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Identifying an Agenda for a new Eastern Policy

Connecting the German and Finnish EU Presidencies

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Identifying an Agenda for an new Eastern Policy

During the last decade the European Union has been an important player in relations throughout Eastern Europe, including Russia. Extending membership to eight Central European countries was not only one of the biggest success stories of European integration but also guided the countries' domestic transitions. Considering joint economic and security interests of Russia and the European Union, both sides made some important steps toward creating a common framework by signing the Partnership and Cooperation Agreement and the EU's Common Strategy on Russia. Since the European Commission agreed on the European Neighbourhood Policy (ENP), relations with Ukraine, Moldova and the Caucasus have an extended European perspective, even if the ENP does not offer the membership prospects that those countries expected. The European Union has some potential to be a driving force in Eastern policy, but at the same time domestic development within Eastern Europe has become more dynamic and less predictable. The neighbouring countries are fluctuating between democratic breakthroughs, as indicated by the "Rainbow Revolutions" in Georgia and Ukraine, the increasing authoritarian regimes in Belarus or Turkmenistan, and Russia's use of energy and other mechanisms to compensate for its declining influence as a superpower and shortcomings in economic modernization and attractive partnership.

Beginning with Georgia's "Rose Revolution" in 2003 and continued by Ukraine's "Orange Revolution" in 2004, a democratic wave broke in the neighbouring countries. The domestic developments have been marked by similar patterns. Obviously falsified elections gave the starting signal for a democratic opposition and a civil society demanding free and fair elections that upheld Western values. The civic protest in Ukraine and Georgia was much stronger than Western analysts and decision makers, who had criticised the absence of media freedom and democratic pluralism, ever assumed. Apparently almost overnight these long-time extensions of Russia turned itself into self-confident, attractive, European countries. The newly democratically elected governments have been trying to close the gap between the lack of transition and Western orientation. Before the latest breakthrough, the ENP countries already declared EU membership as one foreign policy priority, but did not make the necessary commitments to domestic changes and did not decrease their dependence on Russia.

The “Rainbow Revolutions” most unexpectedly changed the ENP agenda: The European Union has been challenged to implement a two-pronged approach, guiding transition while integrating the ENP countries into the Euro-Atlantic structures. Otherwise, the Union runs the risk of losing regional influence to the Kremlin. Yet the reality following this feast of democratic change is more complicated. Beyond the democratic breakthroughs of free and fair elections, freedom of the media and a new spirit of transition, Georgia and Ukraine so far have not succeeded in implementing a clear-cut transition strategy. Both transition processes suffer shortcomings in the reform teams and broad-based political parties. Tbilisi almost has no opposition beyond president Saakashvili, while Kyiv lacks a government capable of acting. During this challenging period of transition, the EU is losing momentum by not being able to offer the desired prospects of membership. At the same time, Russia is poisoning the situation by using trade embargos and energy dependence as a mechanism of maintaining post-Soviet hegemony.

On the eve of the German EU presidency, expectations for shaping a new Eastern policy are high. The ENP agenda has to be upgraded to an attractive as well as realistic approach, binding the neighbouring countries on their awkward path of domestic transition and Western orientation. The official Belarus, as a neighbouring country that neglects almost every European standard and option for cooperation, is a particular challenge, an assessment that might also apply to Central Asian countries with authoritarian governments. The priority of the Union’s relations with Russia is an engagement targeted on reducing the gap between joint interests and different values, retaining Russia as a reliable supplier of energy and regional security, while also bearing in mind that a democratic Russia would be of the highest European interest. In other areas belonging to the former Soviet Union, the European Union is challenged to open a new strategic debate considering the situation inside the region as well as the related European interests. The latest EU-Russia summit in Helsinki showed that joint action in a European Union of 25 and more member states has become more complicated, and national interests might undermine the European agenda. To further reduce the chances of gridlock, while allowing innovative approaches the necessary room for manoeuvre, shaping and making a new EU Eastern policy requires new procedures.

An attractive European Neighbourhood Policy

The most positive outcome from adopting the European Neighbourhood Policy is the related agenda-setting. There is no longer any doubt that the ENP is part of the European agenda. However, a substantive evaluation requires an assessment of how effective the ENP is at fulfilling the goals set by the Union. The ENP is dedicated to creating a “ring of friends” consisting of countries bordering the European Union. From a geographic perspective, it is necessary to differentiate between the East European agenda and the Mediterranean agenda. The neighbourhood in Eastern Europe is a consequence of the latest enlargement, which granted membership to eight Central European countries that have well developed relations and strategic alliances with their neighbours further east. Very often bilateral relations, for instance between Poland and Ukraine, were also targeted at strengthening the political balance against Russia. Furthermore, among these countries, Moldova and Ukraine are in transition to Western-style market democracies, and they are trying to use European integration means of measuring their development. Considering their growing strategic significance and potential for democratic change, the European Commission decided to broaden the ENP agenda to include Kazakhstan, Armenia and Azerbaijan, while in the Mediterranean, the ENP agenda has been limited to the interest that southern EU member states have in preventing migration and keeping the internal balance of European integration.

In principle, the ENP opens a broad spectrum of functional cooperation in all four levels of European integration: the freedom of movement of goods, services, capital and people. That would potentially include implementing free movements from Lisbon all the way to Donetsk. Beyond functional cooperation, however, the ENP does not offer any kind of institutional tie that differentiates this approach from the strategic option of membership. Nevertheless, the interests are quite similar to the interests related to membership. The

The ENP as
part of the EU
agenda

European Commission declared its support for security, stability and prosperity beyond the Union's borders through strengthening cooperation, having a positive impact on solving regional conflicts, and supporting the transition to democracy and a market economy. Common values, strengthening political dialogue, economic and social cooperation, increased trade relations, as well as cooperation in the field of justice and home affairs are the blueprint of the ENP. Beyond this general approach, the ENP should be tailored to the particular requirements each country concerned by elaborating and implementing country analyses and country strategy papers. 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 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 to maintaining democratic transition beyond the first decisive step of free and fair elections. Without offering prospects for membership, the European Commission cannot offer a master plan for shaping transition.

At its beginning, the ENP did not have separate funding, but was based on other budgetary resources. Between 2004 and 2006, between 2000 and 2003 1332.2 million Euro have been allocated by TACIS, covering Eastern Europe, and 3716.1 million by MEDA, financing the ENP in the Mediterranean. Starting with the new 2007-13 EU budget, ENP will have a dedicated budget. While the overall amount of money, increased by 35 percent the balance between the two regions remains the same. Approximately 70 percent of the resources are targeted in the Mediterranean and 30 percent in Eastern Europe. In contrast to the overall strategic framework of the ENP, Russia also is

Overall goal:
security and
stability
beyond the
EU's borders

part of the ENP budget, but is not part of the monitoring processes that track the implementation of European interests.

Benefits and shortcomings of the ENP

The most important benefit of the ENP remains the related agenda-setting. Asymmetries between the European Union and its neighbouring countries, and democratic striving that is oriented on Western values but still struggling for success in neighbouring countries can no longer be ignored. Apart from its overall positive development, the ENP has some shortcomings that the approach less attractive for the countries concerned, and in particular for the East European neighbours.

1. Lack of differentiation

The ENP lacks differentiation between the East European agenda, which covers new neighbours that have the potential to join the European Union, and the Mediterranean agenda that is targeted at keeping the internal balance of European integration. Putting both agendas in the same strategic basket neglects the different preconditions of cooperation, interests, regional conflicts and framework conditions. From the perspective of the neighbouring countries, combining both areas has been perceived as a signal of ignoring countries' European orientation and has decreased the attractiveness of the ENP from the very beginning. The budgetary planning once again underlines spending 70 percent for the Mediterranean neighbours a certain regional priority less corresponding to the pressure from Central and Eastern Europe. The country action plans are an important step covering particular regional requirements but are not flexible enough to take into account fundamental changes such as the Orange Revolution in Ukraine, which rendered the action plan immediately obsolete.

Prioritising the
Mediterranean

2. Limited attractiveness

From a strategic perspective, the absence of conditionality is the biggest weakness of the ENP. In shaping its external relations, the European Union is in a deadlock. It suffers from integration crises, in particular the failure of the European constitution. It appears neither interested nor ready too use the tool of further enlargement, regardless of the domestic state of affairs in the ENP countries. The ENP is dedicated to implementing the *acquis* in the neighbouring countries without offering the necessary institutional incentives. Therefore, the ENP not only remains limited in its influence in shaping transitional process in the neighbouring countries, but also limited in its attractiveness, as long as the Commission is not interested in applying a conditionality approach.

Lack of
conditionality

3. Neglecting regional integration

In its substance, the ENP concentrates on bilateral cooperation between the Commission and the neighbouring countries, neglecting cooperation on the regional level. Developments in the Balkans demonstrate that stability beyond the Union requires regional cooperation. Concentrating external relations solely on the European Union might have a negative impact on relations among neighbouring countries. Again, one can hardly imagine creating a regional identity that unites both agendas of the ENP, the East European and Mediterranean.

Concentration
on the EU

4. Missing concept on interacting with authoritarian regimes

The ENP can not be recognized as an approach to interacting with authoritarian regimes and is only of limited use as a strategy for supporting regime change. Even if supporting democratic transition is in the European interest, the EU does not have a strategy applicable to overcoming isolation or self-isolation of authoritarian regimes. The

Belarus as a
European
challenge

Union could, for instance, offer increased cooperation with the democratic opposition and contacts with Europe at all levels outside the regime. Belarus, which directly borders the European Union, is the most challenging case for the ENP.

5. Ignoring the Russia factor

Russia has a strong interest in shaping the European neighbourhood as well. So far, the Kremlin has used personal contacts, energy dependence and trade relations to maintain its influence on the successor states of the former Soviet Union, which are also perceived in Russia as “the near abroad”. Issues such as the Kaliningrad question, reliable energy supply and secessionist conflicts in Moldova and Georgia demonstrate that problems in the ENP countries cannot be solved without considering Russian interests. As long as Russia violates European values, such as democratic standards and human rights, the country will remain a difficult partner. Nevertheless, the Kremlin is too important for at least some aspects of the ENP agenda not to take Russia seriously.

Strong
Russian
interests

6. Deficient coordination among European institutions

The ENP suffers from some problems of inconsistency because from the very beginning it was not clear whether the strategy should belong to the enlargement agenda or the EU’s foreign policy. The Commission switched ENP responsibility from the DG Enlargement to the DG External Relations, and as a policy covering the agenda of “non-membership”, some competencies are also assigned to the Council. This unclear division of responsibility, between Enlargement and External Relations shows a significant dilemma of the ENP: using instruments of the enlargement policy but avoiding any institutional commitments.

Problems of
inconsistency

The entire ENP agenda has been driven, first and foremost, by those EU members states with direct external borders that are interested in avoiding a new dividing line. It has also been driven by concerns

about strengthening the balance of power among Central Europe, Eastern Europe and Russia. On the one hand, individual EU members states such as Poland, Slovakia or Lithuania are important driving forces in push the ENP agenda forward; on the other hand, substantial progress on the European level can only be achieved by building far-reaching alliances.

Overall assessment

The ENP does not offer a realistic and attractive approach to fulfilling the strategic goals that have been identified by the European institutions: preventing a new division in Europe, strengthening security and improving stability in the neighbouring countries. After two years of experience with implementing the ENP, a critical assessment indicates that the policy is not an alternative for enlargement and does not strengthen the EU's strategic position as a global player intent on narrowing the strategic gap between Russia and the West. Overall, the shortcomings of the ENP are related to the absence of a strategic vision. The ENP can be perceived as a mixture of EU instruments based on technical assistance (MEDA; TACIS) that also uses the mechanisms of enlargement, but without offering the necessary institutional commitments which would make the decisive difference. So the unclear focus of the ENP is reflected by the huge and non-homogeneous regional focus combining Eastern Europe, the Caucasus, the Mediterranean and to some extent even Russia.

Overcoming the strategic gap would first and foremost 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 neighbours will be reduced to a "neighbours of Europe", guided by cooperation, and not a "European neighbours" approach, targeted at integration.

The latest proposals from the Polish, Lithuanian and German foreign

ENP is not an alternative to enlargement

Debating Europe's future

offices, and, but last but not least, the Communication from the European Commission on strengthening the ENP clearly indicate that EU member states and the European institutions are still eager to develop the ENP. As a consequence of Germany’s traditional function as a driving force of Eastern policy, key actors from Eastern Europe as well as other advocates of good neighbourhood relations are pushing Germany to put the issue on the foreign policy agenda for the upcoming EU presidency. To make a new strategic decision on how to shape policies beyond EU’s borders, it is also necessary to consider that failing to offer an attractive approach would deprive the EU of an opportunity to have an impact on stability and security in states directly bordering the EU, which would burden EU member states as well weakening the Union’s position as a global player.

Requirement
for a new
strategic
decision

Steps toward a policy of European neighbours

1. A policy for European partners

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. The traditional driving forces of elaborating and implementing a concept of a new Eastern policy should also consider the particular interests of the southern EU member states. They should emphasise the benefits of this specific approach for Europe as a whole, but at the same time point out the risks of neglecting the political imperative from Eastern Europe. Implementing a new Eastern policy successfully also has to be considered in the related budgets, meaning that using 70 percent of the ENP budget for the Mediterranean agenda does not reflect having Eastern Europe as a priority. To reduce the financial and strategic gap,

Focus on
Eastern
Europe

additional founding from EU member states and the international financial institutions should be considered.

To signal a strategic change, the Union should use terms with an institutional binding character and thus overcome the perception that “West” and “East” are synonyms for “in” and “out” or “member” and “non-member” of the European Union.

2. Tailored application of the *acquis communautaire*

There is not much an alternative to considering membership as the long-term goal of a new Eastern policy, even if currently neither the European Union nor even the most democratic, and therefore European, neighbouring states are ready for the next step of European integration. The European Union should point out the prolonged time horizon, and at the same time offer attractive alternatives aimed at institutional integration.

Assessing the debate in the neighbouring countries demonstrates that orienting on the EU is, to a large extent, a foreign policy goal dedicated to increasing emancipation from the Kremlin. In the countries’ domestic agendas, the EU has become a symbol for “Europe” as such, and the related values of prosperity, freedom of movement, democracy and the rule of law. If membership cannot be offered, the EU should work on a new concept of European integration. Particular emphasis should be put on implementing the parts of the *acquis communautaire* that are attractive for both the neighbouring countries and the European Commission. Emphasis should be put on the freedom of movement by facilitating the Schengen *acquis*, while simultaneously strengthening cooperation in the area of justice and home affairs.

Freedom of
movement

3. Supporting regional cooperation

As long as EU membership is not a realistic option, integration has to be supported by other mechanisms. Today, the potential for regional cooperation, for instance cooperation in the Black 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. The European Union might announce a “Black Sea Union” with prospects an observer status, considering Bulgaria’s and Romania’s upcoming EU membership will strengthen the Black Sea region’s institutional relations with the Union anyway. Regional cooperation might also be an approach to solving frozen conflicts, such as the Transnistrian or South Ossetian conflicts, integrating the autonomies within a broader framework of cooperation.

Engaging a
“Black Sea
Union”

4. Creating a transition agency

To support transition in the neighbouring countries, the European Union should create an agency offering financial and administrative support, funded by EU member states and the international financial institutions. The new member states from Central Europe should contribute their experiences in shaping transition as well as their personal networks. To bypass authoritarian regimes, the transition agency should put particular emphasis on supporting civil societies and on regional cooperation. Avoiding the clumsiness of the ENP action plans, the transition agency should react quickly and flexibly to developments in the region.

Bypassing
authoritarian
regimes

5. Redefining Russia in Eastern Europe

With its shortcomings in European values, Russia can be a difficult partner, but at the same time the Russian Federation is too important to neglect. It has significant impact on both frozen conflicts and energy cooperation in the ENP countries. Create a win-win situation should be an overall goal, considering both the Russian interest in keeping influence on the neighbouring countries, as well as the neighbouring countries’ aspirations to European values. The European Union should create a trilateral institutional framework, bringing together the ENP countries, Russia and the EU institutions.

Crates a win-
win Situation

Furthermore one should also use Russia's membership in the Council of Europe and the OSCE as a platform for democratic dialogue.

Beyond the current state of affairs, the European Union should also help strengthen Russia's democratic orientation dedicated to becoming an attractive and reliable partner for the ENP countries.

6. An alliance for a new Eastern policy

Decision making in an European Union with 25 and more member states requires new approaches to alliance building. A new Eastern policy is particularly supported by the Central European member states, but policymaking on the European agenda requires support from the old member states, among them member countries from Southern Europe. The traditional driving forces of Eastern policy have to point out the added value of stable and prosperous ENP countries for Europe as a whole. The European institutions have to identify whether ENP belongs to a kind of "enlargement light" agenda or to the external relations of the EU. They should act appropriately and put the primary ENP responsibility under the Council.

**Building
alliances**

Offering the ENP countries attractive prospects will either be based on the current agenda, signalling some progress but not implementing Europe's interest in strengthening security and stability beyond its borders, or it will require institutional reforms in the European Union dedicated to an institutional framework for Europe as whole. Considering the current crises of European integration, pressure for further enlargement is a positive but so far not realistic signal. To overcome the gap between the current half-hearted solution and ambiguous future prospects, the ENP should reduce its shortcomings and put particular emphasis on future options for institutional integration. Reforming the ENP to a large extent depends on the ENP countries keeping the latest wave of democratic transition alive.