

Iris Kempe

## European Neighborhood Policy and Beyond the Priorities of the German EU Presidency

*Summary: To react on the incentives from Eastern Europe Germany already on the eve of its presidency announced an ENP Plus and a new strategic framework for Russia and a European Strategy for Central Asia. During the first month of the German presidency current issues, such as the energy conflict between Minsk and Moscow and its political implications, as well as Russian President Vladimir Putin's speech at the Munich Security Conference on 10 February 2007 confronted Berlin with pressure to react directly on behalf of the European Union. The first two months of the German presidency are perceived as a critical to the extent that Germany can fulfill the expectations of a European actor for a new Eastern policy.*

**D**uring the first term of 2007 Germany holds the presidency of the Council of the European Union. Over this period of time Germany is the 'face and voice' of the European Union, speaking on behalf of all its member states. Among the old EU member states, Germany is the traditional driving force for a European Eastern policy.

This role is a result of Germany's historical obligations based on the experiences of World War II and post-war reconciliation in Europe. German reunification in 1989 and the big-bang enlargement of 2004 have placed Germany in both the geographic and the political centre of a new Europe. In the run-up to accession Germany used its influence to shape Europe's Eastern policy, supporting EU membership for eight Central European countries. Finally, Germany is one of the most important trading partners and sources of foreign direct investment in Central and Eastern Europe.

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*Iris Kempe works as an analyst at the Center for Applied Policy Research in Munich.*

On the eve of the German EU presidency on January 1, 2007, the European Union was facing new challenges in Eastern Europe. Georgia's Rose Revolution in 2003 and Ukraine's Orange Revolution in 2004 initiated a new wave of transition towards democracy and market economics. Simultaneously, the domestic developments in Georgia and Ukraine also have an impact on the foreign policy agenda. The aspiration to Western values translates into a foreign policy shift towards integrating Georgia and Ukraine into Western organizations such as the EU and NATO. As long as these countries succeeded in making progress in their domestic transitions, they also reduced the gap between foreign policy orientation towards the West on the one hand and the lack of domestic transition on the other. This development has been influencing dependence on Russia. Because the 'color' revolutions cast Russian influence into doubt, the Kremlin used its personal networks in the region as an instrument to maintain dependence. The color revolutions have exemplified the limits of this policy, but at the same time spurred new Russian approaches to shaping developments in the countries formerly belonging to the Soviet Union, mostly based on energy-related dependence. At the same time, the EU and NATO have been challenged to offer new strategies of cooperation reflecting both the domestic changes in the countries concerned and their desire to join the Western alliances. To give a strategic signal, the European Union adopted the *European Neighborhood Policy*<sup>1</sup>, which can be perceived as a signal to put the issue on the European agenda but which does not correspond to the countries' expectations that they will join the Union.

A second issue on the European agenda for a new Eastern policy is related to readjusting EU-Russia relations. In this regard, the EU has to reduce the gap between common interests mostly based on energy cooperation and differing values. Furthermore, policy toward Russia is shaped by common decisions at the EU level only to a limited amount. More often, policy toward Russia is shaped by bilateral relations that revolve around personal networks, for instance between Russian President Putin and German Chancellor

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<sup>1</sup> *Communication from the Commission to the Council and the European Parliament: Wider Europe—Neighborhood: A New Framework for Relations with our Eastern and Southern Neighbors*. Brussels, March 11, 2003, COM(2003) 104 final.

Angela Merkel. In particular, the new EU member states, which have sensitive historic relations with Russia, are demanding European-Russian relations based on a common European level. Furthermore, the *Partnership and Cooperation Agreement between the EU and Russia* will expire in November 2007, which challenges both sides to readjust their relations. So far, the process has been stopped by Poland, which denied the European Council a mandate to negotiate a new agreement. Because of the Polish position, the European Council did not succeed in initiating the negotiating process during the Finnish EU presidency in the second half of 2006. Therefore the issue is still on the agenda, and it is up to the German government to find a European consensus combining both interest-driven cooperation with Russia and overcoming a Russia-first approach.

Beyond relations with Russia, the direct neighborhood offers its own challenges to European policymaking. The results of the 2006 presidential elections in Belarus not only consolidated the authoritarian regime of President Alexander Lukashenka. They also challenged the European Union about the extent to which Europe will tolerate an authoritarian regime directly bordering the European Union, and what the adequate strategies are to deal with the current situation. For assessing Germany's position as a driving force for new strategic thinking, the interaction with Belarus is another litmus test that might become relevant during the German presidency.

In addition to the pressure from the region concerned, Russia, the ENP countries and Belarus, some EU member states, particularly the Central European countries, have high expectations for Germany's function as a driving force for Eastern policy.<sup>2</sup>

Overall, there is no doubt about the high expectations regarding Germany's function as a traditional driving force of Eastern policy. An assessment and reality check of the German Eastern policy priorities should be based on Berlin's agenda setting as well as on analyzing reactions to current developments in Eastern Europe.

### **The Foreign Policy Agenda Setting of Germany's EU Presidency**

In general, there are no time-dependent European decisions on the agenda of the German EU presidency such as budget decisions or enlargement.<sup>3</sup>

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<sup>2</sup> M. Cichocki, "The German EU Presidency – The Polish Point of View", *Foreign Policy in Dialogue*, Vol. 8, No. 21, p. 55 – 60.

<sup>3</sup> W. Hilz, "Deutschlands EU-Ratspräsidentschaft 2007. Integrationspolitische Akzente in schwierigen Zeiten", *Discussion Papers C164 2006*, (2006), p. 9.

This opens room for maneuvering strategic debates including issues of European internal integration related to adopting the European constitution, as a precondition to restoring accountability. Other items on the agenda are dedicated to challenges such as energy, climate change or economic and social prosperity.<sup>4</sup>

As early as the summer of 2006, the German grand coalition government of Christian Democrats (CDU/CSU) and Social Democrats (SPD) announced the challenging project of shaping the European Union's Eastern policy during the course of the German presidency. The initial incentive came from the foreign office, elaborated by the planning staff, which favored an ENP-Plus, but at the same time underlining Russia's position in the neighboring countries and Central Asia. The minister even pushed his proposals in an unusual way by making them public in the German daily *Frankfurter Allgemeine Zeitung*.<sup>5</sup> Unlike the foreign office, Merkel's chancellery administration is trying to avoid a Russia-first approach by setting some priority on Central and Eastern Europe.<sup>6</sup> The difference of priorities between the foreign office, which is held by the Social Democrats, and the chancellery, which is held by the Christian Democrats, is also related to the attitudes of the grand coalition in general. So far, Russian policy has traditionally been routed in good personal relations between German and Russian leaders such as those between former chancellor Helmut Kohl (CDU) and Russian President Boris Yeltsin or Gerhard Schröder and Vladimir Putin, while the Merkel administration has been more in favor of limiting the Russia-first approach by tending toward more balanced relations with Poland and Lithuania, as well as other Central European countries. It reflects the character of the grand coalition that the differences between both approaches have been discharged in the media.

Overall, the concept of a new Eastern policy is based on three pillars: a *European Neighborhood Policy Plus*, the revision of the *Partnership and Cooperation Agreement between the European Union and Russia*, and the *Strategy for Central Asia*. The latter would reflect a new priority for Germany as well as for the European Union. For both actors Central Asia, remains an area of limited strategic influence.

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<sup>4</sup> German Federal Government, "Europa gelingt gemeinsam". *Präsidentschaftsprogramm 1. Januar – 30. Juni 2007* (Presidency Program).

<sup>5</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>6</sup> N. Kreikemeir, H. Wetzel, "Kritik an Steinmeirs Russlandpolitik", *Financial Times Deutschland*, October 19, 2006.

The ENP-Plus is targeted at implementing an attractive and realistic policy dedicated to promoting security and stability in the countries directly bordering the European Union. Unlike the concept of the European Commission, which includes both the Eastern European and the Mediterranean neighbors, the German foreign office focuses on Moldova, Ukraine and Belarus (under the hypothesis of future democratic transition), and the countries of the Southern Caucasus: Georgia, Armenia and Azerbaijan.<sup>7</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. Other institutional frameworks such as the Black Sea Initiative or the Community of Democratic Choice should be part of the ENP-Plus. The paper demands new institutional arrangements, although EU membership is not an option due to the internal problems of European integration. The foreign office also suggested adjusting the budgetary balance between the East European and Mediterranean neighbors, which is currently at 30 and 70%,

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respectively. Individual EU member states as well as the international finance organizations should offer additional contributions to the ENP budget. Finally, the strategy proposes a partnership of modernization targeted toward Eastern Europe.

The second pillar of the Eastern policy agenda during the German EU presidency is dedicated to Russia as a strategic partner of Europe. Unlike the previous government under Chancellor Schröder the Russia-first approach has lost its clear dominance in strategy. Chancellor Merkel is running a balanced approach between personal contacts with Russian President Putin on the one hand and taking the interests and concerns of the Central and Eastern European countries seriously on the other. As Foreign Minister Frank-Walter Steinmeier worked with Schröder's administration as the chancellery's chief of staff before being appointed as new foreign minister, his policy does to

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<sup>7</sup> *Frankfurter Allgemeinen Zeitung*, July 3, 2006, p. 1.

a certain extent continue the previous government's approach. Overall, the foreign office is pursuing an intensive and serious Russia policy, particularly with regard to common interests in the fields of energy and security. Therefore a strategic priority of Steinmeier's 'neue Ostpolitik' follows the principle of 'Wandel durch Verflechtung' – essentially meaning change by increased interweavement with Russia based on reliability in energy and security cooperation.<sup>8</sup> However, the Polish decision to refuse a mandate to negotiate a new Partnership and Cooperation Agreement between the EU and Russia shows that national interests still diverge profoundly concerning this issue.

Foreign minister Steinmeier's official visit to all five Central Asian states in November 2006 can be interpreted as a signal that increasing efforts in forging a common region and bringing Europe and Asia closer together is a new priority of Germany's foreign policy.<sup>9</sup> In comparison with Russia and the United States, the European Union is strategically underrepresented in Central Asia. German and European interests greatly converge and include guiding democratic transition; supporting good governance, the rule of law and human rights, energy security and a broad spectrum of hard and soft security issues. Specific policy steps Steinmeier has proposed to put particular emphasis on are an EU Agency for Stability in Central Asia, a European Education Initiative, a regular dialogue on human rights and a rule of law initiative. Germany, the only EU member states with embassies in all five countries, is in favor of increasing awareness for instance by establishing a regular political dialogue and opening EU Commission delegations. Supporting the development of market economy structures, free trade and investment is also in Germany's strategic interests.

An ENP-Plus, a new level of cooperation with Russia and bringing Central Asia onto the European agenda are part of the external policy priorities for the German EU presidency. To indicate a critical assessment, one has to consider cleavages among the partners of the grand coalition. The most sensitive aspects are to what extent German policy makers remain interested in continuing a Russia-first approach, and how the three geographic agendas of Russia, Central Asia and the ENP countries can be combined. Beyond Germany's national input, a reality check also depends on alliance building between the different European partners involved. Readjusting European-

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<sup>8</sup> "Berlin schlägt in der EU-Russlandpolitik "Annäherung durch Verflechtung" vor", *Frankfurter Allgemeinen Zeitung*, September 4, 2006, p. 5.

<sup>9</sup> J. Ross, "Expedition in den halboffenen Osten. Während der EU-Ratspräsidentschaft möchte Berlin eine neue europäische Ostpolitik anregen. Außenminister Steinmeier besucht schon mal Zentralasien", *Die Zeit*, October 26, 2006, p. 9.

Russian relations has to take the critical position of the Central European member states seriously. Initiatives going beyond the current ENP would be supported by Poland and Lithuania, while the Southern EU members remain favorable toward a balance between the Mediterranean and East European agendas. While during the six months of the German presidency new initiatives might be started, one should also consider with which partners the development of a new Eastern policy can be continued. Strategic pressure and positive developments, first and foremost related to democratic breakthroughs from the countries concerned, are the most important driving force to fulfill the expectations of successful Eastern policy input during the German EU presidency.

### **Alternatives Approaches for an ENP-Plus**

Aside from criticism of the shortcomings of the ENP, the added value of the current concept is related to its agenda setting. The neighborhood policy reflects the intention of the European Commission that European integration should not end with offering a membership perspective, but should offer concepts to strengthen security and stability for Europe as a whole. In this regard the Central European EU member states perceive the ENP as the beginning, and not as the end, offer Ukraine and other Eastern European countries strategic option to escape from Russian influence by integrating them into Euro-Atlantic structures. Taking these interests into consideration, the Polish and the Lithuanian governments in autumn 2006 issued non-papers demanding strategies beyond the current ENP.<sup>10</sup> Like the German planning staff, the Polish and the Lithuanian government differentiate between 'European neighbors' which require 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. Ukraine is the most important country among the European neighbors, but this group also includes Moldova or a future democratic Belarus. 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. Similar to the concept of the German ENP-Plus concept, the non-papers of

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<sup>10</sup> *Policy proposals from Lithuania. Reform of the European Neighborhood Policy. September 20, 2006. European Neighborhood Policy – Eastern Dimension and EU-Ukraine Relations – Food for Thought – Polish proposals.*

Vilnius and Warsaw call for differentiating between the neighbors of Europe and European neighbors, prioritizing the European neighbors by offering an institutional perspective. The Polish paper in particular puts a strong emphasis on Ukraine's demands for a strong and long-term engagement, especially taking into account Ukraine's importance and spill-over effect for stability in Eastern Europe, successful transformation in other countries of the region and for enhancing security and stability on the continent as a whole.

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 concepts from the Central European countries pick up the proposal of the ENP-Plus to increase regional cooperation in Eastern Europe by using new formats such as the *Community for Democratic Choice* or the *Black Sea Forum*, both dedicated to democratic cooperation and decreasing the dependence on Russia. Also in accordance with the German proposal, support by additional financial and technical assistance provided by single EU member states and the international finance organizations are recommended.

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* is related to the amount 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.

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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>11</sup> The Commission is demanding some tailor-made changes of the *European Neighborhood Policy*: decreasing trade restrictions, facilitating mobility and managing migration, promoting people-to-people exchanges, liberalizing migration, enhancing the political and bilateral dialogue with ENP partners in key sectors, strengthening political cooperation and supporting regional cooperation among ENP countries such as the *Black Sea Economic Cooperation* or the *Baku Initiative*. Finally, the Commission also demands to strengthen financial support for the ENP countries provided by a *European Neighborhood and Partnership Instrument* and other innovative sources offered by member states and their financing institutions, with the international finance institutions and other donors.

In comparison with the strategy papers on *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 potential to influence Europe's Eastern policy during its EU presidency. With the new outline, the Commission also anticipated other far-reaching reform proposals for the ENP that would not reflect the lowest common denominator among the EU member states. Therefore, even the latest Commission proposal does not cross certain "red lines" such as offering a membership perspective or prioritizing the East European neighbors. This shows that the Commission has been managing to keep expected reforms towards an ENP-Plus within a certain strategic limit.

### **A Reality Check of Germany's Eastern Policy is a Target of its EU Presidency**

The extent to which the EU presidency can implement its agenda setting depends not only on the strategic outline but also on the impact of

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<sup>11</sup> Commission of the European Communities, *Communication from the Commission to the Council and the European Parliament on Strengthening the European Neighborhood Policy*, Brussels, December 4, 2006, COM(2006)726fnal.

developments demanding the current attention of the European Union. As far as the Eastern policy is concerned, some incidents have been of particular importance such as the conflict between Russia and Belarus on energy tariffs in January 2007 or the reactions to Putin's speech given at the Munich Security Conference on February 10, 2007, which also forebode the dispute over American plans to install elements of a U.S. missile defense system in Central Europe. In addition to pressure from the outside, priorities are also reflected by the list of meetings with decision-makers who have an influence on Eastern policy. German Foreign Minister Steinmeier in particular is trying to use state visits, such as the tour of all the countries of Central Asia in November 2006 or of the Caucasus in February 2007, to initiate new strategic concepts. These missions have the common character of being more fact-finding missions than implementing new German or European initiatives for the related regions.

### **The German EU presidency January – February 2007: Meetings and Events**

October 30 – November 11, 2006	<b>Fact-finding visit to Central Asia</b> (Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan and Kyrgyzstan) by German Foreign Minister Frank-Walter <b>Steinmeier</b>
November 14, 2006	<b>Adoption of ENP action plans</b> with Georgia, Azerbaijan and Armenia
December 20 – 21, 2006	<b>Consultation talks in Moscow</b> between Steinmeier and Vladimir Putin, Sergei Lavrov on Iran, upcoming EU- and G8-Presidencies
January 18, 2007	<b>EU-Presidency-OSCE Permanent Council</b> in Vienna
January 21, 2007	<b>Bilateral meeting between German Chancellor Angela Merkel and Vladimir Putin</b> in Sochi, focus on energy issues
January 22, 2007	<b>EU-Troika-OSCE Meeting</b> in Brussels, focus on Central Asia
January 23, 2007	<b>External relations Council Meeting</b> in Brussels: new enhanced agreement offer to Ukraine, Commission ENP assessment discussed
February 1, 2007	<b>Visit of Kazakh foreign minister Tashin</b> in Berlin
February 5, 2007	<b>EU-Troika-Russia Meeting</b> in Moscow with Sergei Lavrov, main issue Energy Charter
February 6, 2007	<b>EU-Troika-Ukraine Meeting</b> in Kiev with Victor Yushchenko and <b>Angela Merkel</b> , main issue: free trade area

February 8, 2007	Visit of Ukrainian President <b>Victor Yushenko</b> to Berlin, meeting with <b>Angela Merkel</b>
February 12, 2007	<b>External relations Council Meeting</b> in Brussels without resolutions to Russia or the ENP
February 13, 2007	<b>Bilateral Cooperation Councils</b> between EU and <b>Kazakhstan, Kyrgyzstan</b> in Brussels
February 19, 2007	Visit of Frank-Walter Steinmeier to <b>Azerbaijan</b> , focus on Nagorny-Karabakh, energy
February 19, 2007	Visit of Frank-Walter Steinmeier to <b>Georgia</b> , focus on Black Sea cooperation, reform, regional conflicts
February 20, 2007	Visit of Frank-Walter Steinmeier to <b>Armenia</b> , focus on Black Sea cooperation, Nagorno-Karabakh
February 22, 2007	<b>Meeting between Frank-Walter Steinmeier and Sergei Lavrov</b> after the Middle East Quartett meeting in Berlin
February 28, 2007	Visit of Ukrainian Prime Minister <b>Victor Yanukovich</b> to Berlin, meeting with <b>Angela Merkel</b>
March 5, 2007	<b>External relations Council Meeting</b> in Brussels: Restrictions against Uzbekistan to be re-evaluated

Already at the very beginning of 2007, the German EU presidency was challenged by another energy conflict in the neighboring countries in form of the Russia-Belarus conflict over energy prices. By the end of 2006 Russia charged Belarus USD 47 per 1000 cubic meters of gas and USD 27 per barrel of oil compared to world prices of USD 230 and USD 60 respectively. As Belarus is consuming about 20 billion cubic meters of gas per year and 250,000 barrels of oil per day the fiscal support amounts to \$6.6 billion per year. Furthermore, Belarus exports subsidized energy to EU member states making a profit of 100 percent. When Russia announced it would raise its energy tariffs for Belarus in December 2006 to world market levels, this signified not only the Kremlin's repeated use of energy as a tool for exerting international influence but threatened the basic requirements of Lukashenka's leadership. The regime in Minsk took revenge by imposing a transit fee of \$45 per tone on oil delivered from Russia to Europe. According to Russian sources, after Transneft refused to pay this fee Belarus responded by attempting to extract oil from the pipeline. Transneft on 11 January interrupted its oil supplies through the Drushba pipeline – the most significant pipeline between the oilfields of Western Siberia and the refineries of Europe. Germany relies on this pipeline, with its daily capacity of 2 million barrels (318 million liters),

the latter for one-fifth of its requirements. Poland also relies heavily on the pipeline for its energy needs. Only two days after the shutdown Moscow and Minsk agreed on a compromise. Belarus cancelled its oil transit tax of USD 45/tonne, while Russia lowered its crude oil export tariff on oil supplies to Belarus from USD 180/tonne to USD 53/tonne.<sup>12</sup>

The conflict has been burdening not only Belarusian-Russian relations but also damaging Russia's image as a reliable energy supplier to Europe. In particular, the former ruling German coalition of the Social Democrats and Greens of Gerhard Schröder had set its sights on a long-term energy partnership with Russia, which had been a dependable supplier during Soviet times. Schröder enjoys a close personal relationship even today with Russian President Putin and currently chairs the supervisory board of the Baltic Sea gas pipeline consortium, with his salary paid by Gazprom. The latest Russian Belarusian energy dispute challenged Chancellor Merkel to make some critical remarks. As Merkel said on German television on January 8,,the oil cut-off has provided an impetus for Germany as well as the EU to consider diversifying their sources of energy. Furthermore Merkel has also been in favor of putting energy into the framework of a new *Partnership and Cooperation agreement between Russia and the European Union*.

Developing a strategy beyond the current *European Neighborhood Policy* has been part of the German EU presidency from the start and was announced at an early stage. By presenting the Communication on strengthening the ENP, the European Commission overtook the German initiative while also avoiding sensitive issues such as factoring out the Mediterranean from a renewed ENP-Plus strategy. Also after Germany's grand coalition has experienced some conflicts of interest about who should set priorities between Russia and the ENP countries as well as the Central European countries, the initiative to implement ENP-Plus lost momentum. The meeting of the EU Troika and Ukraine, which took place on February 6, with the European side headed by Foreign Minister Steinmeier representing the German presidency, did signal the start of negotiations on an enhanced cooperation agreement between the European Union and Ukraine. The focus of the agreement is to be a comprehensive free trade zone and to have a justice, foreign and security policy.<sup>13</sup> But overall the enhanced agreement neither fulfils the Ukrainian expectations of receiving

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<sup>12</sup> R. Lindner, "'Friendship' Blockaded. The Russia/ Belarus Conflict as a Post-Soviet Turning Point", *SWP Comments* January 2, 2007. S. L. Myers, "Belarus Claims Compromise in Russian Oil Dispute", *International Herald Tribune*, January 10, 2007.

<sup>13</sup> "Germany Presidency of the European Union", Press Releases, Meeting of the EU Troika and Ukraine, February 7, 2007.

an EU membership perspective nor does it comply with the German ENP-Plus concept concentrating on the East European Neighborhood. Chancellor Merkel represented a similar position when meeting Ukrainian President Viktor Yushchenko and Prime Minister Victor Yanukovych in Berlin.<sup>14</sup>

Belarus and the challenges of an authoritarian regime have also been on the potential to-do list of the German presidency. The gas dispute between Minsk and Moscow, as well as the local elections on January 14, gave reason to put Belarus on the European agenda. As described above, the energy conflict has had an impact on Russia's perception as a reliable energy supplier for Europe as a whole. According to domestic and international assessments the local elections again did not fulfill democratic standards. Problems included denying representatives of opposition parties the access to election commissions, using administrative resources to support pro-government candidates while hampering candidates of the democratic opposition, etc. Initially, these problems prompted the German government on January 15 to make a statement that the local elections in Belarus did not meet democratic standards.<sup>15</sup> In a statement given on January 17, the European Union "calls on the Government of Belarus to accept the offer by OSCE/ODIHR to support it in conducting elections in line with OSCE commitments and other international standards."<sup>16</sup> These statements highlight the European interest in a democratic Belarus, but at the same time also show the helplessness of the EU to offer Belarus a tailor-made strategy for facilitating democratic regime change. Aside from the ongoing problems of the authoritarian regime of President Alexander Lukashenko, the issue does not seem to be one of the Eastern policy priorities of the German presidency, which has put its weight behind the relations with other states than Belarus.

Foreign Minister Steinmeier's tour of Azerbaijan, Georgia and Armenia in February 2007 had the character of a fact-finding mission dedicated to the ENP agenda. In the three countries of the Southern Caucasus, the minister underlined the importance of domestic transition and the enormous opportunities offered by the ENP. He did not mention any new institutional offers for cooperation but included energy, Black Sea cooperation and the settlement of the regional conflicts in Nagorno-Karabakh on the agenda.<sup>17</sup>

<sup>14</sup> German Federal Government *Latest News, Reliable energy supply*. February 8, 2007.

<sup>15</sup> "Germany Says Belarusian Elections Fell Short of Democratic Standards", *Radio Free Europe/ Radio Liberty*, January 17, 2007.

<sup>16</sup> "OSCE: Statement by the European Union on the Local Elections in Belarus", *Germany 2007 – Presidency of the European Union*, January 18, 2007.

<sup>17</sup> German Presidency of the European Union, *Press Releases, Visit of the Federal Foreign Minister to the Southern Caucasus*. February 20, 2007.

Central Asia and a new strategic framework for the region can be considered another new strategic priority of Germany's EU presidency. Without having yet presented a differentiated concept, Steinmeier has been giving signals of increasing the Union's attention toward this region by a fact finding mission to all five Central Asian countries in November 2006, shortly before the German presidency started. Steinmeier's trip to Central Asia was of an exploratory character and took a two-pronged approach. First of all the minister highlighted the strategic importance of the region in the sense of energy and security threats of all kinds and the domestic state of affairs. The second priority was related to Germany's intention to elaborate a unified European Union policy toward the region.<sup>18</sup> Beyond concepts of a strategy for Central Asia, limiting the sanctions against Uzbekistan has been on the German agenda. Sanctions were imposed in the wake of the Andijan incident in May 2005, when a popular uprising was brutally shot down by Uzbek security forces which raised European and international concern on the human rights situation under Uzbek President Karimov. During his visit to Tashkent, Steinmeier gave a signal about easing the sanctions, depending on Uzbekistan's general human rights record.<sup>19</sup> The EU foreign ministers' meeting on March, 5, 2007, followed Steinmeier's proposal to review the sanctions currently in force against Uzbekistan by May depending on whether Uzbekistan can meet some of the EU's human rights demands.<sup>20</sup>

In general, the German intention is to strengthen the European position in Central Asia, a region which is perceived as energy rich, a hotbed of all kinds of security risks, and suffering from the authoritarian character of some states, particularly Uzbekistan and Turkmenistan. There is a lot of international competition dedicated to gaining influence in this strategically crucial region. The most important player is Russia, which since the second term in office of President Putin is successfully regaining its influence, but also China, Turkey, Japan, Korea and India are part of the new distribution of power, with the United States also attempting to establish a foothold. To overcome the European Union's strategic absence in Central Asia, the EU needs a clear common policy replacing the relatively weak bilateral links between European countries and Central Asian states. German foreign

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<sup>18</sup> "Central Asia: German Foreign Minister Seeks EU-Wide Policy", *Radio Free Europe/ Radio Liberty*, November 3, 2006.

<sup>19</sup> "German Minister Says EU Could Ease Sanctions on Uzbekistan", *Radio Free Europe*, November 1, 2006.

<sup>20</sup> "Uzbekistan: EU Gets Promises from Tashkent, Postpones Decision on Sanction", *Radio Free Europe*, March 5, 2006.

agenda setting under minister Steinmeier in particular has been using the influence of the EU presidency to raise awareness for this issue.

The speech that Russian President Putin gave to the Munich Security Conference on 10 February initiated a new debate on global security and defense issues.<sup>21</sup> Putin's main points were addressed to the current administration of the United States and dealt with problems abroad and international security risks allegedly caused by unilateral military actions. Furthermore, Putin highlighted that Russia felt threatened by the projected U.S. missile-defense shield, which could possibly include installations in Poland and the Czech Republic. Finally, Putin strongly criticized the OSCE by saying: "We see that this balance is clearly destroyed. People are trying to transform the OSCE into a vulgar instrument designed to promote the foreign policy interests of one or a group of countries (...). It is obvious that such interference does not promote the development of democratic states at all. On the contrary, it makes them dependent and, as a consequence, politically and economically unstable."

Not surprisingly the Putin speech provoked extensive and differing international reactions. Even if the issue is less of an EU interest, the heads of the EU member states have had to take positions. Directly attacked by the Putin speech the U.S. administration, for instance Defense Secretary Robert Gates, has been assessing the Putin speech as a Cold War kind of statement and called on Russia to be a partner in security matters.<sup>22</sup> Among the EU member states the strongest criticism came from 'new Europe': Estonia, Poland and the Czech Republic, but also supported the United Kingdom, while German positions went as far as the position of Kurt Beck, chairman of the SPD praising Putin for his 'openness and honesty' Putin's cold-war rhetoric has been aggravating the U.S. intention to install an anti-ballistic missile shield in Central Europe. The Pentagon's plans to locate 10 missile interceptors in Poland and an early warning radar station in the Czech Republic have triggered criticism from the Kremlin, which refuses to accept U.S. assertions that the shield aims to protect against threats from rogue states such as Iran, and not Russia. Colonel Nikolai Solovtsov, commander of the Russian Strategic Missile Forces made a strong point by saying that Russia might target missiles at Poland and the Czech Republic if those countries agreed to host U.S. missile-defense sites.<sup>23</sup>

<sup>21</sup> *Vystuplenie i diskusija na Mjunchenskoj konferenzii po voprosam bezopasnosti*. February 10, 2007, [http://www.kremlin.ru/appears/2007/02/10/1737\\_type63374type63376type63377type63381type82634\\_118109.shtml](http://www.kremlin.ru/appears/2007/02/10/1737_type63374type63376type63377type63381type82634_118109.shtml)

<sup>22</sup> "U.S. Defence Secretary Gently Rebuffs Putin", *Radio Free Europe/ Radio Liberty Newslines*, Part I., February 12, 2007.

The EU member states are representing a reminder of the division of interests on the U.S. 2003 military invasion in Iraq. While the Central European states, the Baltics, Sweden and the U.K. support stationing the missile defense system, the German foreign minister has criticized the United States for not having consulted with Russia on missile defense and now would like to discuss the issue in NATO. The French foreign ministry and Italian positions warn against a renewed threat of an arms race between the U.S. and Russia.<sup>24</sup>

## Final Conclusions

Two months of Germany's EU presidency in the first term of 2007 have indicated the importance of a new Eastern policy both on the conceptual level but also related to a reality check. As early as in summer 2006 Berlin identified an ENP Plus, readjusting cooperation with Russia and an EU strategy for Central Asia as its priorities. With regard to the implementation of an ENP Plus as well as to regulating a strategic framework for Russia, Germany faces the problem of differing interests of the EU member states and varying favorability for common European values. With its paper on strengthening the European Neighborhood Policy the EU has successfully contained the German, as well as the Polish and Lithuanian policy proposals within a certain European framework considering joint European interests. As far as Russia is concerned, the German signals have not been clear enough to overcome the traditional "Russia first approach" which is not supported by the Central European EU members and which might have a negative impact for redrafting a Partnership and Cooperation agreement and on energy cooperation. The latest debate on missile defense systems and the cleavages revealed between EU member states indicate the danger of a global confrontation. In general, Eastern policy is only one agenda item among many

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*With regard to the implementation of an ENP Plus as well as to regulating a strategic framework for Russia, Germany faces the problem of differing interests of the EU member states and varying favorability for common European values.*

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<sup>23</sup> *Russia Threatens to Target Sites in Poland, Czech Republic, Radio Free Europe/ Radio Liberty Newslines* Vol. 11, No. 32, February 20, 2007.

<sup>24</sup> "A Cool Peace", *The Economist*, March 3, 2007, p. 30.



which include the adoption of the European Constitution as a precondition for further European integration, reliable energy supply and climate change. To what extent Germany can succeed in using its presidency as a driving force for Eastern policy and influence the EU agenda, last but not least, depends on the pressure from the East European neighboring countries. The progress of transition dedicated to European values most seriously pressures the European Union shaping a concept of a new Eastern Policy.

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