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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 a 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 secured the countries' domestic transitions. Considering the common economic and security interests of Russia and the European Union, both sides have 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 received 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. At the same time however recent domestic developments within Eastern Europe have become more dynamic and less predictable. The neighbouring countries oscillate between democratic leaps forward, as indicated by the “Rainbow Revolutions” in Georgia and Ukraine and increasingly authoritarian regimes in Belarus or Turkmenistan. Russia's use of energy and other mechanisms to compensate for its declining influence as a superpower profoundly affect domestic politics in the region, which continues to be plagued by shortcomings in economic modernization and remains without attractive partnership offers from both East and West.

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 to demand free and fair elections that mirrored Western values. The civic protest in Ukraine and Georgia were much stronger than Western analysts and decision makers, who had criticised the absence of freedom of the media and democratic pluralism, ever could have assumed. Apparently almost overnight these long-time extensions of Russian power turned into self-confident, attractive European countries. The newly democratically elected governments have been trying to close the gap between transition deficit and Western orientation. Before the

latest breakthrough, the ENP countries already declared EU membership to be one of their foreign policy priorities, but did not make the necessary commitments to domestic change 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 Euro-Atlantic structures. If it fails the Union runs the risk of losing regional influence to the Kremlin. Yet the reality that followed 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 their reform teams and broad-based political parties. Tbilisi almost has no opposition to president Saakashvili, while Kyiv lacks a government capable of acting. During this challenging period of transition, the EU is losing its advantage by not being able to offer the desired prospects of membership. At the same time, Russia is poisoning the European relations by using trade embargos and energy dependence as a mechanism of maintaining post-Soviet hegemony.

Expectations towards German EU presidency 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 interests. In other countries belonging to the former Soviet Union, the European Union is challenged to open a new strategic debate on the situation within the region as well as on 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 threaten to undermine the European agenda. To further reduce the risk 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 ENP as part
of the EU agenda

The most positive result of the European Neighbourhood Policy has been the related agenda-setting. There can be no doubt that ENP constitutes a crucial part of the European external affairs agenda. However, a substantive evaluation requires an assessment of how effective the ENP has been at fulfilling the goals set for it by the Union. The ENP is dedicated to creating a “ring of friends” consisting of countries bordering the European Union. From a geographic as well as a political perspective, it is necessary to differentiate between an agenda for Eastern Europe and a Mediterranean agenda. The political situation and challenges faced by the EU in the Eastern European neighbourhood are a consequence of the latest big bang enlargement, which granted membership to eight Central European countries in 2004 that all sustain close relations and strategic alliances with their neighbours

further east. Very often bilateral relations, for instance between Poland and Ukraine, were also pursued with the goal of tilting the political balance against Russia. Among these countries, Moldova and Ukraine are in a transition process aimed at becoming Western-style market democracies, and are attempting to use European integration as 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 Georgia, Armenia and Azerbaijan, while in the Mediterranean, the ENP agenda has been limited to the interests of southern EU member states of preventing migration and maintaining an internal balance of European integration.

In principle, the ENP opens a broad spectrum of functional cooperation in all four areas of European integration: the freedom of movement of goods, services, capital and people. This approach would potentially include implementing free movement from Lisbon all the way to Lughansk. 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 European Commission has declared its support for security, stability and prosperity beyond the Union's borders through strengthening cooperation, having a positive impact on the solution of 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 is conceived to find tailored solutions to the particular requirements of each country concerned by drafting and implementing country analyses and country strategy papers. Without going into much detail, it seems obvious which shortcomings the country action plans entail. For instance, the Ukrainian action plan was adopted December 9 2004, at the very moment when the "Orange Revolution" initiated a new wave of democratic transition dedicated to European values. The democratic opposition in Ukraine, supported by a large amount of civil society activism fulfilled the major proportions of the ENP action plan which contained priorities on democratic values and demanded free and fair elections, freedom of the media and a strong civil society. Once the "Orange Revolution" had produced a giant step forward for this agenda, the ENP was not able to produce further guidelines, which might have aided in maintaining democratic transition beyond the first decisive step of free and fair elections. Without offering prospects for membership, the European Commission is currently not able to offer a master plan for shaping transition.

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

At its inception, the ENP was not allocate separate funding, but was instead based on other budgetary resources. Between 2000 and 2003 1332.2 million EUROS were 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, the ENP will have its own dedicated budget. While the overall amount of money is projected to be increased by 35 percent, the balance between the two regions remains the same. Approximately 70 percent of the resources are targeted at the Mediterranean and 30 percent at Eastern Europe. In contrast to the overall strategic framework of the ENP, Russia also is part of the ENP budget, but is not part of the monitoring processes which tracks the implementation of European interests or action plans.

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, which strive for, but still struggle with, achieving democracy and Western value, are no longer being ignored. Apart from its generally positive development however, the ENP continues to suffer some shortcomings, which mostly originate from the approach's lack of attractiveness for the neighbouring countries concerned, in particular for those in Eastern Europe.

1. Lack of differentiation

Prioritising the Mediterranean

The ENP lacks differentiation between an Eastern European agenda, aimed at the new neighbours that have the potential to join the European Union, and a Mediterranean agenda 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 led to disappointment, as they perceive the EU to be ignoring their orientation toward Europe. Consequently, the ENP has only enjoyed reduced attractiveness from the start. Budgetary planning and spending 70 percent for the Mediterranean neighbours confirms a certain regional priority, which does not correspond with the pressure from Central and Eastern Europe. The country action plans are an important step towards better approaching specific 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 obsolete immediately.

2. Limited attractiveness

Lack of conditionality

From a strategic perspective, the absence of conditionality is the biggest weakness of the ENP. In shaping its external relations, the European Union currently faces a deadlock. It suffers from integration crises, in particular from the failure of the EU member states to ratify the constitution treaty. It appears neither interested nor willing to apply the tool of continuing enlargement, regardless of the domestic state of affairs in the ENP countries. The ENP is dedicated to implementing the *acquis* in the neighbouring countries, but does not offer the necessary institutional incentives. As a consequence, the ENP not only remains limited in its influence in shaping the transition process in the neighbouring countries, but also limited in its attractiveness, so as long as the Commission does not show interest in applying a conditionality approach.

3. Neglect of regional integration

Concentration on the EU

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.

4. Failure to deal with authoritarian regimes

The ENP does not offer an approach for interacting or dealing with authoritarian regimes and is only of limited use as a strategy for supporting regime change. Even though supporting democratic transition might be in the European interest, the EU does not have a strategy applicable to overcoming isolation or self-isolation of authoritarian regimes. The Union could, for instance, offer increased cooperation with the democratic opposition and contacts with Europe at all levels outside regime structures. Belarus, which directly borders the European Union, is the most challenging case for the ENP.

Belarus as a European challenge

5. Disregard for 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 either shows disregard or disinterest of European values, such as democratic standards and human rights, the country will remain a difficult partner. Nevertheless, the Kremlin is too important a regional stakeholder for the ENP to ignore any conclusion or link of EU-Russian relations for its own agenda.

Strong Russian interests

6. Deficient coordination among European institutions

The ENP suffers from some problems of inconsistency because from the outset on it was not clear whether the strategy should be part of an enlargement agenda or the EU’s common foreign policy. The Commission switched ENP responsibility from the Directorate-General Enlargement to the DG External Relations. 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: to have to use instruments of enlargement policy but avoid any institutional commitments.

Problems of inconsistency

The entire ENP agenda has been driven, first and foremost, by those EU member 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 member states such as Poland, Slovakia or Lithuania are important driving forces in pushing 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

ENP is not an alternative to enlargement

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 interpreted as a mixture of EU instruments based on technical assistance (MEDA; TACIS) that also uses the mechanisms of enlargement, but does not offer the necessary institutional commitments that would make the decisive difference. The unclear focus of the ENP is reflected by the huge and non-homogeneous regional focus that combines Eastern Europe, the Caucasus, the Mediterranean and to some extent even Russia.

Debating Europe's future

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" approach, guided by cooperation, and not a "European neighbours" approach, targeted at integration.

Requirement for a new strategic decision

The latest proposals from the Polish, Lithuanian and German foreign offices, and last 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 its EU presidency. To make a new strategic decision on how to shape policies beyond the 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 weaken the Union's position as a global player.

Steps toward a policy of European neighbours

1. A policy for European partners

Focus on Eastern Europe

Overstretch within 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 would rather signify the introduction of a regional differentiation between Mediterranean and Eastern Europe, putting the focus on the latter. The traditional driving forces for 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 and simultaneously point out the risks of neglecting the political imperative coming from Eastern Europe. Implementing a new Eastern policy successfully also has to be considered with relation to the budget. 70 percent of the ENP budget dedicated to the Mediterranean agenda does not reflect an Eastern Europe priority. To reduce the financial and strategic gap, additional funding from EU member states and international financial institutions should be considered.

To signal a strategic change, the Union should use terms of a more inclusive character to 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 of 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 such a step of European integration. The European Union should openly address the substantial length for any future accession process while at the same time offering attractive alternatives aimed at institutional integration.

Freedom of movement

Assessing the debate in the neighbouring countries demonstrates that orientation towards 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 for the related values of prosperity, freedom of movement, democracy and the rule of law. If a membership perspective 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.

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 to create stability and security cannot fully be tapped into, as demonstrates the situation of Black Sea cooperation. 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 assist in establishing a "Black Sea Union" with prospects as an observer. Bulgaria's and Romania's EU membership could strengthen the Black Sea region's institutional relations with the Union. 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, which could offer financial and administrative support and might be funded by EU member states and international financial institutions. The new member states from Central Europe would contribute by bringing in their own transition experiences, as well as their personal networks with other policy and decision makers in the region. To bypass authoritarian regimes, the transition agency should put particular emphasis on supporting civil society and regional cooperation. Contrasting the bluntness of the ENP action plans, the transition agency could react quickly and flexibly to sudden developments in the region brought by through popular protests or changes in government policy.

Bypassing authoritarian regimes

5. Redefining Russia in Eastern Europe

With its shortcomings in European values, Russia can be a challenging partner for the EU, but at the same time the Russian Federation is too important to neglect. It

Create a win-win Situation

has significant impact on both frozen conflicts and energy cooperation with and within the ENP countries. Creating a win-win situation should be an overall goal, considering both the Russian interest in retaining influence on the neighbouring countries, as well as the neighbouring countries' aspirations towards European values. The European Union should create a trilateral institutional framework, which brings together the ENP countries, Russia and the EU institutions. Furthermore one should also use Russia's membership in the Council of Europe and the OSCE as a platform for democratic dialogue.

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

Building alliances

Decision making in a European Union with 25 and more member states requires new approaches to alliance building. While a new Eastern policy finds particular support among Central European member states, policymaking at the European level requires support from the old member states, as well, among them member countries from Southern Europe. The traditional driving forces of Eastern policy are called upon to promote the added value of stable and prosperous ENP countries within Europe as a whole. The European institutions must identify whether the ENP belongs to an "enlargement light" agenda or to the external relations of the EU. They should act appropriately and assign primary ENP responsibility to the Council.

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 a whole. Considering the current crisis of European integration, pressure for further enlargement is a positive but so far not a 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.

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