iranian theocrats and the western democracies is not easily achievable, the author finds a historical parallel between the partnership (alliance?) between the West (represented by the USA) and, e. g. the People’s Republic of China, or the ‘sham democracy of Russia’. According to this strange historical analogy, one can find an ‘ally of the West’ in the Islamic Republic of Iran. And this is the conclusion of the author of the book: Choosing an appropriate approach, Iran can be won ‘back’ as the ally.

In the whole, the book on *Rethinking Iran* represents a bold and coveted

idea: to turn Iran, once more, into the ally of the 'West'. This idea is not a new one: it has appeared since the Iranian revolution (1979) permanently, but it became complicated a lot by the Iranian nuclear program. The argumentation the author (Ch. B.) adds, is somewhat speculative, but one cannot exclude it fully: there are well-known differences between Shia and Sunni; there exist (even if the author has tried to diminish this case) historical animosities between Iran (Persia) and the neighboring Arabic world. Once Iran has acquired WMD (nuclear weapons, in this particular case), this country will desperately need

an ally, because it will be confronted with quite opposite reactions in the Sunni world. Interestingly enough, in his book, the author has tried to make these controversies (Sunni states reacting to Iran's nuclear program by developing a nuclear program of their own) irrelevant. Frankly speaking, however, each current issues' analysis, as a rule, might become obsolete within three years.

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### **Power, Energy, and the New Russian Imperialism**

By Anita Orbán. Westport, Connecticut & London: Praeger Security International, 2008.

Questions of EU-Russia relations have again re-emerged after the recent Russian test of western unanimity in Georgia. Not only did it become clear that the EU lacks a common position on relations with Russia; in the light of the alleged Russian targeted attacks on the transit energy infrastructure, it again became clear how vulnerable energy supplies to the EU are. It is therefore even more surprising why the EU lacks a common position on relations with Russia, or why, even after 54 years since the *Messina Declaration* that put energy at the forefront of economic integration, the EU lacks a viable common energy policy. Why do the countries of Slovakia, Poland and Hungary have one of the highest import dependencies in the EU on a single energy supplier – Russia, and have limited alternative options? These questions are more than rhetorical.

Anita Orbán, director of the Constellation Energy Institute in Budapest, (PhD from Fletcher School of Law and Diplomacy at Tufts University in Boston), in her book *Power, Energy, and the New Russian Imperialism* offers a sobering analysis of economic relations between Russia on the one side, and Slovakia, Hungary, and Poland on the other. Orbán's well-

informed analysis, offers a detailed view since 1991, throughout the first 17 years of economic transition, until the summer of 2008 in Central Europe. The book provides a neoclassical realist-informed explanation of the behavior of Russian companies in Central Europe in the most sensitive sector for these economies – energy.

When Helmut Schmidt, West-German Chancellor, triumphantly returned from Moscow in 1980 announcing the plan to participate on the Urengoy project of building a major gas pipeline from Russia to Europe, US strategists were worried about the increasing dependence of Europe. When Gerhard Schröder, German Chancellor, signed the deal to build the Nord Stream gas pipeline 25 years later, not only did the US, but also Germany's eastern neighbors and partners in the EU, warn about the security implication of this move. One often hears that the end of the Cold War marked the end of the realism-informed International Relations, nonetheless, Orbán offers an iteration of Waltz argument, that the 'transition' in the early nineties, was only a change *in* the system, not change *of* the system. Positioning her study in the broad realism church, the author faces



alternative theories, and their possible alternative explanations in the second chapter. After a well-done literature review in the theoretical background chapter, she argues that following the path of the neoclassical realism theory provides best explanatory power. She also identifies a research gap in the lack of previous work on the variable outcome over time – with her research, she fills this gap with aplomb. To offer a complete picture of Russian energy relations in Central and Eastern Europe, it is worth mentioning, that this book can be accompanied by an excellent recent work of Margarita M. Balmaceda (2008), who offers the complementary perspective of this story on the case of Ukrainian-Russian energy relations by focusing on the domestic factors.

The author illustrates, how the expansionist policy of post-soviet Russia is very much similar to the Soviet Union, and tsarist Russia (p. 176), this argument might be familiar with the work of Steven Rosefielde (2007), in the case of domestic Russian economic relations. Orbán argues that for Russia today, its economic capability through its energy companies is the primary means to achieve power. In the presented book, she asks the following research question: Why do Russian energy companies move into Central Europe in certain times, and why do they not do so in the others? According to the author's argument, Russian energy companies expand in Central Europe, *if* and *when* Russian elites perceive the Russian influence in the

world as being low – giving it the will to act – and the Russian state having enough power to mobilize the necessary resources, thus providing Russia with the ability to act. The author tests this hypothesis during six periods, between 1991 and 2008. Although there is a higher variation in the state power, than in the perception of the Russian elites about Russia's power in the world, the presented results are persuasive, and the argumentation is plausible.

The research design that the author employs is simple, yet robust. The effects of the independent variable (*explanans*) of relative distribution of power in the international system, is catalyzed by two intervening variables. The domestic perception of the international system being the first, measured through the analysis of a wide-array of news sources, and interviews; and the level of state power available for the country's leaders, operationalized as the state's ability to collect recurring revenues, as second. Author chooses to use share of tax revenues on total GDP to measure this variable. The dependent variable (*explanandum*) of the book is foreign political outcome, which is operationalized as behavior of Russian energy companies in Central Europe. Due to, perhaps a typographic mistake, the introduction of the main argument confuses the reader, when in the Introductory chapter (p. 5) the main hypothesis is introduced reversely from what the author later illustrates in a table (p. 32), as well as what the author proceeds with testing, and what the author concludes.

The book introduces the argument, and the cases in a policy-relevant manner in the introductory chapter, then it follows with an academic contextualization, and identification of the research gap in the literature. As with any study positioned in the realism pantheon – one has to ask, together with Imre Lakatos (1970), whether this is not yet another degenerative research program. With her extension of the neoclassical school's ability to explain variation in the state behavior over time, Anita Orbán, presents a genuinely progressive theoretical contribution to the neoclassical realism research program, also identifying further areas for research, for which she should be applauded.

Besides the theoretical contribution, in the three empirical chapters, the author walks the reader through six periods of Russian activity in three countries – offering together 15 events, which form the core cases. The argued Russian strategy was in securing the monopoly position in the energy supply; this by first entrenching in the role of the monopoly supplier, and second by preventing diversification attempts. Russian companies were trying to gain leverage over the whole value chain, through controlling companies with import rights, transmission owners, and wholesale companies, or refineries in the case of oil.

A brief summary of results (p. 171) offers an overview of all cases throughout the time and across the countries. The results point towards

seeing Poland as Russia's 'bad neighbor' with only 50% of successful Russian attempts to gain a stronghold in its energy sector, followed by a 75% success rate in Slovakia and Hungary. The author further differentiates the results according to the stance of the domestic government. Thus, if a Russia-skeptical government is ruling the country, Russia still had a 50% chance of getting its goals in Slovakia, while it had nil chance in Hungary, and only one out of three attempts could succeed in Poland.

The author also very eloquently dissolves the popular oversimplification that it is ex-president Putin that caused the recent Russian resurgence. This book is one of the few, if not the only one, currently available that demonstrates the relationship between the Russian corporate activity and the Kremlin's foreign policy. What is surprising, is that besides the well-known evidence of Moscow's attempts to build-up a neo-mercantilist empire in the so called near-abroad, as recently demonstrated by the adventure in Georgia, the author presents very persuasive evidence of similar neo-mercantilist strategies pursued by Russia in the eastern part of the European Union and NATO. The conclusion that the Author provides is sobering for the whole EU and will be very informative for the rest of the world having to deal with resurgent Russia.

Overall, the book is very much 'readable,' with a sufficient theoretical basis, but not too much to 'put-

off' the less theory-informed policy practitioners. In order to keep the high degree of theoretical discussion, the author even offers an in-depth extension of it, for those more interested in the nuanced theoretical debates, via rich endnotes. All complex arguments, hypotheses and lists of cases, are well summarized using clear tables, figures, and charts. Complex, and for an untrained eye, a confusing meshwork of pipelines crossing the region is well illustrated with a number of lucid maps. The Annex of the book includes detailed chronologies for all three countries, listing the important political, as well as economic milestones. What is surely interesting for a well informed student of Central Europe, is the level of detail and cross-country context, with which the author presents the empirical sections and

ties them with the offered analysis. For students of Central-Europe, it is pleasantly surprising to read a book so well written and rich in empirical coverage, in English. This book, not only offers ready-to-use policy advice, tailored for the governments of the three case-study countries, the EU as well as the USA; it can also stand-up as an excellent reference for journalists covering Central Europe, and Russia. Finally, thanks to its academic rigor, well-grasped theoretical context, and empirical richness, it is an indispensable resource for students and researchers of economic relations in the region of Central Europe, or Russia during the first two decades of transition.

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### Guidelines for Contributors

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- The length of contributions should be between 3,000 and 7,000 words. Please submit articles in electronic form.
- Citations should be clearly gathered as footnotes following the format:  
*for books:* R. Scase (ed)  
*The State in Western Europe.* (London: Croom Helm, 1980), p. 87.  
*for articles:* F. Attina, "The Voting Behaviour of the European Parliament Members and the Problem of the Europarties", *European Journal of Political Research* Vol. 18, No. 9 (1990), p. 557.
- Articles should also include references.
- Articles should be in English or Slovak language. We assume that authors, who are not native speakers, will accept language editing.
- Articles will be reviewed by the editorial board. Broader changes to the text will be consulted with the author.
- Editor reserves the right to structure the text by adding sub-headings, unless this is already done by the author.
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