

The enlarged EU's eastern border: integrating Ukraine, Belarus and Moldova in the European project

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Stiftung Wissenschaft und Politik
Deutsches Institut für Internationale
Politik und Sicherheit

Catherine Guicherd

The Enlarged EU's Eastern Border

Integrating Ukraine, Belarus and Moldova in the European Project

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Juni 2002
Berlin

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The Enlarged EU's Eastern Border Integrating Ukraine, Belarus and Moldova in the European Project

Die Osterweiterung bereitet der Union in ihren Außenbeziehungen grundsätzliche Probleme. Erstens wird die wirtschaftliche, soziale, politische und kulturelle Asymmetrie zwischen den neuen Mitgliedern und ihren östlichen Nachbarn in den kommenden Jahren mit der Anpassung an westliche Standards zunehmen. Zweitens werden die neuen Mitglieder durch Annahme des Schengener *acquis* ihre Grenzen zu den Anrainerstaaten verstärken, was zur Einschränkung der zwischenmenschlichen Beziehungen und des nicht unbedeutenden grenzüberschreitenden Handels führen wird. Insgesamt wird das Potential für Instabilität (einschließlich illegaler Migration) anwachsen, das Tempo der Modernisierung und der »Europäisierung« der größtenteils in sowjetisierten Gesellschafts-, Wirtschafts- und Staatsformen verharrenden Nachbarstaaten wird gedrosselt. Außerdem steht die EU vor der diplomatischen Aufgabe, die Kommunikationswege zu Belarus wieder zu öffnen, wie unangenehm das Lukaschenko-Regime auch sein mag.

Die neue europäisch-russische Partnerschaft hat Auswirkungen, die für die Anrainerstaaten (the countries in-between) von besonderer Bedeutung sind. Erstens führen die beschleunigten Bemühungen Rußlands, sich in den Europäischen Wirtschaftsraum und die Welthandelsorganisation (WTO) einzubringen, seine Konsolidierung als Marktführer und Investor in der Ukraine, in Belarus und Moldova sowie die langsame Gangart der Reformen in diesen drei Ländern, zumindest auf wirtschaftlicher Ebene, eher zu einer Konstellation des »in Europa mit Rußland« als zu der eines »in Europa vor Rußland« oder eines »Europa fernbleiben«. Zweitens bringt der auf beiden Seiten von mächtigen Finanz- und Strategieinteressen unterstützte Energiedialog EU–Rußland eine signifikante Aufwertung von Belarus als Transitstaat für Erdöl und Gas mit sich, und dies auf Kosten der Ukraine. Drittens ermöglicht der verstärkte politische Dialog zwischen der EU und Rußland die Einbeziehung von Themen, die gemeinsame Nachbarn betreffen, so die Transformation von Belarus und die Lösung des Transdnestr-Konflikts in Moldova.

Bei der Neugestaltung der Beziehungen in ihrem unmittelbaren Umfeld sollte sich die EU von ihrem langfristigen Interesse leiten lassen. So ist es offensichtlich zum Nutzen der Union, wenn sie die Modernisierung – einschließlich der wirtschaftlichen, politischen, institutionellen und kulturellen Komponenten – in ihren künftigen östlichen Nachbarstaaten unterstützt. Brüssel sollte sich deshalb in den genannten Staaten verstärkt engagieren, ohne sich in allen drei Fällen zu einer Mitgliedschaft zu verpflichten. Denn *erstens* haben die drei Staaten ungeachtet ihrer Absichtserklärungen nicht ausreichend erkennen lassen, daß sie die für eine Bewerbung

erforderlichen Änderungen auch tatsächlich durchführen wollen, und *zweitens* ließen sich zusätzliche Mitgliedschaften angesichts des Umfangs der laufenden inneren Reformen, der Erweiterung um 10 bis 13 Mitglieder und einer stufenweisen Integration der Balkanstaaten in absehbarer Zeit der europäischen Öffentlichkeit nicht vermitteln. Unter Berücksichtigung der EU-Kapazitäten, der Dringlichkeit, die Konsequenzen der Erweiterung für die östlichen Anrainer in den Griff zu bekommen, und der starken Verbindungen zwischen Rußland und den drei Staaten ergeben sich folgende Empfehlungen.

In den bilateralen Beziehungen sollte die EU vor allem ihre Politik gegenüber Belarus und Moldova neu gestalten. Sie sollte von der Politik der Isolierung Belarus' Abstand nehmen und, gestützt auf ihre neuen Beziehungen zu Rußland, auf wirtschaftliche Zusammenarbeit mit Belarus setzen, um Reformen dort zu fördern. Moldova sollte als ein Balkan-Staat angesehen werden, dem man langfristig die EU-Mitgliedschaft in Aussicht stellen sollte, da dies der einzige Weg für eine dauerhafte Stabilisierung des Landes ist. Das bedeutet für die EU auch die Übernahme einer aktiven Rolle im regionalen Konfliktmanagement.

Die EU sollte insgesamt eine »östliche Dimension« ihrer Politik entwickeln, die Belarus, Ukraine, Moldova und Rußland einschließt. Sie könnte drei Hauptziele haben. Das erste wäre, ein Bündel von Maßnahmen zu entwickeln, die geeignet sind, die mit der EU-Expansion für Zentral-europa einhergehenden Asymmetrien zu mildern und auszugleichen sowie dem durch die Erweiterung hervorgerufenen Gefühl der Isolierung zu begegnen, insbesondere durch eine »nachbarschaftsfreundliche« Justiz- und innere Sicherheitspolitik sowie durch die Förderung des Grenzverkehrs und der regionalen wirtschaftlichen und infrastrukturellen Zusammenarbeit. Das zweite Ziel wäre die Aufhebung der Einschränkungen im bilateralen Strategieansatz der EU gegenüber Ukraine, Belarus und Moldova, der fast ausschließlich im Hinblick auf die innenpolitische Entwicklung in diesen Ländern ausgestaltet wird, obwohl deren politische, wirtschaftliche und gesellschaftliche Lage von der russischen Präsenz und den Beziehungen zwischen EU und Rußland stark geprägt wird. Als weiteren Schritt könnte die EU in bestimmten Bereichen die Entwicklung einer multilateralen Integrationsdynamik der östlichen Anrainerstaaten und Rußlands fördern. Dadurch könnten Reformbestrebungen unterstützt werden, ohne Rußland die Gelegenheit zu bieten, seine Kontrolle über diese Länder im früheren Maßstab wiederherzustellen.

Insgesamt könnte ein breiteres Engagement der EU in der Ukraine, in Belarus und Moldova dazu beitragen, das mangelnde Verständnis für die Union in diesen Ländern zu verbessern und die in der öffentlichen Meinung vorhandenen, übertrieben positiven oder negativen Stereotype zu beseitigen. Das würde im Ergebnis den Regierungen dieser Länder helfen, eine auf ihre nationalen Interessen und Kapazitäten zugeschnittene Politik zu entwickeln.

Introduction

Over the years, and even more since the end of the Cold War, the European Union (EU) has become a major structuring pole of inter-state relations on the European continent. This will be even more so as it enlarges and makes inroads in new policy areas. The attraction of this pole is strong, as demonstrated by the eagerness of some 20 countries of Northern, Central, Eastern, and Southeastern Europe, including Ukraine and Moldova (plus Turkey, Cyprus and Malta) to “join the club.” The EU has responded to those aspirations in part, but not totally. Whereas most countries of Central Europe are well on their way into the Union and the Balkan states have been offered a membership prospect through the Stabilisation and Association Process, the EU has given no such reassurance to countries born out of the dismembering of the Soviet Union – outside the Baltics. Rather, it has remained non-committal vis-à-vis Ukraine’s and Moldova’s aspirations to join, neither promising membership at any time, nor ruling it out. In this context, Belarus has remained an exception in making only ambiguous declarations as to a possible desire for rapprochement with the Union.

Ukraine, Belarus and Moldova, however, will be *de facto* coming closer to the EU as a consequence of enlargement. By 2004–2005 the first two will be EU neighbours, as a result of Poland’s, Hungary’s, the Baltic States’, and Slovakia’s accession. Moldova’s turn is more distant, but the country is also slated to border on the EU as Romania itself progresses towards membership.

The EU’s policy vis-à-vis Ukraine and Moldova reflects its original approach of the former Soviet republics, which was rather undifferentiated – again, except for the Baltics. In the mid’1990s the Union offered Partnership and Co-operation Agreements (PCAs) to all Newly Independent States (NIS), regardless of their political preferences and geographic proximity. As Kiev and Chisinau expressed their European aspirations more clearly, and the EU gradually became aware of Ukraine’s political, economic, and geo-political significance, new policies emerged. Coming in the wake of the EU’s Common Strategy toward Russia (June 1999), a Common Strategy toward Ukraine was elaborated (December 1999). As in the case of Russia, it aims at the establishment of a “strategic partnership.” Eventually, at the Göteborg Summit in June 2001, both Moldova and Ukraine were promised participation in the European Conference, a forum originally intended to gather countries that had been earmarked for membership but had not started negotiations. Finally, Moldova was taken into the Stability Pact for Southeastern Europe in June 2001, but without the membership promise its other beneficiaries enjoy.

Those moves were welcomed by the two countries concerned. Nevertheless, Kiev and Chisinau expressed deep disappointment at being left out of the European accession process. From very different political premises,

Belarus too has recorded its displeasure with the EU, by which it feels unfairly treated, following Brussels's decision, in 1997, to drastically reduce its involvement in the country and to sever official contacts in reaction to President Lukashenko's authoritarian ways. Minsk aspires to an end of isolation, even if it still sees its future primarily in close relations with Russia.

The position of the three countries is, of course, informed by their geo-strategic location and history, as components of the former Soviet Union linked to Russia by a dense network of political, economic and personal ties. In all three, closeness to Russia is a factor that large parts of the elites and a majority of people value and wish to maintain. However, they draw different consequences from this. Whereas Ukraine is determined to thrive as a fully sovereign and independent state, this is not so clear for Belarus, whose project of Union Treaty with Russia could lead to alienate important parts of its sovereignty – to an extent that remains yet to be clarified.¹ The Moldovan elites and people are deeply split on relations with Russia, as manifested by widely shifting government coalitions over the past ten years. The velleities of Ukraine's and part of Moldova's leaderships to define their countries' own course do not necessarily square well with Russia's own vision of its relations with its neighbours. Both because of its own historical experience of nation-building as *imperium* and its aspiration to the recovery of great power status, Russia is, and will remain tempted to interfere in the affairs of the NIS, and therefore, to place limits on their independence and sovereignty.

Consequently, Ukraine's and Moldova's bid for association with, and eventual membership in the EU, may be difficult to reconcile with Russia's conception of future geo-political and geo-economic arrangements in Europe. Although the Russian Government has not presented a blueprint, it can be inferred from foreign policy statements that it would like to see the European continent structure itself on the basis of two pillars, one being organised around the EU and one around a Russian core – while security arrangements would rest on three pillars, the United States, the EU, and Russia, in what could be a radically transformed NATO.² Presumably, the NIS would be part of the "Russian pillar." While this would be unproblematic for Belarus – at least for the current government, which has advocated just such a construction³ – it would be difficult to match with Ukraine's and Moldova's EU membership aspirations.

1 Clelia Rontoyanni, "A Russo-Belarusian 'Union State': a Defensive Response to Western Enlargement?" University of Glasgow, Department of Politics, *Working Paper* 10 (2000); see also below, Section "Belarus," p. 27.

2 At the European Economic Forum in Salzburg in July 2001, Prime Minister Mikhail Kasyanov spoke in terms of a linking (*soedinenie*) between two constituent elements of a Greater Europe, the EU and Russia, *BBC Summary of World Broadcasts* (SU), 4 July 2001.

3 Oleg Laptyonok (Director of the International Organisations Department, Belarusian Foreign Ministry), "Plurality of the Foreign Policy Vectors of Belarus in the New International Setting," *Belarus in the World*, 4 (4), 1999, p. 44, quoted by Clelia Rontoyanni, "In Europe with Russia' or 'In Europe without Russia'? Belarus and Ukraine Face Globali-

How should the EU respond? Should it treat Ukraine, Moldova and Belarus primarily as former Soviet Republics, thereby implicitly comforting Russia's view that they belong to its zone of influence? Should it consider them as potential future members like any other Central, Eastern and Southeastern European state, essentially on the virtue of their domestic progress in political and economic reform? Is a "third way" possible? How can it take into account the fact that these countries will be neighbours, but neighbours of a special kind because of the proximity of Russia – and this in a context in which Brussels is building strong links with Moscow since the arrival of President Putin?

In trying to respond to these questions, the present study takes the view that, if EU policy vis-à-vis those countries must be informed by the latter's goals and means, it must be primarily tailored to the EU's own interests and capabilities. The analysis, therefore, begins with (I) the definition of those interests, from which follows (II) an examination of the behaviour, expectations, and policies of both sides, in order to measure the degree of adequacy/inadequacy between the two. From there, an attempt is made to look into the future (III), a future which will presumably be shaped by four main elements: a) the target countries' policies and cultural/political/ideological preferences, as expressed by their elites and public opinions; b) the neighbourhood factor, as manifested by the consequences of enlargement; c) the "Russian factor," in its dual dimension of influence in the Western NIS and the rapid development of EU-Russian relations; d) the EU's ongoing transformation, with the 2003–2004 Intergovernmental Conference (IGC) being probably only an intermediary stage in this process. The conclusion (IV) attempts to map out strategies both vis-à-vis each of the three countries separately, taking account of differences between them, and regionally. It explores the option of an "Eastern dimension" that would: a) take stock in a comprehensive manner of the impact enlargement has on the three countries; b) place their relationship with the EU in the dual context of the narrow links they maintain with Russia and the development of EU-Russian relations.

sation," Paper for the ECPR Standing Group on International Relations Conference, University of Kent, 8–10 September 2001 (manuscript), note 41.

The EU's Interests

There are two ways of looking at the EU's interests in Eastern Europe. One is external and relates to the EU's response to the situation at Europe's periphery; the other is internal and pertains to the EU's own cohesion and capabilities.

The EU's External Environment

The EU's primary interest is to have stable and economically well-off neighbours on its eastern borders, with which it entertains non-conflictual relations. The benefits of neighbours' economic prosperity are fairly straightforward: their wealth will create markets; it will, above all, avoid the formation of pockets of poverty likely to stir social and political unrest locally, feed unwanted migration into the EU, and foster the expansion of crime and corruption. This, it should be noticed, applies to these countries in general as well as to their border regions in particular.

Stability is a more complex factor. It has an external political element, in the sense that it involves the consolidation of the sovereignty and independence of the countries concerned – including Belarus if it wishes so – so that they can choose their own future without undue interference. In practice, this means without overbearing Russian influence. Barring that freedom, there can be no secure construction of a national economic and political project, which these countries aim for as a result of their independence.

The EU, however, would have no interest in severing the contacts that exist between Moscow and Kiev or Chisinau – or Minsk if and when this becomes applicable – or the respective populations of the countries concerned. These contacts – political, economic, but above all cultural and human – are strong and they are here to stay. Besides, for reasons of history and geography, Russia will always exercise a degree of influence over its neighbours. Neither does the EU have an interest in tensions arising between the Western NIS and Russia. The difficult task for the Union is therefore to define a policy line that will enable those countries to strive as independent members of the international community, engaged in a process of rapprochement with Western institutions, while being placed as they are in the aura of Russian influence. It is essential for this reason that this policy do not appear as a zero-sum game – even if some groups in Russia find this difficult to understand. Ukraine's and Moldova's policies do seem to imply that, for their part, they do not see integration with the EU and close relations with Russia as mutually exclusive. Whether this amounts to cohesive strategies, however, remains to be seen (see Subsections "Ukraine," p. 19, and "Moldova," p. 32).

Stability, second, has an internal political-institutional element, which consists of the consolidation of state institutions and the rule of law. This

is, indeed, essential in order to avoid that governments – at the central or local level – become infested to group interests, either domestic (the “oligarchs”) or foreign (Russia); to prevent political, economic and social structures from falling prey to criminal networks of all sorts; and to ensure that foreign investors, whose contribution is essential to economic development and reform, dare commit themselves.

Whether it is appropriate to talk of “democratisation” when addressing the domestic transformation of the Western NIS is debatable. Aiming for “democracy” is a way of saying that the EU – and the West in general – would welcome the approximation of values and practices in the former Soviet states with its own. To a certain extent, this corresponds to these countries’ own aims, first proclaimed in the Charter of Paris in 1990, and later embodied in their Council of Europe membership. Whether this is possible, and how long it may take, however, is another matter. Transforming the *homo sovieticus* into an individual aware of his rights and responsibilities is a long-term process that may only bear fruit with a generational change. From the point of view of EU’s interests, what matters is the establishment in those countries of systems of “good governance,” in the sense that state institutions must be able to operate in a transparent and accountable manner, and that they must be supported by sound legal and judiciary systems. There is also a strong argument to be made that stability on the eastern border demands that discrepancies in the levels of economic development, social conditions and cultural attitudes be dampened, even if change implies instability in the short run. It is indeed a fundamental assumption of peace and conflict research that symmetrical relations result in stable security and political situations, while growing asymmetries increase the potential for conflict.⁴ A certain degree of “westernisation” of the NIS, including Russia, is therefore needed. Democracy, however, becomes fully relevant from the moment these countries aspire to EU membership. As a community of values rooted in democratic principles, the EU has made it clear since it elaborated its “Copenhagen criteria” in 1993 that any country seeking membership should conform to those principles. There would thus be a logic in Brussels judging those countries wishing to join the Union, such as Ukraine and Moldova, more severely than those that entertain no such goal, such as Russia and Belarus.

Third, stability also has an ethnic-political element, which can be either external or internal. The threat of ethnic irredentism, which loomed large in the early-to-mid’1990s in the region, has now significantly receded, with the exception of Moldova where tensions between ethnic Russians and ethnic Romanians resurfaced with unexpected virulence in the winter 2001–2002, overlapping political tensions. Added to the stand-off between the central government and the secessionist Dniestr Moldovan Republic (DMR) – which, itself, has a stronger political than ethnic component –,

⁴ Iris Kempe, “Pan-European Security in the Framework of Direct Neighbourhood – A Western Perspective,” in Iris Kempe (ed.), *Beyond EU Enlargement*, Vol. 1, Gütersloh: Bertelsmann Stiftung, 2001, p. 259.

these tensions may not bear an immediate risk of escalation. However, they create a dangerous distraction at a time when the political leadership in Chisinau should be attending to the dire economic situation of the country (see below, Subsections "Moldova," p. 32, and "Moldova," p. 42).

Finally, authors who address the question of the relationship of the Union with its immediate environment often make the point that the EU must not only seek to avoid importing instability from that environment, but also strive to export stability.⁵ The management of the crisis in former Yugoslavia by the Twelve in the early 1990s would be paradigmatic of the EU's failure to do so.⁶ In the current period, concerns in this respect do not rest in the EU's lack of crisis management ability, but in the isolation of the East European neighbours from the political, economic and cultural "European mainstream" resulting from the eastward displacing of the Schengen border.⁷ The study, therefore, devotes a fair amount of attention to this matter (see Subsection "The Schengen frontier," p. 45). This being said, the EU's ability to influence neighbouring states, positively or negatively, has its limits. The EU can and should try and entertain a virtuous process of change there, but in the end, it is up to each of the countries concerned to define its own objectives and give itself the means to reach them.

The EU's Cohesion and Capabilities

Enlargement is a challenge for the EU, as it will further strain its cohesion. The larger and the more heterogeneous the Union becomes, the more difficult it will be to achieve the goals aimed for since Cologne (June 1999) and Helsinki (December 1999) in the realm of foreign and security policy. Solidarity policies, such as the Common Agriculture Policy (CAP) and the structural and regional policies, are bound to suffer even more. Common norms in health, social security, taxation, the environment, and a range of other domains will also become more difficult to find. The dilemma between "deepening" and "widening" is nothing new. But with ten or 12 recent converts to democracy and the liberal economy joining in short order, it will reassert itself with a vengeance. Only co-operation in selective "third pillar" issues (Justice and Home Affairs) will unambiguously be boosted by enlargement, as the effectiveness of the fight against crime,

⁵ Werner Weidenfeld (ed.), *Jenseits der EU-Erweiterung*, Strategiepapier, Gütersloh: Bertelsmann Stiftung, 2001, p. 10.

⁶ Catherine Guicherd, "The Hour of Europe: Lessons from the Yugoslav Conflict," *The Fletcher Forum of World Affairs*, 17 (2), Summer 1993, pp. 159–181.

⁷ Weidenfeld, *op.cit.* (note 5), pp. 38, 45–49; Heather Grabbe, "The Sharp Edges of Europe: Extending Schengen Eastwards," *International Affairs*, 76 (3), July 2000, pp. 528–529; European University Institute, *The Long-Term Implications of EU Enlargement: The Nature of the New Border*, Final Report of the Reflection Group Chaired by Giulio Amato, Florence, 1999 (www.iue.it/RSC/pdf/FinalReport.pdf); *Policy Alternatives to Schengen Border Controls on the Future EU External Frontiers*, Proceedings of an Expert Seminar, Centre for European Policy Studies (CEPS)/Stefan Batory Foundation, Warsaw, 23–24 February 2001, 34 p.

illegal immigration or terrorism will be enhanced by the number of participants.

There is, at this point, no common vision on how to resolve the dilemmas raised by successive enlargements. Although the Convention and subsequent IGC are supposed to bring answers that will enable the EU to continue to function smoothly at 25 or more, these answers are more likely to be intermediary than final. The debate will most probably linger for a long time between the advocates of a “hard core” and those of “variable geometry,” between the “federalists” and the “intergovernmentalists,” and between those wishing to buttress the EU as a political actor and those who see its main virtue in the organisation of a vast market for the free movement of goods, capital, service and people.

In view of these unresolved questions, it would appear that by promising membership not only to ten countries of Central and Eastern Europe, but also to Turkey, Cyprus, Malta and all the states of the Balkans, the EU has already reached much beyond its political and institutional capacity. Therefore, it stands to reason that consideration of any additional membership could only occur in the context of a radical re-thinking of its aims and nature. This is particularly true for Ukraine, whose combined demographic weight (50 million inhabitants) and proximity with Russia are such that its membership would upset the EU's internal balance and inevitably call for the question: “why not Russia?” It would be highly desirable that the 2003–2004 IGC and the negotiation of the EU's 2006–2013 financial perspectives be used as opportunities for a discussion on those issues, even if only in a preliminary fashion. Former French Foreign Minister Hubert Védrine's remarks in November 2001, suggesting that the dynamic of EU expansion could be altered, from a logic of domestic transformation to one of regional stabilisation, could be seen as a trial balloon in this regard – even if this was not fully intended.⁸

A major consideration in changing the EU's development logic would be the acceptability of new institutional arrangements and policies to the EU's public. With the current round of enlargement, the EU has taken upon itself a massive political and financial burden. However, enlargement is not a vote winner in any current EU member; it could even be a vote loser, especially if the general economic situation were to further deteriorate. The public in general, and interest groups in particular, see its costs in the short run in terms of diminished assistance (CAP payments and structural funds) and greater competition on the job market. Meanwhile, no EU government has demonstrated great eagerness to campaign on the theme of the long-term benefits of enlargement. To the further dis-

⁸ In the context of the discussion of the Commission's 2001 report on the candidates' accession negotiations, Védrine raised the question of whether there was really a reason to consider Romania and Bulgaria as part of a later “wave,” suggesting they could be admitted at the same time as the other eight Central and Eastern European countries, Cyprus and Malta; see, “Qui osera dire non à l'élargissement de l'Europe?,” *Le Monde*, 25 November 2001; “Wird die EU zu einem Dach ohne Haus?,” *Frankfurter Allgemeine Zeitung*, 26 November 2001.

advantage of Ukraine, and perhaps Moldova – but the jury is still out for the latter – the EU has undertaken, in parallel with enlargement, a major task of stabilising, democratising, and rebuilding the Balkans. For the time being, this task meets the understanding of the EU's publics, which have either forgotten the errors of their governments' Balkan policies in the early 1990's or forgiven them. Things may change, though, when the EU moves from the phase of stabilising these countries to negotiating their membership. Consequently, the case for accession of countries that are more distant geographically and more alien to European public opinion in terms of culture and history, will be even more difficult to argue. Poland's and Romania's carrying out forceful campaign in favour of their respective neighbours, Ukraine and Moldova, could help, but this would be unlikely to change the situation fundamentally. The EU will therefore be challenged to find forms of association that provide reassurance and support to those countries without alienating its own public.

EU Policies and Partner Reactions: The State of Play

During their first ten years of existence as independent states, Ukraine, Belarus and Moldova ranked rather low in the list of EU priorities. For the first half of the decade, the EU's attention to Ukraine focussed almost exclusively on nuclear issues: military denuclearisation, decontamination after Chernobyl, and the future of nuclear energy.⁹ It was not until 1996–97 that a more comprehensive policy began to emerge, as the independence of the country and its internal cohesion seemed assured and the government indicated willingness to embark on a reform course. The EU's Ukraine agenda was marked by the gradual implementation of the PCA, signed in June 1994 and in force since 1 March 1998, followed by the Common Strategy issued in December 1999. Largely copied from the Common Strategy on Russia, the latter seems to have been at least as much a political move as the result of an in-depth assessment of the intrinsic value of an EU–Ukraine partnership. Belarus, for its part, only began to elicit significant reactions from the EU after President Lukashenko set out to concentrate power in his own hands and curtail democratic freedoms in 1996–97. That these reactions were negative should not have been surprising, but by cutting off contacts and assistance, they elicited a vicious circle in the EU–Belarus relationship from which the EU would have great difficulty extricating itself at a later date (see below). As for tiny Moldova, it almost always came as an afterthought on the EU's crowded agenda. Although the beneficiary of a PCA since 1994 (in force since July 1998), Moldova faces an “existential” problem in terms of its partners' perceptions. The constant challenge for its government is to avoid the risk of the country's falling into oblivion.

The reasons for this relative disinterest of the EU in the East European countries are many. Some are internal to the EU and its member states, whereas others come from those countries themselves, notably their lack of clear will to reform in ways that would be compatible with an extensive partnership with the EU, and/or the ambiguities of their policy responses. We shall examine these factors in turn, as they condition and limit future relations.

The EU's Limited Interests

Four main factors seem to have combined to explain the EU's limited interest in Ukraine, Belarus and Moldova in the past decade. The first, and most straightforward one, is an extremely full EU's agenda, with one pressing issue crowding out another as the EC/EU was moving to a higher degree of integration through the Maastricht Treaty in response to the geo-

⁹ Olga Alexandrova, “Ukraine and Western Europe,” in Lubomyr Hajda (ed.), *Ukraine and the World*, Studies in the International Relations and Security Structures of a Newly Independent State, Cambridge (Ma): Cambridge University Press, 1988, pp. 139–170.

political changes on the continent; trying to deal with the successive Yugoslav crises as part of its larger efforts to take more responsibility in foreign and security policy; setting out on a major enlargement process; and dealing with the consequences of these earlier decisions in the form of European Monetary Union, long-term stabilisation of the Balkans, and further institutional reform. Ironically, in this context, Ukraine, Belarus and Moldova did not present enough of a threat to European security to attract the EU's sustained engagement. Compared to the Balkans, Moldova's military flare-up in 1992 and Ukraine's nuclear problem did not demand more than passing attention.

A second, more fundamental factor lay in the lack of clear identity of the countries of the East European rim in Western perceptions, both in terms of their existence as independent states and their "europeanness." In all three countries, independence came by default, including in Ukraine where the fairly active nationalist movement in the western region (essentially Galicia) had little impact on the country as a whole. For a few years, it was unclear whether they would strive as sovereign states, reunite with Russia in some form, split further (e.g. the Crimea), and/or possibly unite with another state (Moldova with Romania). The conditions of independence were poised to reinforce a blurred historical image of the stretch of land between the Black Sea and the Baltics. As noted by French political geographer Michel Foucher, through past centuries, that region has been a "front," a zone of uncertain identity, alternatively under the control of eastern and western neighbours, where decisions have more often been made by others than by locals.¹⁰ That the name "Ukraine" should be derived from a word meaning "front" or "frontier" in Ukrainian, testifies to the difficulty for that country in defining itself by its own attributes rather than in reference to others.

Ukraine's, Moldova's and Belarus's "europeanness" is also problematic according to several possible interpretations of the concept. At one level, these states raise the same difficulty as Russia (minus the geographic extension in Asia): all the Western NIS have a share in a common European culture and history, seen through the prism of a long cycle of several centuries. However, they have had no part in the kind of "europeanness" created in the western half of the continent by 50 years of close inter-state relations, democratisation, development of the private economy, and modernisation of the value systems, the kind of "europeanness" that the EU embodies. Culture and attitudes in the NIS remain strongly marked by the experience of socialisation in the Soviet system, which cannot but have an impact on policies. Western capitals, rightly, have welcomed the

¹⁰ Michel Foucher, *Fronts et frontières, Un tour du monde géo-politique*, Paris: Fayard, 1991, pp. 451–452, 458–459. Foucher, "Transitions géopolitiques dans l'ithisme mer Baltique – mer Noire: un entre-deux-mers au devenir indécis," in Michel Foucher (ed.), *Transitions géopolitiques sur le continent européen, Mutations de l'ithisme mer Baltique – mer Noire*, Paris: Documentation française, 1998, p. 13; Daniel Beauvois, "Brèves réflexions sur l'identité ukrainienne," in Anne de Tinguy (ed.), *L'Ukraine, Nouvel acteur du jeu international*, Paris/Bruxelles: Bruylant, 2000, pp. 55–78 (esp. 59–60).

intention of the former Soviet states to “europeanise,” but that they would like to see tangible proofs of the change before promising any form of EU integration, is also fully understandable.

Compounding yet the Western perplexity has been the fact that the western parts of Ukraine, Belarus and Moldova seem much more clearly “European,” as documented by a mix of religious, ethnic and historical factors, than their eastern parts, although none of those parameters would be either necessary or sufficient to explain political leanings (assuming that the latter is a valuable criterion of identity).¹¹ Because political and cultural differences are expressed in gradual shades of grey across national territories rather than through straight dividing lines (except, perhaps, in Belarus), this renders rather moot any discussion of where the Western civilisation stops and the Eastern one commences.¹²

A third factor that has hampered the development of serene relations between the EU and its eastern neighbours has been the fact that, following the end of communism, a “messianic” vision of the EU emerged, according to which there was no political future for a country in Central and Eastern Europe outside membership in the Union. The same, incidentally, was true for NATO. Although justified in terms of *Realpolitik* by arguments of stability and security, accession to both organisations was especially important at the symbolic level because it meant, one, definitely closing the painful chapter of communism; and two, being recognized as part of the “family of democracies.” Thus, the drive for membership was part of a new identity quest of the Central and Eastern European countries. That, in the case of the EU, it implied adhesion to a specific project with precise rules, commitments and constraints would initially play a secondary role, and would only become evident later, i.e. now, as accession negotiations reach a critical point and cool down enthusiasm for enlargement both among EU citizens and those of the aspirant countries.

That “messianic” vision expressed primarily the aspirations of the Central and East Europeans, but it was also nurtured by EU members themselves. The only exception was the maladroit “European confederation” proposal of French President François Mitterrand in 1990–92, which would have associated the Central and East European countries, but also the Western NIS, including Russia, to a core constituted by the EU. Because it left out the United States and seemed to relegate the Central and East Europeans to a “European second class,” it was strongly rejected by the

¹¹ On the lack of match between ethnic/linguistic identity and political leaning in Ukraine, see Oleksij Haran, “Innenpolitische Bestimmungsfaktoren der Außenpolitik,” in Gerhard Simon (ed.), *Die neue Ukraine, Gesellschaft – Wirtschaft – Politik (1991–2001)*, Cologne: Böhlau, 2002 (forthcoming).

¹² John Löwenhardt & al., “A Wider Europe: the View from Minsk and Chisinau,” *International Affairs*, 77 (3), 2001, p. 607; Rainer Münz, Rainer Ohlinger, “L’Ukraine post-soviétique: une nation en formation entre l’est et l’ouest”, in de Tinguy (ed.), *op.cit.* (note 10), pp. 70–106 (esp. 82); Gilles Lepesant; “L’Ukraine et les frontières de l’Europe,” in *ibid.*, pp. 131–133.

latter.¹³ The effect of the “all or nothing” approach, however, was to obscure thinking rather than to contribute to the resolution of problems. First, it hid the practical and financial difficulties of enlargement. Second, it failed to raise the question of the institutional feasibility and political sustainability of a Europe at 25 or 30. Third, it fell short of a vision for the countries which, for obvious reasons, could not aspire to membership, at least not in the foreseeable future, but nevertheless desired a close association with the EU. This was the case of Ukraine and Moldova. The membership promise to Turkey, which few EU members really wished, and none of them considered a realistic proposition in the short to medium term, was also the result of the same failure to articulate a vision of the EU’s future.

Fourth and finally, Russia, quite understandably, was the focus of the EU’s limited attention to the east of the continent. There, the French and German traditional leaning for “special relationships” with Moscow (albeit for different reasons) were certainly influential.¹⁴ What this implied for smaller NIS countries was left unclear. A benign interpretation would be that, whereas unrest in Russia or hostility from Russia would have had grave consequences for Europe, positive developments there would have a virtuous spill-over effect in neighbouring countries. “Putting Russia on the right track” should therefore have priority. Less to the liking of Kiev or Chisinau would be the conclusion that the EU, out of negligence or by intention, considered that they were part of the Russian sphere of influence and that they had to frame their national development in this context. A third view, which can appear as a variant of the latter, was formulated in a summer 2000 joint document of the French and German foreign ministries’ Planning Staffs. It holds that the EU should refrain from offering membership to the NIS countries, in particular to Ukraine and Belarus, since those countries cannot be considered separately from Russia. In other words, it is impossible to conceive that the Ukrainian–Russian border or the Belarusian–Russian could some day be the ultimate frontier of the EU. Instead, the document argues for encouraging the development of the Commonwealth of Independent States (CIS) as a stable political and economic entity, and on that basis, for the establishment of a partnership between the EU and a kind of union of Eastern European states.¹⁵ Although this view, which is strikingly close to that promoted by Moscow and Minsk, should not be taken as official policy, it was certainly symptomatic of a significant current of thinking in both administrations. By contrast, the school of thought most famously represented by Zbigniew Brzezinski, President Carter’s former National Security Advisor, and

¹³ A summary discussion of the proposal and further bibliographic references can be found in Philip H. Gordon, *France, Germany and the Western Alliance*, Boulder: Westview Press, 1995, pp. 48–49, 72–73.

¹⁴ For a criticism and an interpretation of the “pro-Russian bias” of French foreign policy, see the first two chapters of de Tinguy (ed.), *op.cit.* (note 10).

¹⁵ The unpublished study on which this comment is based, is discussed in “Paris und Berlin begrenzen EU,” *Frankfurter Rundschau*, 4 July 2000.

strongly influential in Poland, views Ukraine's independence as a key test of Russia's ability to transform itself from an empire into a "normal" national state in the European setting. Thus, Western policies, while having regard for Russia's weight in the "World Island" that is Eurasia, should aim to buttress Ukraine's sovereignty and its ability to define its alliance and integration policies in an independent manner, possibly including membership in the EU and NATO.¹⁶

In practice, the EU has navigated between the two poles, never entrusting Moscow with the political management of its western neighbours, nor supporting a clear-cut distancing. US policy, partly influenced by the ideas of Mr. Brzezinski, and also by the presence of a strong Ukrainian diaspora in North America, has been more clearly supportive of Ukraine's independence in the early-to-mid'1990s. The course of the Bush Administration is less clear.

This being said, the lack of a profiled Ukraine, Belarus, or Moldova policy on the part of the EU also reflects an absence of policy toward Eastern Europe generally, beyond the enlargement countries, until the late 1990s. This also applies to Russia. The EU, partly of its own responsibility and partly because of the lack of interest from Moscow, came rather late to the goal of "partnership" with Russia, and this partnership has only begun to assume real substance since President Putin has been firmly at the helm in the late summer 2000, reflecting a reciprocal desire to enhance economic and political ties. However, the relationship has developed at a steady pace since, and is likely to be intensified as a consequence of the changed international context after 11 September 2001 (see below, Subsection "The Russian Factor," p. 57). Drawing from the newly-born mutual EU-Russian enthusiasm the conclusion that the EU would rather let Russia manage its neighbourhood, would be premature. However, the sheer level of attention granted to Russia is likely to reinforce the EU's inclination to consider other NIS, including Ukraine, Belarus and Moldova, in the shadow of Moscow and as second rank priorities. Whether and to which extent the membership of Central-East European countries, particularly Poland and Hungary, in the EU, will alter the perspective, remains to be seen. We shall discuss the matter below (Subsection "The new members and their neighbours," p. 52).

The Partners' Ambiguous Response

Ukraine

From the early days of its independence Ukraine has defined its foreign policy objectives in terms of "equidistance" between East and West. This meant that it would resist reintegration into the CIS or CIS-like Russian-dominated structures, but at the same time would refrain from bidding

¹⁶ Zbigniew Brzezinski, *The Grand Chessboard, American Primacy and its Geostrategic Imperatives*, New York: Basic Books, 1997, pp. 46, 92–93, 113, 123.

for membership in a Western-led military Alliance. Instead, selective participation in the CIS and co-operation with NATO through Partnership for Peace were to be pursued, while Kiev was seeking to develop a broad range of bilateral relations with third countries. This was seen as the best course to guarantee the country's independence while preventing it from falling apart under the pull of widely divergent political preferences between its various regions and social groups. Later on, the goal of EU membership was superimposed to that of equidistance. It began to be formulated in 1996–97, before being officialised in “The Strategy of Ukraine's Integration into the EU” in June 1998, and further developed in “Ukraine's National Programme on the Integration into the European Union” in September 2000.¹⁷ While the Strategy foresees a gradual process, with Ukraine striving first for “associate” membership in the EU, the Programme spells out the measures Kiev intends to take in order to bring its economic, social, environmental and technical legislation closer to that of the EU prior to applying.

How the different threads of Ukraine's strategic orientation are to be articulated has not been made clear. Integration into the EU can be, and is seen as part of the tools to loosen what is perceived as excessive dependence on Russia; it is therefore a contribution to the equidistance Ukraine aspires to. Part of the country's policy elite would like to go further and exploit rapprochement with the EU as a means to abandon equidistance in favour of a gradual Western alignment without ruffling Russian sensitivities. However; this has not been the inclination of President Kuchma. The changed European environment after 11 September could well ease Ukraine's policy dilemmas in the sense that Russia's rapprochement with the EU on the one hand and NATO on the other, make Ukraine's twin policy goals of EU membership and non-alignment easier to reconcile.

The fact that Ukraine's foreign policy is a constant balancing act between Russia and the West is a constraint, but it is also an asset, as it always provides the country with a fall-back position. However, it would be wrong to speak of a symmetry, as constraints and opportunities on both sides are of a different nature. EU demands are expressed in terms of concrete political and economic reforms, which require major changes in legislation, but also – and this is perhaps the most difficult part – in practices and attitudes. The rewards are: (i) immediate assistance to foster this transformation (through TACIS grants and loans from the European Investment Bank); (ii) limited preferential access to EU markets, coupled with the promise of a further opening (the PCA flags the prospect of a free trade agreement, should the conditions be met); and (iii) the development of a political dialogue. Longer-term expectations from the Ukrainian side are that rapprochement with the EU will open the door to economic

¹⁷ “Strategy of Ukraine's Integration into the European Union,” Decree N° 615/98, June 11, 1998 (including 2000 and 2001 modifications) (<http://www.mfa.gov.ua/eng/diplomacy/ua-eu/tit.html>).

modernisation and prosperity, and help the country consolidate its sovereignty.

Russian demands and rewards only partly overlap with those of the EU. On the side of demands, in a limited way Russia may push for the same kind of economic transformations as Western donors and investors, in the sense that Russian entrepreneurs, who are more attune to the liberal economy than their Ukrainian counterparts and are massively investing in the country, require the guarantee of a minimum of transparency and legal security. They will therefore force structural change, albeit selectively (see Subsection "The Russian Factor," p. 57). However, Russia's involvement is more of a kind to limit Ukraine's margin of manoeuvre than to foster its independence. This involvement manifests itself through pressure for co-operation/integration in security and defence matters, and the takeover of strategic industries and infra-structures. While the former was more typical of the Russian approach in the 1990s, the latter reflects the policy course set off by President Putin, after the ineffectiveness of the first method had become obvious. Ukraine has indeed been relatively successful in resisting Russia's defence and security reintegration efforts, both at the multilateral and bilateral levels. Kiev, in particular, never signed the 1992 CIS Collective Security Treaty, the 1993 CIS Charter, or the 1995 CIS Customs Union; it bargained hard and obtained a satisfactory – if protracted – settlement on the Black Sea Fleet in 1997.¹⁸ Meanwhile, it developed a productive relationship with NATO and took the lead in organising the GUUAM grouping among those states of the CIS that were eager to diminish their economic and military dependence on Russia.¹⁹ The Kremlin, however, has been apt to exploit lapses in the NATO-Ukraine relationship, as was the case shortly after the Kosovo crisis, when Kiev agreed to join the newly-established Anti-terrorism Centre (June 2000), took steps to enhance intelligence collaboration with Russia, and began participating in CIS air defence exercises for the first time since signing the CIS Air Defence Agreement in 1995.²⁰

Moscow's other main channel of influence, the control of strategic industries and infra-structures, is especially evident in the fuel and energy sector. This control is exercised *de facto*, as Russian companies close to the

¹⁸ For a discussion of the arrangement, see Clelia Rontoyanni, *Russia's Policy toward Belarus and Ukraine*, Integration and Disintegration, Dissertation presented for the Ph.D. in Social Sciences, Department of Politics, University of Glasgow, October 2001 (publication forthcoming), p. 143.

¹⁹ GUAM (Georgia, Ukraine, Azerbaijan, Moldova) was created informally in October 1997; it was institutionalised at the time of the NATO 50th Anniversary Summit in Washington in April 1999. With Uzbekistan joining in June 1999, it became GUUAM. For details on NATO-Ukraine co-operation, see Rontoyanni, "Russia's policy," *op.cit.* (note 18), p. 142; Taras Kuzio, "Kiev Craves Closer Ties with NATO," *Jane's Intelligence Review*, 12 (10), October 2000, pp. 21–24; James Sherr, "A Failing Partnership? Ukraine and the West," in Simon (ed.), *op.cit.* (note 11).

²⁰ James Sherr, "Ukraine and Russia: A Geopolitical Turn?," in Ann Lewis (ed.), *The EU and Ukraine*, Neighbours, Friends, Partners, Kogan Page (forthcoming, February 2002); Rontoyanni, "Russia's Policy," *op.cit.* (note 18), p. 144.

power structure (or integrated in these structures in the case of *Gazprom*) take advantage of Ukraine's privatisation process to acquire large shares of its industrial complex (occasionally through local front companies), or *de jure*, when state-to-state agreements provide the legal base for this acquisition. Of particular relevance in this respect were: (i) the settlement of December 2000 by which Russia agreed to reschedule Ukraine's gas debt under favourable terms against large ownership transfers of Ukraine's energy transport infra-structure into Russian hands²¹; (ii) a series of joint memoranda signed by the two presidents in February 2001 laying out a framework for the integration of production and distribution in the industrial and energy sectors ("Memorandum on a Unified Industrial Policy," "Memorandum on the Creation of a Single Energy System").²² This process was resisted by the Ukrainian political leadership and business leaders in the 1990s, but it has been decisively pursued since the middle of 1999, mainly for the lack of an alternative and because it appears to entrepreneurs as the reconstitution of an economic space that was artificially dismembered by the collapse of the Soviet Union.²³

Rewards from the Russian side for Ukrainian compliance and/or co-operation are both economic and political. For example, the direct benefit of the winter 2000–2001 and October 2001 agreements was a ten year gas debt relief package, guaranteeing Ukraine that it would no longer face cuts in the delivery of Russian oil and gas as had been repeatedly the case in the past (Ukraine imports about 90% of its gas and 70% of its oil from Russia). Energy arrangements with Russia also have the "advantage" of relieving Kiev from the pressure of carrying out the energy efficiency improvement measures which the EU and Western donors are trying to encourage, but that would be difficult to implement for domestic political reasons (Ukraine's energy consumption per unit of GDP is three to four times higher than that of OECD countries). The convenience of the Russian alternative was illustrated once again in November–December 2001, when Ukraine successfully turned to Moscow for assistance in the completion of the so-called K2/R4 nuclear power reactors originally due to be financed by the EBRD and Euratom as part of a complex arrangement accompanying the closure of Chernobyl. Kiev had failed to meet the conditions for support posed by the two lending organisations.²⁴

Closeness to Russia is also a refuge in other ways. Thus, it is not by accident that Ukraine's rapprochement with Russia from the end of 2000 coincided with the revelation of President Kuchma's implication in the

²¹ The final restructuring agreement was reached on 4 October 2001, again on relatively favourable terms for Ukraine; Michel Lelyveld, "Russia: Moscow Agrees to Restructure Kyiv Debt, but Bypass Pipeline Plans Remain," *RFE/RL Weekday Magazine*, 10 October 2001 (www.rferl.org/nca/features/2001/10/09102001124503.asp).

²² Rontoyanni, "Russia's Policy," *op.cit.* (note 18), pp. 166–169; Sherr, *op.cit.* (note 19), p. 6.

²³ Rontoyanni, "Russia's Policy," *op.cit.* (note 18), p. 169; Rontoyanni, "In Europe with Russia," *op.cit.* (note 3), pp. 20–21.

²⁴ "Ukraine, Russia Sign Accord on Completing Reactors to Replace Chernobyl," *RFE/RL Newslines*, 21 December 2001 (<http://www.rferl.org/newsline/2001/12/3-cee/cee-171201.asp>).

murder of independent journalist Georgy Gongadze and of other abuses of power. For Russia, the “Kuchmagate” was an opportunity to bring Ukraine back into its orbit. For President Kuchma himself, it was a lifeboat, which provided him with an alternative option at a time when the West was turning its back on him and his legitimacy was being questioned domestically. In Western capitals and in Brussels, the episode, following a less-than-transparent presidential election campaign in autumn 1999 and a legally dubious constitutional referendum in April 2000, confirmed that Ukraine was far from ripe for democracy, making the fulfilment of its “European aspirations” anything but a distant goal.²⁵

“Bad news” on the political front were accompanied by negative signals on the economic side when Prime Minister Yushchenko was eased out after little more than a year in office in April 2001 by a coalition of regional leaders, oligarchs close to President Kuchma, and members of the Communist Party. The young minister, who had made his name by stabilising the Ukrainian *hrynya* as Governor of the Central Bank in the mid-1990s, was seen as one of the few leaders genuinely committed to reform. His departure raised alarm bells in European capitals, all the more that it came on the heels of the arrest and imprisonment of Yuliya Tymoshenko, the deputy minister in charge of the energy sector, who had fought a thankless war for transparency in the privatisation of the electricity and coal industries.²⁶ Facing Western scepticism and mistrust, the Ukrainian Government, then led by Anatoly Kinach, was keen to emphasise that it remained committed to the goal of European integration. Such has also been the tone of the statements made during and after the 31 March 2002 elections in which only a minority of leftist-oriented parties rejected a pro-European orientation. Most contenders, on the contrary, in particular the leaders of the two major coalitions, Volodymyr Lytvyn, head of the presidential administration (“For a United Ukraine”), and Viktor Yushchenko, the former Prime Minister (“Our Ukraine”) have been keen to restate Ukraine’s EU membership goal.²⁷

Seen over the time span of the seven years since the conclusion of the PCA, Ukraine’s record in fulfilling the conditions set by the EU for greater

²⁵ OSCE Office for Democratisation and Human Rights, *Ukraine Presidential Elections*, 31 October & 14 November 1999, Final Report, 7 March 2000 (http://www.osce.org/odihr/documents/reports/election_reports/ua/ukr99-1-final.pdf); “Ukraine: Ignoring European Criticism, President Perseveres with Referendum,” *RFE/RL Weekday Magazine*, 16 April 2001 (www.rferl.org/nca/features/2000/04/f.ru.000414140046.htm); Council of the European Union, Presidency, “I/A” Item Note to COREPER Council, “Relations with Ukraine,” 19 June 2001, Doc. 10126/01.

²⁶ Declaration by the Presidency on behalf of the European Union on developments in Ukraine, Brussels, 27 April 2001, 8082/1/01 (Presse 164), REV 1, P. 87/01 (<http://ue.eu.int/newsroom/main.cfm?LANG=1>).

²⁷ “Von Gleichberechtigung kann keine Rede sein,” *Frankfurter Allgemeine Zeitung*, 30 March 2002, p. 5; “Ukrainian Foreign Minister Rules Out Joining Eurasian Economic Community,” *RFE/RL Newslines*, 26 April 2002 (<http://www.rferl.org/newsline/2002/04/260402.asp>); “Pro-presidential Bloc Leader Voices Three Conditions,” *RFE/RL Newslines*, 10 April 2002 (<http://www.rferl.org/newsline/2002/04/100402.asp>).

closeness, be it in the political or economic field, has been very mixed. Recent EBRD and IMF assessments do give credit to the Ukrainian Government for a number of significant moves in 2001 – helped, it is true, by a particularly favourable economic context (Russia’s strong growth and a bumper harvest). Thus, macro-economic policies have been kept on course, while transactions have been increasingly monetised (gradually replacing barter trade), and a number of obstacles to trade (involving disputes with the EU among others) have been lifted. International financial institutions note, however, that reforms have been lagging in many areas affecting structural change of the economy. Privatisation has been proceeding in fits and starts, and has often been marked by a lack of clarity, making the process prone to political interference. The passing of a new Tax Code, expected to lower taxes, simplify the tax regime, and put an end to many arbitrary exemptions, was postponed once again in 2001; several non-tariff barriers to trade remain place, negating the positive effects of the lowering of duties; and the economically and politically vital gas sector remains largely intransparent. More generally, administrative hurdles and lack of clarity and predictability in regulations continue to burden domestic and foreign investors and businessmen alike.²⁸ Moreover, in many cases, even when new laws or regulations have been passed, implementation remains slow. Commission officials and others suggest that “policy by declaration” is a frequent feature of Ukraine’s attitude, leading to a certain degree of “Ukraine fatigue,” and perhaps worse, a lack of trust in Kiev in Western chanceries.²⁹ From the EU’s perspective, the approximation of legislation, which is a core priority of the PCA and the Common Strategy, has not proceeded sufficiently to make a precise commitment to the Ukrainian Government on the conclusion of a free trade agreement. Partly as an encouragement to further reform Brussels nevertheless agreed to categorise Ukraine as a “market economy” in October 2001.

Developments in Ukraine’s domestic and foreign policy tend to reinforce Western misgivings. Ukraine remains dominated by a political-economic nomenklatura that has little interest in the democratisation and change that would undermine its power base. Citing all deviations from democratic norms would be tedious. Suffice it to say that political decisions are more often the result of bargaining among oligarchs around the President than of an open debate; that Parliament, instead of proving a constructive element of the political system, has often discredited itself by

²⁸ IMF, Staff Report for the Fifth and Sixth Reviews Under the Extended Arrangement, 31 August 2001, IMF Country Report N°01/216, 29 November 2001 (<http://www.imf.org/external/pubs/ft/scr/2001/cr01216.pdf>); Speech by Lorenzo Filgioli, IMF Senior Resident Representative in Ukraine, Kiev, 5 December 2001 (<http://www.imf.org/external/country/UKR/rr/2001/120501a.htm>); EBRD, Ukraine Investment Profile, April 2001 (<http://www.ebrd.com/english/opera/index.htm>).

²⁹ The phrase is from a Commission official interviewed in September 2001. However, the same description of Ukraine’s attitude was made by other interlocutors elsewhere, notably in Warsaw (interviews December 2001).

a combination of incoherence and obstructionism³⁰; that power remains concentrated in the hands of the President; that corruption is widespread; that arbitrary detention and maltreatment of prisoners remains common; that the tribunals are far from having the capacity and independence to render fair judgements...³¹ In other words, Ukraine remains far from fulfilling the "Copenhagen criteria" which any EU aspirant is expected to abide by prior to accession. The balance sheet was drawn in the assessment of the March 2002 parliamentary elections made by the International Election Observation Mission and endorsed by the EU, which concluded that while those elections "indicated progress... towards meeting international commitments and standards," "major flaws" remained in the way the poll was conducted.³²

EU Governments have also grown wary of the discrepancy between Ukraine's aspirations to be taken seriously as a foreign policy interlocutor, and acts that contradicted that desire. Ukraine has been keen to associate with CFSP statements, as most EU candidates do.³³ However, EU Governments and Council officials point to various episodes in which Kiev's actions have blatantly contradicted those statements, such as weapons sales to Macedonia in the first part of 2001, as the EU (and NATO) were trying to de-escalate the conflict there, or the lack of any serious attempt by the Ukrainian Government to curtail smuggling activities with the unrecognised Republic of Transnistria. This adds up to allegations, put forward by the United States, that Ukraine channelled air-defence systems to Iraq over 2000, in violation of the UN sanctions.³⁴ EU officials also stress how alien to Western style of political behaviour the reaction of the Ukrainian leadership has been in the Gongadze's affair or following the accidental downing of a Russian airplane by a Ukrainian missile in October 2001. Any of these actions, taken individually, would not be unredeemable, but it is their accumulation which sets the onus on Ukraine to demonstrate that it is, indeed, reforming in a western direction.

30 This partly explains that there was little reaction in the West when President Kuchma engineered a significant reinforcement in his power through a constitutional referendum in April 2000. Western observers, however, generally oversee the positive role played by the Rada in the consolidation of the Ukrainian state in the mid'1990s, notably by resisting Russian pressure in regard to the Black Sea Fleet and debt-for-equity swaps in the gas sector; Haran, *op.cit.* (note 11), p. 18.

31 The Gongadze's affair is certainly the most well-known episode of the repressive and intransparent nature of the system, but it is not the only one. For details, see US Department of State, *Country Reports of Human Rights Practices 2000* (Ukraine), released on 23 February 2001 (www.state.gov/g/drl/rls/hrrp/2000/eur/854.htm; retrieved 5/2/2002).

32 International Election Observation Mission, Statement of Preliminary Findings and Conclusions, 1 April 2002 (http://www.osce.org/odihr/documents/reports/election_reports/ua/ua_mar2002_eps.php3); CFSP Presidency Statement: Brussels (10/4/2002) -Press:93 Nr: 7815/02 (<http://ue.eu.int/pesc/default.asp?lang=en>).

33 However, Ukraine has generally abstained on statements concerning CIS countries.

34 Interviews carried out by the author in Autumn 2001. Jeffrey Donovan, "Iraq: Are Belarus, Ukraine Selling Arms and Providing Weapons Training?," *RFE/RL Weekday Magazine*, 14 March 2002 (<http://www.rferl.org/nca/features/2002/03/1432002104954.asp>).

The reasons for this state of affairs are many. One is the weight of the vested interests alluded to, which would be seriously jeopardized by genuine political and economic reform. Another is the sheer inability, in a part of the government and the bureaucracy (and also the people) to understand the types of actions that are required from them. Fifty years of communist socialisation and relatively limited opportunities of contact with the outside world do not prepare well to put in place a system based on the transparency of administrative, financial, and information flows, competition, and the primacy of individual initiative and its counterpart in individual responsibility.

Western observers do detect a quality improvement in Ukrainian cadres though, especially in the young generations, but the pool of motivated and competent officials and experts remains too small to carry out swiftly the transformation of the system as a whole – especially as political arrangements function as a brake. Finally, at the juncture of expertise and interests, there is the question of attitudes, which is also one of political culture. James Sherr, a prominent British specialist of Ukraine, remarks that many of the collective interests in the country are “structures of the former Soviet Union, whose attitudes to transparency, competition, entrepreneurship and contract enforcement are very different from the EU norm.”³⁵ Saying this, he alludes not only to economic interests, such as the fuel and energy complex and the financial and banking sector, but also to political interests such as the security and intelligence networks. Integration in the EU requires a minimum of similarity in economic and legal systems, and in patterns of political behaviour. Besides, it implies that a country accepts to submit itself to fairly extensive oversight from peers, if only because the implementation of common policies requires a constant exchange of information in a broad, and possibly sensitive, number of areas. Ukraine, obviously, is not ready to accept such a level of transparency at this time.

As a consequence, there cannot but arise in Western capitals and in Brussels the feeling that Ukraine has an essentially instrumental view of the EU, as a provider of financial assistance and a channel that safeguards a margin of manoeuvre when Russian demands become too insistent. Few are convinced that Kiev regards the EU as a community of values.³⁶

The “mixed signals” received from Kiev in terms of its commitment to reform explain that the EU has stopped short of promising Ukraine any kind of membership – at the same time not ruling out that such a membership could occur at some point in the future. That policy has been criticized by Ukrainian reformers, who contrast it with the incentive to reform which the membership perspective created in the Central European states. This criticism is not totally fair since it neglects the EU’s heavy financial effort and its assistance to reform in Ukraine since the

³⁵ Sherr, *op.cit.* (note 20), p. 7.

³⁶ According to Clelia Rontoyanni, who has conducted extensive interviews of Ukrainian officials and experts in 1999, this analysis is shared by part of the elite in Kiev; Rontoyanni, “In Europe with Russia,” *op.cit.* (note 3), p. 17.

country's independence.³⁷ It does, however, raise the important question of the kind of policies, short of a membership prospect, that the EU should devise to further its goal of assisting political and economic change in Ukraine – knowing that any such change, because it necessitates a transformation of political culture and social attitudes, will necessarily take time? Sections “Future EU Policies: The Parameters” (p. 38) and “Policy Recommendations” (p. 71) propose elements of answer to this question.

Belarus

Among the countries on the EU's eastern rim, Belarus is certainly the one that has been most hesitant and unable to detach its national identity from that of Russia, providing EU governments with a good reason – if they needed one – not to be overly preoccupied with it. Belarus does not confront the EU with the same dilemma as Ukraine, although it raises another set of difficulties.

Unlike Ukraine and Moldova, Minsk has made no bid for membership in the EU. On the contrary, high ranking Belarusian officials are on record for declaring that “the European Union... cannot realistically constitute a ‘common home’ for all European peoples in the medium term” – with obvious reference to their own case.³⁸ Instead of seeking rapprochement with the EU, under President Lukashenko Belarus has made an unambiguously “pro-Russian” choice through the “Treaty on the formation of a Community of Russia and Belarus” (1996), the “Treaty on the Russia-Belarus Union” and the “Union Charter” (1997), and finally, the “Treaty on the Formation of a Union State” (1999). This process of progressive reintegration of the two countries has led to the establishment of a set of common institutions and the implementation of common projects (often patterned after EC/EU institutions and policies), including a single citizenship; equal rights of residence, economic activity and access to social services; and an ambitious plan for economic and monetary union leading, by 2005, to the unification of the currencies. The two countries are also to have a common foreign and defence policy.³⁹

³⁷ EU assistance to Ukraine (grants) amounted to €1.5 billion over 1991–1999, plus €2.5 billion from EU member states. In addition Kiev received €155 million in debt relief and credits, plus €310 million in EBRD credits over 1996–1999; (http://europa.eu.int/comm/external_relations/ukraine/intro/index.htm retrieved 22/11/2001). By comparison, EU assistance to Russia was €2.3 billion over 1991–2000; Russia benefited in debt cancellation and credits from EU countries in the amount of €520 million over 1996–1999, plus €1.580 billion in EBRD credits (http://europa.eu.int/comm./external_relations/Russia/intro/index.htm retrieved 24/12/2001).

³⁸ Lapyonok, *op.cit.* (note 3), p. 44.

³⁹ The details of the institutional, economic and foreign policy aspects of the Russia-Belarus Union-state treaty and their implementation are discussed by Clelia Rontoyanni in her dissertation, “Russia's Policy,” *op.cit.* (note 18), chap. 3. A large part of the comments in this section are inspired from this analysis and other studies by the same author.

For a few years (approximately 1997–2001), the coincidence of this policy of integration with Russia, carried out with great determination by President Lukashenko, and the EU's *de facto* isolation of Belarus, led to a tense status quo, but a status quo nevertheless, which relieved the two partners from the burden of thinking about their future relationship. However, by the end of 2001 this status quo seemed no longer tenable for a number of reasons linked both to the limitations of each side's policies and to broader contextual events.

Belarus, to begin with: the cultivation of close political and economic ties with Russia has brought Minsk significant benefits in terms of continued access to cheap energy imports, debt cancellation, advantageous credits, foreign investment (included through government-supported Financial-Industrial Groups), access to the Russian market for its exports, and the possibility to continue basing a large part of its trade on barter operations.⁴⁰ Russian cash inflows and direct or indirect subsidies have also enabled the government to keep postponing painful structural economic reforms (for example, privatising large state firms, which continue to account for 80% of GDP). Together with the maintenance of an extensive social welfare system, this has contributed to the stability of the regime. Politically, Belarus's nurturing of close relations with Russia and, more broadly, its eager participation in the CIS, have helped compensate the thinness of its relations with Western countries. In the field of defence and security, finally, the extremely close co-operation of the two countries' armed forces, including the joint monitoring of Belarus's western frontier by Russian and Belarusian border guards, has been a reassuring factor in the context of NATO's enlargement and intervention in Yugoslavia.⁴¹

Circumstances, however, have significantly evolved since the inception of the Russia–Belarus re-integration. First, the personal ambitions of President Lukashenko, when he initiated the process in 1996, of finding himself one day in the driver's seat of a Russia–Belarus Union, have been destroyed by the arrival of President Putin. Not only is Putin, unlike his predecessor, firmly in control in Moscow, but he strongly dislikes the Belarusian President, with whom he tries to minimise contact. Second,

⁴⁰ Gazprom charges Belarus one third to one half of world prices for gas, amounting to a €1.2–1.5 billion subsidy annually; Leonid Zlotnikov, "Vyzhivaniye ili Integratsiya?," *Pro et Contra*, 3 (2), Spring 1998, p. 85, cited by Rontoyanni, "In Europe with Russia," *op.cit.* (note 3), p. 5; Rontoyanni, "A Russo–Belarusian 'Union State'," *op.cit.* (note 1), p. 14. For a summary of the economic benefits accruing to Belarus from its close association with Russia, see Rontoyanni, *ibid.*, pp. 14–17. The author discusses various elements in greater detail in her dissertation (Financial-Industrial Groups, pp. 159–161; the role of special production and trade agreements between Belarus and Russia's regions, pp. 162–163), "Russia's Policy," *op.cit.* (note 18).

⁴¹ NATO is still largely perceived as a Cold-War alliance in Belarus. Fearing a possible "Yugoslav scenario" in 1999, President Lukashenko played up this sentiment in Belarus public opinion. However, this did not prevent his government from seeking a resumption of relations with NATO earlier than Russia after the Kosovo crisis. For details of Russia–Belarus defence co-operation, see Rontoyanni, "Russia's Policy," *op.cit.* (note 18), pp. 136–138.

under Putin Russia has been gradually changing the terms of the Union, setting aside political and institutional aspects while making clear to Belarus that he expected economic reforms before integration could proceed.⁴² As a result, Minsk is gradually realising that it is not engaged in a union of equals, but that in most cases, it has little choice but to conform to Russia's norms.⁴³ The customs union, in progress, is resulting in the alignment of Belarus's customs duties and VAT procedures on Russia's.⁴⁴ Russian Economic Development and Trade Minister German Gref has also made it clear that he expected Belarus to pass a new Tax Code in 2002–2003 in order to unify its tax policy with Russia's.⁴⁵ This is gradually leading to the abandonment of tax and customs preferences for Belarusian producers.⁴⁶ Meanwhile, progress toward monetary union has already implied that Minsk had to give up its system of multiple exchange rates at the end of 2000 – an important step in terms of increasing the transparency of payments and facilitating trade, but a loss in terms of the government's ability to control the economy. Further, it appears that the Russian rouble, and not a new currency, will be the common currency (as of 2005, or perhaps earlier) and may be printed only in Russia.⁴⁷

The loss of national sovereignty implied by the union process has led to a certain degree of caution in Minsk about its finality. A close relationship with Russia remains the aim, and it is supported by a large part of the population. However, against appearances, Belarus has not been immune to the appeal of independence experienced by all the new-born countries of the Euro-Asian area since the beginning of the 1990s – even if that appeal should be weaker than elsewhere.⁴⁸ It is perhaps not by chance that, as the union with Russia has been progressing, Belarus has been rekindling the theme of the “multi-vectorhood” of its foreign policy, an orientation it had taken in the early 1990s – at the time it was abandoning nuclear weapons and declaring its neutrality – but somehow set aside

42 “Belarusian President Pushes for Closer Russia-Belarus Union... while Predictions of Common Currency Vary,” *RFE/RL Newslines*, 28 Dec. 2001 (<http://www.rferl.org/newsline/2001/12/281201.asp>).

43 “Belarusian President Vows to Stick to Parity in Union with Russia,” *RFE/RL Newslines*, 13 February 2002 (<http://www.rferl.org/newsline/2002/02/130202.asp>).

44 Rontoyanni, “Russia's Policy,” *op.cit.* (note 18), pp. 152–153.

45 “Lukashenko Differs on Integration Tactics with Russia,” *RFE/RL, Poland, Belarus and Ukraine Report*, 4(1), 8 January 20 (www.rferl.org/pbureport/2002/01/1-08012.html).

46 “Belarusian President Cancels Preferences for Domestic Producers,” *RFE/RL Newslines*, 22 April 2002 (<http://www.rferl.org/newsline/2002/04/220402.asp>).

47 The date of 2003 has been mentioned by some officials; “Predictions of Common Currency Vary,” *RFE/RL Newslines*, 28 Dec. 2001 (<http://www.rferl.org/newsline/2001/12/281201.asp>).

48 Detailed presentation and discussion of public and elite opinion surveys in Belarus can be found in Rontoyanni, “A Russo-Belarusian ‘Union State’,” *op.cit.* (note 1), esp. pp. 4–5, 9–11; Rontoyanni, “In Europe with Russia,” *op.cit.* (note 3), pp. 2–4, 8; Löwenhardt & al., *op.cit.* (note 12). Also arguing that “Belarus's integration process with Russia does not definitely condemn any independence scenario,” is Gilles Lepasant, “L'évolution de la souveraineté biélorussienne,” in Foucher (ed.), “Transitions géopolitiques,” *op.cit.* (note 10), pp. 47–69.

since.⁴⁹ The turn was initiated as early as 1999, taking the form of a quest for improvement of relations with the EU.⁵⁰ Domestically, the new orientation has been advertised under the slogan “together with Russia in Europe,” which is a way of reconciling popular aspirations to the maintenance of a “special relationship” with Moscow and the attraction of higher living standards correlated with association with the EU.⁵¹

Ambiguous gestures manifesting a desire for overture toward Western Europe were made after the re-election of President Lukashenko to a second term in office in October 2001. Both the President and his new, reportedly relatively open-minded Prime Minister, Gennady Novitski, highlighted the role that the EU should play in the future in Belarus’s external political and economic relations, and Lukashenko announced that he had instructed the government to rejuvenate contacts with Minsk-based EU ambassadors.⁵² A direct signal was also sent to Brussels with the nomination, as the new Belarusian ambassador, of Sergei Martinov, who is not only a “heavyweight,” but is well-versed in EU matters as former Vice-Minister of Foreign Affairs in charge of the EU dossier.⁵³ But several months later, few concrete follow-up moves had been taken, and the general context of continued tensions with Western countries over the OSCE mission, plus moves to crack-down against allegedly corrupt oligarchs, did not bode well for the resumption of relations at high political level.⁵⁴ Tellingly, the President’s “State of the Nation Message” on 23 April 2002 did not mention the EU.⁵⁵

Minsk’s half-hearted overtures, conspicuously, were timed to coincide with a reassessment by the EU of its policy towards Belarus (see below). In a broader context, they manifest the country’s desire to create some breathing space for itself vis-à-vis Russia. In addition, they seem to indicate that the Lukashenko Government has drawn consequences of two weighty developments on which it has little control. The first is the realisation that the state of the country will not afford it the luxury to postpone economic reform for much longer; that plans for economic and monetary union with Russia are pushing this reform; and that economic modernisation will not happen without Western capital input. The second is that, as a

⁴⁹ Löwenhardt & al., *op.cit.* (note 12), p. 609.

⁵⁰ Lapyonok, *op.cit.* (note 3).

⁵¹ Rontoyanni, “In Europe with Russia,” *op.cit.* (note 3), p. 8.

⁵² “Lukashenka Wants Better Relations with Europe,” *RFE/RL Newslines*, 5 October 2001 (<http://www.rferl.org/newsline/2001/10/051001.asp>).

⁵³ Mr. Martinov has also been ambassador to the United States and to the United Nations.

⁵⁴ “Belarusian President Slams OSCE Mission, Opposition...,” *RFE/RL Newslines*, 24 April 2002 (<http://www.rferl.org/newsline/2002/04/240402.asp>); “OSCE Mission Acting Head Forced to Leave Belarus,” *RFE/RL Newslines*, 16 April 2002 (<http://www.rferl.org/newsline/2002/04/160402.asp>); Markus Wehner, “Nach dem ‘eleganten Wahlsieg’ räumt der weißrussische Diktator auf,” *Frankfurter Allgemeine Zeitung*, 2 February 2002.

⁵⁵ “Lukashenka Delivers Uninspired Speech to National Assembly,” *RFE/RL, Poland, Belarus & Ukraine Report*, Vol. 4, N° 17, 30 April 2002 (<http://www.rferl.org/pbureport/2002/04/17-300402.html>).

result of the deepening of EU–Russia relations, it will become more difficult for Belarus to take refuge in the Russian “political abode” to make up for the lack of contacts with the West.

The EU, actually, is equally placed before a dilemma. The policy it adopted in 1997, in reaction to the growing monopolisation of power by President Lukashenko and the curtailing of civil and political freedoms in the country, amounted to a boycott of Belarus. Ratification of the PCA (signed in 1995) and the entry into force of the Interim Agreement were postponed, bilateral contacts at ministerial level suspended, and assistance programmes frozen with the exception of humanitarian aid, regional programmes (involving not only Belarus) and programmes directly benefiting the democratisation process (TACIS assistance for media, NGOs and youth). As of 1999, Brussels has sought to relax this policy. However, its approach has remained highly conditional. Modest “carrots” were provided in the form of a rise in the Belarusian quota for the duty-free export of textiles to the EU market, the revocation of visa restrictions for Belarusian officials, and a slight increase in aid. However, the EU conditioned its ending of Belarus’s isolation upon the satisfaction of a series of benchmarks set by the OSCE in view of the forthcoming parliamentary elections (autumn 1999).⁵⁶ In practice, this policy, intended to support the fragile dialogue between the government and the opposition in the run-up to the elections, was hardly more successful than the previous one in eliciting a change in the government’s attitude. By the beginning of 2001, there was growing realisation in EU capitals that the policy of the stick had not worked, combined with a secret hope that the presidential elections scheduled for the autumn would provide opportunity for a change. This, unfortunately, did not happen. The not entirely negative judgement of the OSCE on the electoral process, however, gave the EU an excuse to set in train a change in policy (see below Subsection “Belarus,” p. 80).

That change, the outlines of which were not entirely clear by the time of writing, manifested a tendency towards a return of EU leaders to *Realpolitik* in their relations with Belarus. The re-election of President Lukashenko in October 2001, although its conditions were not fair and democratic, demonstrated that he possessed genuine political support in the country. With the Belarusian leader in the driver’s seat for another four years, a majority of European capitals concluded that they would have little choice but to entertain some form of relations with his government. The need for such contacts was becoming all the more pressing as the membership of Poland, and perhaps Lithuania and Latvia in the EU, became a proximate perspective (see below). Neighbourhood elicits its own demands. In other words, the EU, could not afford to have on its eastern border a country with which it had almost no relations, whose wealth differential with its Western neighbours was large and growing, and which would be used as a

⁵⁶ These conditions included: 1) the return of substantial powers to the Parliament; 2) the representation of the opposition on electoral commissions; 3) fair access to the state media for the opposition; and 4) the reform of electoral legislation according to international standards.

corridor for trafficking of all sorts between Western Europe and Russia (mainly cars in one direction, drugs and illegal immigrants in the other). In the EU's enlightened self-interest, these and many other issues had to become the matter of a dialogue. Reinforcing this assessment was the realisation that the isolation policy had failed to reach its goals. Democratisation, if it was to be achieved, would more likely be fostered by engaging Belarus. The question, however, at the end of 2001, was how to re-open channels to the country without sending the "wrong political signal," i.e. how to justify a change of policy course without appearing to reward President Lukashenko when he had satisfied so few of the demands placed on him.

Moldova

If Belarus is Europe's "black sheep," Moldova's concern is that it could remain its "black hole," lying as it does in a dead angle of vision between the Balkans, Central Europe and the former Soviet space. Even more than Ukraine, Moldova has suffered politically from an uncertain identity, which was brought to the outside world's attention in the early years of its independence by a strident movement for unification with Romania on the one hand and the DMR secessionist action on the other. These tensions, linked to its convoluted history and its complex ethnic composition (some 65% Romanian Moldovan, 14% Ukrainian and 13% Russian overall, but above 50% Ukrainian and Russian in the DMR) contributed to reinforce its image as a threshold country, unsure of where its future lay.⁵⁷ Because of its small size (34,400 km², 4.5 million inhabitants) and its relative quietness following the installation of a political-military status quo in 1994, Moldova was never a major EU priority in the 1990s. To be fair to the EU, it was not totally ignored either: Chisinau benefited from a PCA, signed in November 1994 and in force since 1 July 1998, and from limited trade privileges under the EC General Preference System; it received some €60 million in balance of payment loans over 1991–1999, and some €70 million in TACIS assistance, as well as various forms of humanitarian assistance over the same period. While modest, this latest amount nevertheless places it at the top of beneficiaries of EU assistance per capita for the Western NIS.⁵⁸

⁵⁷ Prior to 1991, Moldova never existed as an independent state in its present frontiers. Its western part (then called Bessarabia) was long under the protectorate of the Ottoman empire, together with the rest of current Romania. It was annexed by Russia in 1812, and incorporated into the Romanian state in 1918. As a result of the Molotov–Ribbentrop Pact in 1940 it was annexed to the Soviet Union. Subsequently it was split by Stalin between a northern and southern part (Bessarabia) that was given to Ukraine, and a central part that was joined with the Moldavian Autonomous Soviet Socialist Republic, itself detached from Ukraine in 1924, to create the Moldavian Soviet Socialist Republic. Thus, the eastern part of Moldova (now DMR) has never been a part of Romania.

⁵⁸ €16 per person over 1991–1999, as against €9.37 for Ukraine, €8.72 for Russia, and €5.45 for Belarus; data quoted by Löwenhardt & al., *op.cit.* (note 12), p. 617.

The quality and intensity of the EU's attention would probably be sufficient if Moldova was endowed with a stable political system, a thriving economy, and a more friendly political environment. However, none of these conditions apply. Over 1996–2000, government action was hampered by a protracted power struggle between the president and the parliament, delaying the adoption of much needed reforms in state administration and the country's economy.⁵⁹ While posting encouraging results in the mid 1990's, the economy went from bad to worse toward the end of the decade, partly as a result of the 1998 Russian crisis, partly as a consequence of the lack of reform, especially in privatising the state enterprise sector, and partly because the DMR's secession had deprived the central government of control over the largest share of the country's industrial and energy potential.⁶⁰ By the end of the decade Moldova had the sad record of being the poorest or second poorest country in Europe (on par with Albania), with a GDP equal to about 60% of its 1991 level and an average income of approximately US\$400 a year.⁶¹ Its only achievement was accession to the WTO in July 2001, capping eight years of difficult negotiations and reforms. By late 2001, however, Moldova was threatened with bankruptcy, following the government's inability to deliver on a series of conditions set by the IMF for the resumption of lending (the latter being itself a precondition for the commitment of other lenders).⁶² The dire economic situation largely explains that the Communists were called back to power with a large majority (50% of the votes, 71 seats out of 101 in Parliament) in February 2001, in a poll which was, by all accounts, free and fair.⁶³ Two months later, the parliament elected Communist Party leader Vladimir Voronin to the post of President of the Republic. Although the prerogatives of the president were significantly weakened by the constitutional amendments of July 2000, President Voronin reportedly has the political class well in hand through his control of the Communist Party. An opinion poll in April 2002 also revealed that he remains the most popular figure in the country, with 45% support, even after four months of continued unrest

⁵⁹ For details, see Löwenhardt & al., *op.cit.* (note 12), pp. 615–616; Alla Skvortova, "Moldova and the EU: Direct Neighbourhood and Security Issues," in Kempe (ed.), *op.cit.* (note 4), pp. 109, 115. The crisis was finally resolved in July 2000 when the parliament passed a number of constitutional amendments making Moldova a parliamentary system.

⁶⁰ The DMR used to generate 90% of Moldova's electricity and some 30% of its industrial output.

⁶¹ World Bank data, 2000.

⁶² "Moldovan Deputy Premier Resigns," *RFE/RL Newslines*, 5 February 2001 (<http://www.rferl.org/newsline/2002/02/4-see/see-050202.asp>). The resumption of World Bank lending agreed at the end of April 2002, however, seemed to inaugurate an improvement of Moldova's access to international donors; "Moldovan Premier, World Bank, Sign Agreement in Washington," *RFE/RL Newslines*, 29 April 2002 (<http://www.rferl.org/newsline/2002/04/290402.asp>).

⁶³ OSCE Office for Democratic Institutions and Human Rights, Parliamentary Elections, Moldova, 25 February 2001, Final Report, 3 April 2001 (http://www.osce.org/odihr/documents/reports/election_reports/md/mol01_25feb_pe.pdf).

and demonstrations against government's policy in the first part of the year.⁶⁴

Moldova's poor economic performance and its political hesitations are a consequence of its fragility at birth. The country is plagued by ideological and ethnic divisions, a disoriented and unstructured civil society, and a very small pool of cadres on which it can draw to get a sense of direction. These weaknesses in turn render the state and society extremely vulnerable to corruption, illegal deals, organised crime and other forces that thrive on poverty and the absence of authority. Moldova has become notoriously famous as a hub for the illegal trade of alcohol, tobacco and drugs, a major transit point for illegal immigrants, and a major source of illegal immigrants and prostitution victims itself.⁶⁵ The absence of central government control over the DMR, which lives off the grey and illegal economy (including the trade in small arms), only worsens the situation. In that context Russia's support for the DMR and Russia's military presence there (2500 troops and large weapons holdings left over after the withdrawal of the 14th Soviet Army) have played an ambiguous role, to some extent contributing to stability by freezing the antagonistic situation on the ground, but at the same time preventing the consolidation of the Moldovan state. The consequences of the termination of the Russian presence, which President Putin seems intent to implement by the end of 2002, according to Russia's December 1999 OSCE Istanbul commitments, remain to be seen.⁶⁶ However, the Communist government might be inclined to look favourably at a long-term Russian military presence, possibly under a peace-keeping guise.⁶⁷

Moldova's internal fragility, added to its geopolitical situation in the shadow of three big neighbours, Romania, Ukraine and Russia, and the abscess of the Transdnestr conflict, have driven it to seek a western anchoring, without, however, alienating these powerful neighbours, especially Russia, on which it remains highly dependent as an export market and supplier of energy. In many ways, Moldova's foreign policy has been similar to that of Ukraine, with the nuance that a pro-European line in government emerged only later, being overshadowed by a pro-Romanian drive in the first years of the country's independence. Moldova has declared its "permanent neutrality" and anchored it in its constitution, passed in 1994. In the 1990s, like Ukraine, it resisted integration into the CIS structures, refusing to participate in its military and customs aspects, and joining the pro-Western GUUAM group. In 1998 the anti-communist coalition made integration into the EU a strategic goal, occupying

⁶⁴ "Poll Shows Moldovan Government's Popularity Rising," *RFE/RL Newslines*, 30 April 2002 (<http://www.rferl.org/newsline/2002/04/300402.asp>).

⁶⁵ Matei Cazacu, "Comment l'Est voit l'Est: le cas de la République Moldova," in Foucher (ed.), "Transitions géopolitiques," *op.cit.* (note 10), pp. 137–141.

⁶⁶ In the context of an agreement adapting the CFE Treaty at the 1999 OSCE Istanbul Summit, Russia was expected to withdraw all its weaponry from the region by 31 December 2001 and all its troops by 31 December 2002.

⁶⁷ Economist Intelligence Unit (EIU), *Moldova*, Country Report, May 2001, p. 32.

the second priority in the government's "Principal Directions of Foreign Policy for the Period 1998–2002," after the consolidation of sovereignty (i.e. finding a solution of the DMR problem), and much before bilateral co-operation with Romania and Ukraine or multilateral co-operation in the context of the CIS.⁶⁸ That strategy was further elaborated in a 2000 Foreign Ministry document, the title of which – "The Strategy of the Republic of Moldova for Association with the EU" – indicates that Moldova, like Ukraine, considers accession to the EU as a multi-stage process.⁶⁹ Somehow in contradiction with the objective of joining the Russia–Belarus Union, which was part of the Communist Party's electoral platform, the government formed in April 2001 has reaffirmed the country's commitment to European integration. Anxious that this be recorded in Brussels, it was reportedly preparing a new version of the Republic's Foreign Policy Concept in the spring 2002, whereby the gradual integration of Moldova into the EU would be identified as a priority.⁷⁰

This being said, observers point to the frequent discrepancies between the political discourse of Moldovan officials in Brussels or Western capitals on the one hand, and in Moscow or at CIS summits on the other. That discrepancy, which has tended to increase even more since the 2001 change in government, is both a consequence of Moldova's domestic political constellation and of its political-economic dependence on Russia, with the Transdnistr factor playing a not insignificant role.

At domestic political level, the situation at the beginning of the second decade of the country's independence is one of great disarray, which the outcome of the February 2001 elections reflect. The Communist Party caters to a large constituency of destitute citizens which mentally associate Soviet times with decent standards of living. A part of Moldova's political class will thus naturally seek a political abode in Moscow, regardless of the fact that the old Russia it is longing for may be for ever gone, at least in the economic domain. The president himself, the part of his government that is made of technocrats (including the Prime Minister himself), and young administrative cadres understand this. They are fully aware of the need for reform as a condition for Western assistance and economic modernisation. However, their margin of manoeuvre is restricted by the presence of a strong constituency of "unreformed communists" in official circles, both in Parliament and in the government, as technocrats have been progressively replaced by Party members over time. The latent tensions between a pragmatic and an ideological wing in the Communist Party will not make for a clear policy course in the foreseeable future, as the President will try and maintain his control over the political game by wobbling between the two lines.⁷¹ His popularity, however, may be of assistance.

⁶⁸ Löwenhardt & al., *op.cit.* (note 12), p. 617.

⁶⁹ Republic of Moldova, "Strategy of the Republic of Moldova for Association to the European Union," 2000 (distributed by the Moldovan Government).

⁷⁰ Interview with a Moldovan Government representative, Berlin, April 2002.

⁷¹ EIU, *Moldova*, Country Report, November 2001, p. 24.

Economically, Moldova has entered a vicious spiral: since the mid'1990s the lack of timely reforms has reduced the government's margin of manoeuvre and brought to power a majority which is even more resistant to reform. The country has been left with a double dependency. On the one hand, it depends on Russia, which takes over 50% of its exports, supplies almost all its oil and gas, and still acts as the patron of the DMR, even if more and more passively. On the other, it depends on Western donors, beginning with the IMF, to supply the assistance and know-how needed to modernize its economy and give private foreign capital confidence to invest. Moldova's policy, already in the past, but even more since the government's takeover by a Communist majority, has been to pay allegiance to both, never fully committing to one side or the other when it comes to policy measures. In that context, as a Moldovan observer puts it, the country's pro-European policy is a "survival strategy," rather than the reflection of a philosophical conviction.⁷² It is a solution to a desperate economic situation and, like in Ukraine, the sole way to avoid splitting a deeply divided society and political class.

But unlike Belarus, which sees itself approaching the EU as part of a single entity with Russia, those in Moldova who aspire to closer relations with the EU consider it as an alternative to reintegrating the Russian sphere of influence. The difficulty for the EU is to decide the extent to which it wants to fortify these convictions.

The EU's interest is in a stable Moldova, which means in priority, one, avoiding the country's takeover by crime and further internal collapse, and two, resolving the Transdnestr conflict. It also has an interest in enlarging Moldova's capacity to decide its own future. Even though the two may not look easily compatible, taking a long-term view may attenuate the contradiction. In the short term, accepting a certain degree of Russian political and economic involvement in Moldova's affairs, seems inevitable: although Moscow does not have the key to the problems of Moldova's internal instability or the DMR's secession, it does have elements of solution in the sense that, for the near future at least, Moldova's economic consolidation will depend on the re-establishment of healthy trade relations with Russia and the investment of Russian capital, and that, if anyone is able to influence the DMR regime, it is the Kremlin (see below Subsection "The Russian Factor", p. 57). However, the EU may want to lay the ground today for a different future for Moldova (see Subsections "Moldova: a special case," p. 56, and "Moldova," p. 78). Already, embryonic steps have been taken in this direction with Moldova's admission to the Stability Pact and its invitation to the European Conference. Although, as mentioned before, the admission to the Pact was clearly dissociated from a membership promise, it unlocks the fatality of Moldova's confinement in a very unfavourable geo-strategic environment by linking it to a group of countries whose future is clearly attached to the EU.⁷³

⁷² Quoted in Löwenhardt & al., *op.cit.* (note 12), p. 617.

⁷³ The beneficiaries of the Stability Pact are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia (including Montenegro and Kosovo), Macedonia, Romania, and Slovenia.

Three of them are negotiating their EU membership. The others are in the process of concluding Stabilisation and Association Agreements, which should lead, in time, to membership negotiations.

Future EU Policies: The Parameters

While EU's future policies vis-à-vis Ukraine, Belarus and Moldova are not pre-ordained, it is likely that they will be shaped by four main elements: (i) the implicit and explicit "signals" that the EU will get from each of these countries; (ii) the impact of enlargement, which will bring the EU to their western borders; (iii) the (fast) development of the Russia-EU partnership; (iv) the institutional transformation of the EU, which will be set in train by the 2003-2004 Intergovernmental Conference. We shall discuss each of these four parameters, trying to identify most likely developments rather than articulating a multiple scenario analysis.

Political Attitudes in the Partner Countries

Obstacles to reform and uncertainties affecting the national identity in the three countries have been discussed above. We shall not repeat the exercise here but try to relate government policies to underlying trends in public opinion. In this, we assume that reform and foreign policy reorientation are not only a matter of political engineering, but also manifestations of a cultural change.

Ukraine

Reliably documenting Ukrainian public opinion's attitude toward economic and political reform on the basis of election results is difficult, and this for a number of reasons: conditions for a fair and free vote have never been fully satisfied, as repeatedly documented by the OSCE; the determinants of voters' choice are difficult to isolate; political affiliations are constantly shifting; elected politicians often end up carrying policies diametrically opposed to their campaign platforms; and policy choices are more often the result of bargains among groups of oligarchs than of the implementation of programmes endorsed by the voters. Election results and opinion polls, however, broadly point in the same direction as regards Ukrainians' feelings on their country's geo-political orientation, and, not surprisingly, they confirm the observations made above concerning government policy.

Globally, three features stand out. First, Ukrainians are keen on maintaining good and close relations with Russia, something that can be explained by the fact that 33% of them have relatives in Russia (a proportion rising to 70% in eastern and southern Ukraine)⁷⁴ and that the memory of the Soviet Union is still associated with decent standards of living in large sections of the population that have suffered economically

⁷⁴ Data from the Ukrainian centre "Democratic Initiatives," cited by Rontoyanni, "Russia's policy," *op.cit.* (note 18), p. 173.

from the transition.⁷⁵ This, however, is not to be associated with a yearning for reintegration. Support for Ukraine's independence and sovereignty is strong not only among the elites but in the population at large, as confirmed by the poor showing of the pro-Russian nationalist blocs in the March 2002 parliamentary elections.⁷⁶ Second, Ukrainians do not see a contradiction between close ties with Russia and a rapprochement with, or even membership in Western institutions. For example, when asked for their views during the 1999 presidential election campaign, 73% responded that they would favour a candidate supporting "a close economic and political alliance with Russia," 55% a candidate campaigning for "a general economic integration with the West," and 82% a candidate advocating "a balanced development of relations with the West as well as with Russia."⁷⁷ Thus the government's policy of equidistance, with all its ambiguities, seems to have the general support of the citizens. This is confirmed by polls addressing that question directly, which, interestingly, show that such is the case in all of Ukraine's regions.⁷⁸ Third, although Ukrainians favour membership in the EU by a 57–58% majority, when asked to prioritise their foreign policy preferences, their clearly rate good relations with Russia much before ties with the EU and the United States (72% against 38% and 36% respectively in a February 2000 poll).⁷⁹ In autumn 2001, an expert remarked that the government at the time benefited from a "permissive consensus" rather than a wholehearted endorsement from the population for its pro-European policy.⁸⁰ This

⁷⁵ The average real income in Ukraine in 1999 was about one-fourth of its value in 1990.

⁷⁶ Taken together, the "Russia Bloc" and the "Union of Ukraine, Belarus and Russia" bloc gathered only 1.16% of the votes; Taras Kuzio, "Election Reveals Ukraine's Geographic Political Divisions," *RFE/RL Newswire*, 18 April 2002 (<http://www.rferl.org/newsline/2002/04/180402.asp>).

⁷⁷ Center for Peace, Conversion and Foreign Policy of Ukraine (Kiev), *Monitoring Foreign and Security Policy of Ukraine*, January–March 1999, p. 102, quoted by Haran, *op.cit.* (note 11), p. 18. Another poll conducted approximately at the same date by the Ukrainian Institute for Social Research and the Social Monitoring Centre (Kiev) shows 59% of respondents favouring a pro-Western orientation and 53% adhesion to the Russia–Belarus Union; quoted by Rontoyanni, "In Europe with Russia," *op.cit.* (note 3), p. 12.

⁷⁸ Center for Peace, Conversion and Foreign Policy of Ukraine (Kiev), *Monitoring Foreign and Security Policy of Ukraine*, April–June 2000, p. 112, quoted by Haran, *op.cit.* (note 11), pp. 6–7. Although there are differences among regions, from a 47% support in Western Ukraine to a 82% in the South-Eastern region (77% in Kiev), this view receives by far the largest support everywhere in comparison with a purely "Western" or "Eastern" orientation.

⁷⁹ Result of polls conducted by the Centre for Peace, Conversion and Foreign Policy of Ukraine in April–June 2000 and the Kiev International Institute of Sociology (KIIS), quoted respectively by Haran, *op.cit.* (note 11), p. 11, and Rontoyanni, "In Europe with Russia," *op.cit.* (note 3), p. 13.

⁸⁰ Rontoyanni, "In Europe with Russia," *op.cit.* (note 3), p. 14. This is confirmed by other polls measuring attitudes vis-à-vis CIS structures: for example, in summer 2000 92% of foreign policy "experts" were against Ukraine's adhesion to the CIS Collective Security Treaty, as against 42% among the population at large; results of a poll carried out by the Ukrainian Centre for Economic and Political Research, quoted by Haran, *op.cit.* (note 11), p. 10.

would seem to apply to any future government, which is likely to be similarly European-oriented, confirming that Ukraine's successive governments' drive for EU integration is rooted in a (political and economic) cost-benefit analysis by the leadership rather than by a deep yearning of the population.

One may therefore conclude that, at this stage, there is little sense of belonging to a "European identity" as defined by the EU in Ukrainian public opinion.⁸¹ This raises the question of whether the EU should help develop this "European identity," whether it can do so, and if it is the case, what are the best means to this end.

Belarus

Until recently public support for President Lukashenko's policies in Belarus, both as regards domestic economic reform and proximity with Russia, has been strong, pointing to a direction opposite to that of European integration. For example, opinion polls conducted during the presidential campaign in summer 2001 demonstrated a support for Lukashenko ranging from 47–62%, contrasting with the mere 5–19% endorsement of opposition forces, even once they had united to present a single candidate.⁸² Other surveys conducted in the middle of the year similarly showed that, despite worsening economic conditions, a majority of 58–60% of Belarusians still had a positive opinion of their president and thought he had performed well enough to deserve re-election.⁸³

As regards the government's drive for integration with Russia, opinion polls indicate that Belarusians are sensitive to two sets of arguments. One is the close ethno-cultural affinity between the two countries, demonstrated, for example, by the fact that 83% of Belarusian voters supported the restoration of Russian as an official state language in the May 1995 referendum, and that two-thirds of them readily endorse the proposal that "Russians and Belarusians are historically one people, they are spiritually close, and they have similar languages, cultures, and traditions."⁸⁴ The

⁸¹ Also confirming this analysis, see Oleksandr Dergatchev, "L'Ukraine entre l'Europe et l'Eurasie, une voie semée d'embûches," in de Tinguy (ed.), *op.cit.* (note 10), pp. 120–122.

⁸² Unsurprisingly, polls conducted by the Institute of Socio-Political Studies under the Presidential Administration demonstrated stronger support for Lukashenko than polls carried out by the independent polling organisations NOVAK and ISEPS. However, in all cases the margin between the high score of President Lukashenko and the low one of opposition candidates is striking. For details, see *Forecasts and Results of Belarus's Presidential Election* (<http://elections.belapan.com/eng/social/015.asp>; retrieved on 19/12/2001).

⁸³ According to a poll commissioned by the US State Department and carried out by the Belarusian firm "Social and Ecological Surveys" in July 2000; quoted by Rontoyanni, "In Europe with Russia," *op.cit.* (note 3), p. 5.

⁸⁴ The result of the 1995 referendum is confirmed by a July 2000 US State Department "Sociological and Ecological Surveys" study, which found out that only 12% of Belarusians speak Belarusian at home and 7% at work. The view about Russian and Belarusian cultural closeness comes from a survey of the Moscow-based Centre for Sociological

other is that, despite some misgivings about the implications of the Russian–Belarusian Union, and some confusion about what it implies, Belarusians expect positive results from this integration in the form of higher growth rates, the reduction of unemployment, and the maintenance of the Belarusian welfare state model.⁸⁵ Integration with Russia in some form or other is approved by the majority of the population (62% according to a November 2001 independent survey), contrasting with low interest for integration with the EU (15–18%), and an ambiguous support (19–38%) for a balanced position between Russia and the West.⁸⁶ Thus, it is not by chance that during the 2001 presidential campaign, the opposition made sure to stress its commitment to close relations with Russia, mindful that this struck a positive chord among voters.⁸⁷ In this context, it is not surprising that criticism by the EU of the conduct of Belarusian elections and of the course followed by Lukashenko has fallen flat for a majority of the Belarusian people.

The public mood, however, may be changing, as economic conditions in the country deteriorate. Thus, by April 2002, Lukashenko’s approval rating had dwindled to 31%, mainly as a result of economic hardship.⁸⁸ This could create a “window of opportunity” for the EU, for Belarusian opinion, on the whole, is not hostile to Brussels. Rather, they have little understanding of what the Union is, and tend to perceive it as something distant and somewhat inaccessible.⁸⁹ On the whole, their sense of sharing a common identity with Western Europe is weak, even weaker than that of Ukrainians. During the “cold peace” that prevailed between Belarus and the EU between 1997 and 2001, this had little practical incidence. In a time when there seems to be a desire to resume relations on both sides, and where the public is eager for other solutions than the ones proposed by Lukashenko, this may be both a challenge and an opportunity for the EU.

Research of May–June 1999, which documents Belarusian reasons to integrate with Russia; quoted by Rontoyanni, “In Europe with Russia,” *op.cit.* (note 3), p. 3.

85 In the May–June 2000 survey of the Centre for Sociological Research 68% of the respondents declared that they expected that “unification would enable a significant improvement in the economic performance of both countries;” quoted by Rontoyanni, “In Europe with Russia,” *op.cit.* (note 3), p. 3. Opinion polls show that there is a great deal of confusion in people’s minds, though, about the compatibility of a “Union State” and the maintenance of sovereign institutions. For a discussion, see Rontoyanni, “A Russo–Belarusian ‘Union State’,” *op.cit.* (note 1), pp. 9–13.

86 The November 2001 survey is by the Independent Institute of Social-Economic and Political Studies (NISEPI), Minsk; other data comes from a March 2001 NOVAK poll, quoted by Astrid Sahm, “Integration, Kooperation oder Isolation? Belarus und die Ukraine im Vorfeld der EU-Osterweiterung,” *Osteuropa*, 51 (11–12), November–December 2001, p. 1393.

87 Mjačeslav Grib & al., “Strategy for Belarus. Concept of the National Development,” Minsk, 2000, p. 90, quoted by Sahm, *op.cit.* (note 86), p. 1395.

88 “Belarusian President’s Rating Falls by 14% after Election,” *RFE/RL Newslines*, 2 May 2002 (<http://www.rferl.org/newsline/2002/05/020502.asp>).

89 Rontoyanni, “In Europe with Russia,” *op.cit.* (note 3), pp. 6–8.

Moldova

As documented by the British Economic and Social Research Council (ESRC) project, a European orientation is not rooted in Moldova's past.⁹⁰ Moldova's identity bears much more strongly the imprint of its interaction with Romania and Russia than of any Western Europe influence. But this heritage is burdensome. Unification with Romania, if it is still advocated by some political parties, attracts less than 10% of the population, and this for two main reasons: one is that the memory of the period of integration with Romania between the two World Wars remains negatively connoted in the minds of most Moldovans, as it is associated with exploitation and oppression; the other is the fear that such an integration would revive the conflict with the DMR, possibly rekindling a military conflict, and in any case, ruling out for ever the hope of restoring the government's sovereignty on the secessionist province. For a plurality of Moldovans, the Russian heritage is as unattractive. Again, this is linked to an experience of subjugation – during Soviet times –, to which should be added the decidedly “pro-Slav” orientation of the DMR, which functions as a counter-model in Chisinau.⁹¹ The anti-Russian streak in Moldovan public opinion manifested itself again in the winter 2001–2002 through unexpectedly strong protests against the re-introduction of the Russian language as a mandatory subject in school curriculae and proposals to make it one of the country's official languages.⁹²

In circumstances in which Moldova has no natural cultural and political abode that would rally the majority of its citizens, paradoxically, “Europe” could provide an alternative, or at least a complementary reference identity, despite its feeble anchoring in the country's history. Like Belarusians, Moldovans are not hostile to the EU. They would probably silently acquiesce to the pro-European line advocated by their popular Communist government. Rather, there is a basic lack of knowledge in the country of what the EU represents. Anchoring Moldova in Europe, conceptually and practically, may require the detour of its integration in the Eastern Balkans. Moldova's membership in the Stability Pact lays the ground for this, although the deterioration of bilateral relations with Romania since the change of government in Chisinau looks rather counter-productive in this regard.⁹³ To strengthen the European orientation in Moldovan public opinion, the EU will have to work both with the Moldovan and the

⁹⁰ Löwenhardt & al., *op.cit.* (note 12), p. 617.

⁹¹ Löwenhardt & al., *op.cit.* (note 12), pp. 618–619.

⁹² “Protests in Chisinau against Compulsory Russian Classes... while Moldovan Government Shows Signs of Retreat,” *RFE/RL Newswire*, 10 January 2002 (<http://www.rferl.org/newsline/2002/01/100102.asp>).

⁹³ Tensions between the two countries have been linked to the re-introduction of the Russian language in Moldovan schools, mentioned above, and its domestic repercussions (banning of the pro-Romanian Popular Christian Democratic Party [PPCD]), as well as to Moldova's refusal to accredit the Bessarabian Metropolitan Church; see “Romanian Premier Cancels Visit to Moldova in Protest,” *RFE/RL Newswire*, 4 October 2001 (<http://www.rferl.org/newsline/2001/10/041001.asp>); “Moldovan Authorities ‘Suspend’ PPCD,” *RFE/RL Newswire*, 22 January 2002 (<http://www.rferl.org/newsline/2002/01/220102.asp>).

Romanian Governments, and also develop sustained pedagogical efforts to explain to Moldovan citizens what “belonging to Europe” would require from them.

Concluding comments

The identity of the European Union is partly rooted in a community of history and culture. But it is also, as convincingly argued by Jürgen Habermas (among others), a political construct, which has to be built on the basis of the adherence of member states’ citizens to a common project.⁹⁴ This civic view of the Union deserves to be supported, as it does not enclose European countries or European peoples in their past; rather, it frees them to choose their own future. In theory, this applies also to Ukraine, Belarus and Moldova. But this does mean that a desire to build something together with the western part of the continent must exist. In practice, however, opinion surveys and government policies demonstrate that there is little “popular demand” for the EU in any of the three countries, by contrast with Central Europe, the Baltics, and to a large extent the Balkans. This does not mean that a “vouloir-vivre ensemble” with the rest of Europe cannot be created. However, it is hardly perceptible at this time. It may come with generational change but would presumably be fostered by more active EU information policies in the region.

EU Enlargement

Hungary’s, Latvia’s, Lithuania’s, Poland’s and Slovakia’s accession will endow the EU with some 2,400 km of borders with Belarus and Ukraine (934 km of those being Polish borders). With Romanian membership, yet another 450 km will be added to the EU’s frontier with the Western NIS.⁹⁵ Ukraine, Belarus, and Moldova will therefore be closer to the EU geographically. At the same time, they will be more distant, as enlargement introduces a stronger differentiation between “insiders” and “outsiders” in many ways.⁹⁶ This differentiation has a psychological-political aspect: whereas the end of the Cold War had made it possible to have a “single Europe whole and free,” EU membership for some and the lack of such prospect for others recreates a sense of division between the chosen ones and the ones left behind. It also has a social, economic, and to some extent cultural-political aspect: while candidate countries are rapidly adapting to

⁹⁴ Jürgen Habermas, “Warum braucht Europa eine Verfassung?,” *Die Zeit*, 28 June 2001 (http://www.zeit.de/2001/27/Politik/200127_verfassung_lang.html).

⁹⁵ Including the future EU’s border with Kaliningrad (433 km) and the Finnish–Russian frontier, the EU will have a total of 5500 km of common borders with the Western NIS.

⁹⁶ The vocabulary “the Outsiders” comes from a research project on Russia, Belarus, Ukraine, and Moldova conducted at the University of Glasgow as part of a five year research consortium “One Europe – or Several?” First findings appeared Löwenhardt & al., *op.cit.* (note 12) and Margot Light & al., “A Wider Europe: The View from Moscow and Kyiv,” *International Affairs*, 76 (1), 2000, pp. 77–88. More comprehensive results will appear in book form. (For details on the research project, see <http://www.one-europe.ac.uk/>)

Western standards and practices and developing modern economies, the dynamics of change is much slower, haphazard and sketchy in the countries to their east. Some observers go as far as speaking of a “Huntington border” arising between Poland and Belarus and Ukraine. This may be too far-fetched. But there will certainly remain elements of a cultural border and a “border of poverty” on the eastern rim for many years.⁹⁷ This gap has serious political, social, economic and, ultimately, security implications. It will be only natural for the new members of the EU to press for the problem to be taken seriously, and to expect mitigating or compensating policies on the part of the Union.

To appreciate this dynamic of closeness-differentiation, we shall examine it through two main factors: the “Schengen frontier,” and the interest of the new members in stimulating a more active EU neighbourhood policy in Eastern Europe. For methodological reasons, we shall leave aside the question of the western redirecting of trade of candidate countries resulting from enlargement, as it is difficult to quantify, occurs over the long period, and results at least as much from the lack of economic modernisation in the NIS as from the dismantling of barriers between the EU and its future members. In addition, the net effect of enlargement on trade between new EU members and their neighbours will only be visible in the medium-to-long term.⁹⁸ Suffice it to say at this point that the western reorientation of trade of the Central European countries tends to add to the sense of isolation of their eastern neighbours created by the Schengen border, and that the cancellation of bilateral trade and co-operation agreement ensuing from EU membership worsens the situation.

Finally, if one looks at the effects of enlargement on eastern neighbours, Moldova deserves a set of separate considerations, as Romania’s accession will occur only in the medium term. We shall therefore discuss the impact of enlargement for Moldova in what is specific to this belated neighbourhood.

⁹⁷ The terms “Huntington border” and “border of poverty” are from: Roland Freudenstein, “Rio Odra, Rio Buh – Poland, Germany and the Borders of Twenty-First Century Europe,” in Peter Andreas, Timothy Snyder (eds.), *The Wall around the West*, Rowman & Littlefield, 2000. If the existence of a “Huntington border” is debatable, the term “border of poverty” appears perfectly adequate if one considers that the GDP per capita in Ukraine is approximately US\$700 per year, against US\$4,200 in Poland (World Bank data, 2000). For a comprehensive discussion of the asymmetries between the new members and their eastern neighbours, see Iris Kempe, *Direkte Nachbarschaft, Die Beziehungen zwischen der erweiterten EU und der russischen Föderation, Ukraine, Weißrußland und Moldova*, Gütersloh: Bertelsmann Stiftung, 1998, 65 p.

⁹⁸ It is widely accepted that membership in the EU will result in lower import tariffs on average in the Central and East European states. However, in the short run it is the dual effect of the redirecting of trade from these countries to the West and their cancellation of special trade arrangements with eastern neighbours which are more directly felt. For a balanced assessment, see Volodymyr Sidenko, “Expansion of the European Union Eastward: Consequences for Ukraine,” Ukrainian Centre for Economic and Political Studies (UCEPS), *National Security and Defense*, 9 (2000), (http://www.uceps.com.ua/eng/all/journal/2000_9/html/25.shtml; retrieved 31/07/01); “EU Enlargement and Ukraine,” UCEPS Analytical Report, *National Security and Defense* 11 (23), 2001, pp. 16–22.

The Schengen frontier

Nowhere has the dynamics of closeness-differentiation been more evident than in the discrepancy between the discourse of openness to eastern neighbours of the EU Council and EU foreign ministries, and the Commission's and interior ministries' insistence that new members will have to apply the so-called Schengen *acquis* in full.⁹⁹ Schengen has attracted particular attention among all the implications of enlargement because its effects are direct and tangible, and they touch the average citizen.

To take the example of Poland – certainly the country most directly affected –, some 12 million persons crossed the Polish–Ukrainian border and 13 million the Polish–Belarusian border in 2000. Another 4.5 and 3 million crossings took place on the Polish–Russian (Kaliningrad) and Polish–Lithuanian border respectively.¹⁰⁰ Ninety-five per cent of these crossings were from citizens from the NIS countries going to, or returning from Poland for various purposes including trade, tourism, smuggling, temporary employment, family visits, or a combination of those.¹⁰¹ Ukrainians currently travel to Poland visa-free whereas Russians and Belarusians can either apply for a visa or enter with a voucher obtainable from a local administration under a 1998 agreement.¹⁰² These arrangements are temporary, and Poland, like Hungary and Slovakia, is eager to reassure its Western partners that it will fully apply the Schengen *acquis* when it becomes a member of the Union. So far, among the three countries that have a frontier with Ukraine, only Slovakia has imposed visas on citizens of all NIS states (since summer 2000). However, Warsaw has now indicated that it would introduce standard visa requirements for Russians, Belarusians, and Ukrainians by 1 July 2003. Hungary will also lift its exemption on Ukrainians early enough before its accession, i.e. probably in 2003.

Both countries are obviously eager not to sever ties with populations and territories to which they are linked by culture and history. Hungary's focus is the presence of an approximately 170,000 member strong Hungarian minority in the westernmost region of Ukraine (Subcarpathia), a heritage of the Austro–Hungarian empire. Poland's concern is an even more extensive web of family, cultural and economic ties, as the western regions of both Belarus and Ukraine were Polish territory until 1945, and minorities are present on both sides of both borders (some 250,000 Poles in

⁹⁹ This discrepancy has been pointed out in many writings in the past few years: Grabbe, *op.cit.* (note 7), pp. 519, 527–528, 535–536; European University Institute, *op.cit.* (note 7); Weidenfeld, *op.cit.* (note 5), pp. 46–48; Volker Kröning, *Stabilising and Securing Europe: the EU's Contribution*, Report to the NATO Parliamentary Assembly, November 2000, par. 32–41 (<http://www.naa.be/publications/comrep/2000/at-234-e.html>).

¹⁰⁰ Data provided by the Polish Border Guard. This data includes individual multiple crossings.

¹⁰¹ Ukrainians who visited Poland in the last 10 years have done so for the following reasons (according to their own declarations): tourism: 45%; trade: 27%; business trip: 12%; illegal work (sic!): 11%; legal work: 5%. Source: Institute of Public Affairs, Warsaw.

¹⁰² The visa regime between Poland and Russia/Belarus is still partly handled under an old Soviet arrangement for reasons linked to Russia's reluctance to conclude a re-admission agreement.

Ukraine; 300,000 Ukrainians in Poland; 400,000 Poles in Belarus; and 250,000 Belarusians in Poland). But for Warsaw, relations with the southern neighbour have another dimension yet: two of Poland's main foreign policy priorities since the collapse of the Soviet Union have been to try and overcome the memory of a painful past in relations with Ukraine, and to bring Ukraine closer to the West.¹⁰³ A visa-free regime has been an essential component of this policy. In this respect, Polish officials and analysts often draw a comparison with the German visa-free travel regime which benefited Polish citizens as of 1991, insisting on how essential a role it had played in the westernisation of the country (and of Central European neighbours who enjoyed it), and its reconciliation with Germany. By contrast, the re-imposition of visas on Ukrainian citizens would risk jeopardising the fragile *acquis* of improved relations and make the modernisation of Ukraine even more difficult than it is at present.

Another concern in Warsaw is the social and economic impact on border communities of imposing visas. For example, it is estimated that in the Lublin region, 30–40% of small and medium-sized enterprises live by commerce with Ukraine. Overall, unofficial cross-border trade would account for 25% of Poland's trade with its eastern neighbours and 50% of its exports to Ukraine.¹⁰⁴ This activity is especially important as the communities located on the eastern borders are the poorest in the country. But also on the other side of the frontier the impact of restrictions on people's movements could be high. To take just two examples: some 20,000 Ukrainians of Subcarpathia cross the border every day to Hungary, Slovakia or Romania to work or trade, for an amount estimated at US\$200 million a year – an important sum in view of the local standard of living;¹⁰⁵ and with Poland, cross-border trade with Ukraine as a whole was assessed at some US\$475 million in 1997.¹⁰⁶ Should these trade opportunities be curtailed by the imposition of visas, this would likely increase the incentive for Ukrainians to seek illegal work in neighbouring countries.¹⁰⁷ Finally, experts also point to the social aspect of this trade, which is nurtured by family ties and old acquaintances, and nurtures them in turn.

103 This meant in particular overcoming the memory of mutual atrocities during and immediately after World War II; Taras Voznyak, "Regional Co-operation between the EU and the Countries of Central and Eastern Europe: an Eastern Perspective," in Kempe (ed.), *op.cit.* (note 4), p. 204. The author gives further bibliographic references, in particular the Lviv-based magazine *Ji*, created for the very purpose of promoting Polish-Ukrainian cultural understanding (for specifics, see <http://www.ji-magazine.lviv.ua/engl-vers/index-eng.htm>).

104 Barbara Lippert, "Border Issues and Visa Regulations: Political, Economic and Social Implications – A Western Perspective," in Kempe (ed.), *op.cit.* (note 4), p. 190; Lepesant, *op.cit.* (note 12), p. 146.

105 Lepesant, *op.cit.* (note 12), p. 146.

106 Bogdan Klich, Andrzej Nowosad, "Ukraine-Pologne: un partenariat stratégique – Une perspective polonaise," in de Tinguy (ed.), *op.cit.* (note 10), p. 221.

107 The number of Ukrainians working illegally in Poland is currently estimated at 60,000–100,000, at close to 100,000 in the Czech Republic, some 50,000 in Slovakia, and some 10,000 in Hungary; Source: UCEPS, "EU Enlargement and Ukraine," *op.cit.* (note 98), p. 22.

Other experts, by contrast, note that the situation on the ground is evolving. Thus, the small cross-border trade is more and more concentrated on cigarette and alcohol (which may not always be illegal, since quantities traded are sometimes very small) while the textile and food trade, for example, is gradually undergoing a process of concentration, i.e. it is increasingly being carried out by properly constituted businesses and much less by “suitcase traders.” In addition, the trade in food staples, which played an important part in the provisioning of Western Ukraine just a few years ago, is reportedly decreasing under the dual effect of Ukraine’s growing protectionism in agriculture and its efficiency improvements in this sector.¹⁰⁸ Those same experts and political analysts, while recognising that the imposition of visas will hurt some categories of people, argue that it will play a positive role as a factor of order and modernisation. It would, for one, organise the transit of goods and diminish smuggling activities across the border. It would, second, help introduce a distinction between the transit of people and the transit of goods, and therefore improve the fluidity of both. Medium-size businessmen, whose activities are hampered by the frequent chaos at the eastern borders, are also increasingly supportive of the imposition of visas. Public perceptions are mixed on the matter. While about 50% of Poles think that imposing visas on Ukrainians will be beneficial, some 25% believe that this will have negative consequences and another 25% do not have a view.¹⁰⁹

This being said, one temptation from which EU decision-makers should refrain, even it seems politically expedient, is to present the Schengen visa regime as the best means to combat crime and illegal immigration. In this respect, it appears essential to distinguish among the Schengen provisions those that concern visa delivery, and those related to border control – even if the two obviously have connections. While the latter should be stringently applied, flexibility should be permitted as to the former. Besides, as professionals unanimously recognise, crime and illegal immigration are much more efficiently detected and countered through police, judicial and customs co-operation, and intelligence-sharing than through policing at the border.¹¹⁰

Unburdening the visa regime from tasks it cannot perform, in turn, should allow for greater margin of manoeuvre in working out special arrangements under the Schengen regime or even small-scale exceptions. In the longer term, amendments should not be ruled out. However, until

108 Interviews with various experts and government officials in Warsaw; December 2001.

109 Polish citizens, however, are poorly informed on visa requirements for their neighbours: only 31% are aware that Ukrainians do not need visas to come to Poland, against 27% who believe they do and 42% who do not know! All data from the Polish Institute of Public Affairs (www.isp.org.pl), as consolidated by Joanna Konieczna, Institute of Eastern Studies, Warsaw (www.osw.waw.pl).

110 *Organized Crime and Illegal Immigration: Findings and Conclusions from a Seven-Country Inquiry*, Report to the North Atlantic Assembly, Civilian Affairs Committee, Rapporteur: The Lord Lucas of Chilworth, 1 October 1996 (<http://www.naa.be/publications/comrep/1996/an225cc.html>).

recently, both Brussels and the candidate countries have shied away from addressing the matter. While repeating that they did not want to build new walls to the East, EU capitals and the Commission have refused to discuss special arrangements for fear this would weaken the commitment of the new members to Schengen. For their part, mindful of not deteriorating their relations with neighbours, the candidate countries – at least Hungary and Poland – have postponed the moves they knew they would have to make eventually to smooth out transit under Schengen, and the practical preparations for those moves.¹¹¹ Poland, in particular, has made strikingly little progress in developing and modernising its consular network, an essential element for it to be able to deliver visas rapidly, efficiently and in the numbers required to sustain the flow of contacts with neighbours.¹¹² By contrast, partly through its own efforts, partly with EU assistance (PHARE programme) and partly thanks to bilateral support, it has made good progress in building new border posts, modernising old ones, and training the necessary personnel (border guards and customs officers). While this border control reinforcement is fully justified – in particular because control of people’s transit through Belarus’s and Ukraine’s own borders with Russia is almost non-existent – the vigour with which those measures are pursued, against the lack of movement on the visa/consulate issue, cannot but send a message of exclusion to the neighbours.

How can the Schengen border to the East be made as “friendly” as possible, as experts from the Centre for European Policy Studies in Brussels put it?¹¹³ Proposals exist. The problem is to translate them into policies. Generally, they fall into three domains: current Schengen visa regulations; future border control and immigration policies; and cross-border co-operation. Because the issue is so important in the definition of the EU’s relations with its eastern neighbours, it is useful to spell them out in some detail.

Current Schengen visa regulations

As regards the implementation of Schengen visa regulations, experts highlight the advantages of two formulas in making the border permeable:

111 Polish representatives also privately lament that the Ukrainians themselves could have been more active by making specific proposals, instead of just protesting against their maintenance on the visa list and the imposition of visas by the new members; interviews with a Polish official, Warsaw, December 2001.

112 Polish officials estimate that consular expansion plans have fallen behind by about two years. The scale of the problem appears if one considers that, in 2000, Polish authorities issued 185,000 visas, while they expect to have to deliver some two to three million a year in order to accommodate a transit of people equal or superior to current flows once they apply Schengen regulations.

113 The concept of a “friendly Eastern border” in the context of Schengen was developed jointly by the Brussels-based Centre for European Policy Studies (CEPS) and the Warsaw-based Stefan Batory Foundation in a series of seminars in 2001. For details, see “Policy Alternatives,” *op.cit.* (note 7); *New European Borders and Security Co-operation: Promoting Trust in an Enlarged Union*, Proceedings of an Expert Seminar, CEPS/Stefan Batory Foundation/SITRA Foundation, Brussels, 6–7 July 2001 (www.ceps.be/Research/JHA/finalrep.pdf).

delivering one year multiple-entry visas, to facilitate local family contacts, tourism, study trips, sports or cultural exchanges, contacts between NGOs or local authorities, small scale trade, etc.; or making greater use of permanent resident permits, which each EU member remains free to regulate outside Schengen's jurisdiction.¹¹⁴ They also suggest that visas should be delivered at a very low cost or free of charge – something the Polish Government intends to do for citizens of the Western NIS.¹¹⁵ Finally, the pooling of consular services of EU countries should be actively pursued. This would: (i) generally help homogenise the condition of delivery of Schengen visas, in which discrepancies remain from country to country; (ii) introduce an element of “burden-sharing” between the old members and the new ones who may well have to handle an increased number of applications, as citizens of the NIS (or Southeastern Europe) turn to them rather than to older EU members for a Schengen visa. In the same logic, PHARE regulations, which prevent candidate countries from spending money abroad, should be modified so as to make support possible for the construction and improvement of their consular networks.

Future border control and immigration policies

Looking to the future, other options concerning people's movements could be considered. This would involve managing small border traffic independently of Schengen regulations and giving special consideration to Western NIS citizens as part of an EU immigration policy. On small border traffic, the principle should be to leave maximum leeway to countries that border the NIS to regulate this traffic themselves, for example by granting very short term (one or two-day) multiple entry visas to local dwellers that would allow their back-and-forth movements while making it impossible for them to travel to other parts of EU territory.¹¹⁶ Given sufficient equipment modernisation, the option of issuing visas at the border, especially for frequent travellers, possibly coupled with the opening of special transit gates for local residents and frequent travellers, should also be considered.

Besides these local exceptions to Schengen, an amendment to the current regime that could be looked into at some point is the possibility of removing the Eastern European countries from the Schengen “black list.” This should be easier politically once the eastern borders are properly functioning. Should this take longer than hoped for (say, more than 3–4 years), an alternative would be to lift visas but to maintain relatively high entry requirements. The formula could be inspired from that offered to

114 These proposals are developed in the seminar report “New European Borders and Security,” *op.cit.* (note 106), pp. 3–4, 5–9. Most of them are inspired from a Stefan Batory Foundation report “The Half-Open Door: the Eastern Border of the Enlarged European Union,” *Policy Papers*, 2 (2001), Warsaw, March 2001, 16 p. (www.batory.org.pl).

115 The cost of a Polish visa for a Russian and Belarusian citizen currently ranges from \$6–15 (depending on whether it is single or multiple entry). Poland hopes to maintain fees at this level, including for Ukrainian citizens. The problem of reciprocity, however, arises, as Russian, Belarusian and Ukrainian visas are much more expensive.

116 CEPS & al., “New European Borders,” *op.cit.* (note 105), p. 11.

Romania in December 2001: no more visas, but the request that travellers prove at the border that they possess a sufficient sum of money, a medical insurance and a return ticket to be granted access.¹¹⁷ Another way to send a positive political signal to the Eastern neighbours would consist in granting preferential treatment to the citizens of the NIS in the context of the development of an EU's immigration policy that would encompass training, seasonal work, and expertise in advanced technological fields – assuming Union members succeed in overcoming present hurdles in the shaping of that immigration policy.¹¹⁸

To sum up, just like other parts of the EU treaties that are up for reconsideration in the forthcoming (and subsequent?) IGC(s), Schengen should not be seen as cast in stone. What matters is that a proper balance be kept between the security of the border and the need not to isolate neighbours. In addition, the principle of equal treatment of all members should apply: there is an element of double standard in the current system, by which some older EU members have been allowed to opt-out of the Schengen agreement, while candidates are expected to implement it in full. This double standard is difficult to sustain in a community of equals. Whereas a “variable geometry” Europe may well take shape (see Section “The Future Shape of the EU,” p. 65, below), the new EU members should be granted the same flexibility as others, should they prove able to achieve the same results by other means.

Cross-border co-operation

In order to counter the risk and the sense of exclusion arising from Schengen and to offset the increasing social and economic asymmetries that will result from enlargement, the EU should invest more, and perhaps differently, in cross-border and regional co-operation programmes. To be fair, a number of projects are underway in this domain, and improvements have already been made to their quality and co-ordination. Thus, €40 million were earmarked for the TACIS Regional Co-operation Programme in 2000, the successor to the former Inter-State Programme that has been re-tailored to stress “the integration of partner state economies and societies into European and world systems.”¹¹⁹ In 2000–2003, the Commission plans to spend €120 million on this programme, 30–40% of which will go to the improvement of cross-border networks in the fields of energy (including INOGATE), transport (including TRACECA) and telecommunications; 30–50% to transboundary initiatives in the environmental

117 Presumably, border populations, students, businessmen, etc. would be exempted from those requirements.

118 Suggestions in this sense concerning Ukraine in UCEPS, “EU Enlargement and Ukraine,” *op.cit.* (note 98), pp. 22–23. Regarding the difficulties in the development of the EU's immigration policy, see European Council Meeting in Laeken: Presidency Conclusions, 14 December 2001, Press Release 00300/01 (<http://ue.eu.int/newsroom/newmain.asp?lang=1>; retrieved 6/02/2002); *Bulletin Quotidien Europe*, N° 8119, 28 December 2001, p. 5.

119 European Commission, TACIS Regional Action Programme 2000 (http://europa.eu.int/comm/external_relations/ceeca/tacis/ap2000_reg_coop.pdf; retrieved 6/02/2002).

field; and 15–25% to actions in the domain of justice and home affairs, such as combating drug trafficking, money laundering and trade in human beings. While these funds concern the entire NIS, the Commission programme indicates that priority will be given to co-operation with the Western NIS “because of increased emphasis on common interests, based e.g. on the enlargement of the EU.”¹²⁰ To these have to be added the funds allocated through the TACIS Cross-Border Co-operation Programme (CBC), in the amount of €20 million in 1999, €22.5 million in 2000, and some €30 million per annum in 2000–2003. Exclusively focused on the border regions of the Western NIS (whether with EU member states or applicant countries), the TACIS CBC aims at: (i) developing infra-structure networks, with a particular emphasis on border crossings, whereby the goal is both to improve border control and facilitate transit, but also to “incorporate wider social and economic issues related to the development of the border infra-structure;” (ii) promoting environmental protection and management of external resources; (iii) supporting the private sector, especially small and medium-sized enterprises (SMEs), and assisting local economic development; and (iv) through the so-called “Small Project Facility,” supporting local administrations, the development of municipal services, civil society initiatives, SMEs, and student exchanges (*Tempus* programme for example).¹²¹ In order to promote regional integration/co-operation between the candidate countries and the Western NIS, the Commission has also been supporting the creation of “Euroregions,” on the model of those existing among EU countries. Five of them span the future central-eastern border of the Union: the Carpathian (Hungary, Poland, Romania, Slovakia, Ukraine), Bug River (Belarus, Poland, Ukraine), Neman (Belarus, Lithuania, Poland), Upper Prut, and Lower Danube (both: Ukraine, Romania, Moldova) Euro-regions. They can be supported under a variety of schemes, including PHARE, TACIS, and INTERREG. Financing for cross-border and regional co-operation comes in addition to the national TACIS programmes.

While the EU’s efforts to promote regional and transborder co-operation on the eastern rim of the continent are therefore not negligible, they are not immune to criticism. First, the funds allocated pale in comparison with the €4,875 million devoted to cross-border, transnational and inter-regional co-operation in EU countries (including candidates) through INTERREG over 2000–2006.¹²² Second, the complexity of the procedures and the existence of a multiplicity of regulations sometimes makes access

¹²⁰ European Commission, TACIS Regional Co-operation, Indicative Programme 2000–2003, 209/DG RELEX/2000 Rev. 1 (http://europa.eu.int/comm/external_relations/ceeca/tacis/ip2003_reg_coop.pdf; retrieved 6/02/2002).

¹²¹ European Commission, TACIS 2000, Small Projects Programmes, Financing Proposal; Indicative Programme for the TACIS Cross-Border Co-operation (CBC) Programme 2000–2003; (both documents on http://europa.eu.int/comm/external_relations/ceeca/tacis/ind_act_prog.htm; retrieved 6/02/2002). 40–50%, 15–25%, 15–25%, and 10–25% of the funds should be devoted to each of these four components respectively over 2000–2003.

¹²² http://www.inforegio.cec.eu.int/wbpro/interregIII/finan_en.htm; retrieved on 6/2/2002.

to financing difficult for actors that are not used to dealing with “the Brussels bureaucracy.” Third, despite recent efforts to ensure a better co-ordination between various programmes – for example between TACIS and INTERREG – room for improvement remains, as recently highlighted by the European Court of Auditors.¹²³ Finally, it is widely accepted that the “Euroregions” have failed to carry out their promises and that they should be redrawn to better take into account local social and economic realities. This being said, the EU’s efforts fall on difficult terrain, and as studies devoted to Carpathian cross-border co-operation demonstrate, there is much in local social, economic, political, and cultural conditions to explain the limited results so far.¹²⁴ This, *a contrario*, points to the need for a particular EU effort to counter existing obstacles.

The new members and their neighbours

Should the older EU members ever be tempted to forget that the enlarged Union will have new neighbours in the East, the newcomers will remind them of this reality. Just as Spain played a leading role in the development of the Euro-Mediterranean process, or Finland in the definition of an EU Northern dimension, the East-Central European states can be expected to call for more attention to the “Eastern dimension” of the EU. Poland is likely to be the most dynamic actor in this respect, with Slovakia and Hungary supporting its initiatives, although Hungary may also occasionally take the lead.

That Poland should be pushing for an “Eastern dimension” of the EU should not be surprising, given its interest in maintaining good relations with Ukraine and anchoring the country in the West. Poland’s strategy, however, has experienced twists and turns; in the recent period, it has been more and more clearly subordinated to its own membership drive. In the late 1990s, Warsaw had stood out in support of Ukraine’s rapprochement with the EU, to the point that some Polish official statements could be construed as advocating Ukraine’s EU membership – a position that went clearly beyond Brussels’s offer to Kiev. Poland was also conspicuous in defending the interests of Ukraine against Russia, such as in a painful episode in 2000 when it protested against a Russian plan to build a new gas pipeline to the West (through Belarus) that would bypass Ukraine, while Kiev itself remained silent on the matter and the EU had implicitly

¹²³ European Court of Auditors, Special Report N° 11/2001 concerning the Tacis Cross-Border Co-operation Programme, 23 November 2001, *Official Journal of the European Communities* C329, Vol. 44 (http://www.ecu.eu.int/EN/reports_opinions.htm; retrieved 6/02/2002). The Commission itself also recognises the need to ensure better co-ordination between its Regional Co-operation Programmes and CBC Programmes; TACIS Regional Action Programme 2000 (http://europa.eu.int/comm/external_relations/ceeca/tacis/ap2000_reg_coop.pdf; retrieved 6/02/2002).

¹²⁴ Voznyak, *op.cit.* (note 103), pp. 211–212. *Carpathian Euro-region: Prospects for Economic Trans-Border Co-operation*, Research Center of the Slovak Foreign Policy Association and Strategies Studies Foundation, Report of Workshop 3, 28 June 2001 (<http://www.sfpa.sk/index.php?jazyk=eng>).

sanctioned the plan. These positions had aroused Western suspicions that Warsaw could be acting as a Trojan horse for Ukrainian membership in the EU, and that it was pushing an anti-Russian agenda that would be contrary to the EU's interests and policies. They had also elicited a fair amount of criticism in Poland itself.¹²⁵ Mindful that too strong a support for Ukraine could jeopardise its own membership prospects, the Polish Government began to amend its positions towards the end of 2000, a turn somewhat facilitated by the fact that, around that period, Kiev had little to show that would encourage one to champion its cause. A more "sober" approach therefore emanates from a document issued by the Foreign Ministry in June 2001, in which Poland advocates the development of an EU's "Eastern policy."

Three elements stand out in this document. First, Ukraine receives only marginally more attention than other countries, with the paper even making the point that "the accession to the European Union is not a practical proposition for Russia or other countries that came into existence in the post-Soviet space, with the exception of the Baltic states," and that "Poland takes care to avoid assuming vis-à-vis Ukraine any obligations whatsoever in respect of its future institutional links with the EU." Second, it makes the assumption that "the future Eastern policy of the European Union, while taking account of the need to develop individual approaches to particular states, should nevertheless apply uniform criteria and identical standards to all states established in the post-Soviet space." This proposition should be seen in the light of the document's emphasis on the security factor and its support for the development of a political dialogue between the EU and all countries of the region. Thus, while avoiding any expression of mistrust vis-à-vis Russia, the paper nevertheless makes a powerful argument that a major objective of a future EU's Eastern policy should be to "[make] it realistically possible" for the states that have emerged of the disintegration of the USSR "to choose their respective geopolitical orientations."¹²⁶ Third, the document spells out the reasons for, and possible components of direct neighbourhood policies, in particular with Ukraine and Kaliningrad, but also with Belarus, and it highlights Poland's own contribution in this respect.

In the years to come, Polish policy is likely to proceed in the triple direction formulated in June 2001: (i) strong support for an "Eastern

¹²⁵ An enlightening debate on the subject was held on 3 July 2000 at the Warsaw-based Center for International Relations. The transcript can be found in Klaus Bachmann & al., "Polish Policy vis-à-vis Ukraine and How It Is Perceived in EU Member States," Center for International Relations, *Reports and Analyses*, 2 (2000) (www.csm.org.pl/eng_index.html); it is likely that this debate influenced the revision of Polish policy. For background and details in Poland's eastern Policy, see Gilles Lepasant, "La politique de la Pologne à l'Est – Des ambitions en quête d'un projet," in Foucher (ed.), "Transitions géopolitiques," *op.cit.* (note 10), pp. 21–43.

¹²⁶ Ministry of Foreign Affairs of Poland, "The Eastern Policy of the European Union in the Run-up to the EU's Enlargement to Include the Countries of Central and Eastern Europe – Poland's Viewpoint," Warsaw, 13 June 2001. Quotes are from pp. 6, 29, 8 and 10 respectively.

policy” of the EU, including an important neighbourhood component; (ii) caution about Russia, while taking care not to antagonise EU partners on this matter (the election of a leftist majority in Warsaw in October 2001 may ease that orientation); (iii) discretion as regards Ukraine. When asked unofficially whether this represents a turn in their strategy vis-à-vis Ukraine, Polish officials respond that the change is only tactical, corresponding with the period leading up to their accession to the EU and with a concomitant slow-down in Ukraine’s reform process, but that their goal remains to bring Ukraine closer to the EU and to the West.¹²⁷ Beyond the specific case of Ukraine, Poland’s advocacy of a more active and comprehensive Eastern policy will not remain without consequences for the EU. In particular, as many bilateral Polish–Belarusian issues become EU–Belarusian issues, the EU will be under pressure to deal directly with Belarus on a broad range of subjects. The development of the EU–Russia partnership (see below, Section “The Russian Factor,” p. 57) will reinforce this dynamic.

Hungary is likely to support Poland’s drive for greater EU involvement in Eastern Europe, but with two major differences. One is that it does not have the same kind of emotional ties with the eastern part of the continent. For Hungarians, there are no “Slav brothers” over the borders and beyond. As a result, Hungary tends to have a more interest-based policy towards eastern neighbours. In practice, this translates into the search for good, “businesslike” relations with Russia and Belarus, and the inclination to see Ukraine more as a buffer zone between Western Europe and Russia than a sister country that should be brought into the “family” at all costs. Hungary does want to see Ukraine “westernise,” but on the ground that this will increase its security in a broad sense rather than out of empathy for the country.¹²⁸ However, and this is the second aspect, Hungary has emotional ties in the East through the presence of ethnic kin populations beyond its borders, a factor that has strongly marked its foreign relations since the collapse of the Soviet bloc. Experts point to the dual nature of Budapest’s foreign policy, made on the one hand of a “normal” state-to-state policy and also including its drive to join Western institutions, and on the other, of a nationality-oriented foreign policy, the purpose of which is to express the solidarity of the Hungarian state with the large populations of Hungarians living outside its borders.¹²⁹ Thus, Budapest will want to make sure that its nationality-related concerns are taken into account by EU policies vis-à-vis Romania, Serbia, and to some extent Slovakia because of the size of the Hungarian minorities there and the sometimes tense relations with those neighbours.¹³⁰ However, it does not

¹²⁷ Interviews of Government officials in Warsaw, December 2001.

¹²⁸ Interviews with Hungarian officials and researchers in Budapest, October 2001.

¹²⁹ For details, see László Kiss, “Ungarn: Nation, Minderheit und Westbindung,” in Margarditsch Hatschikjan (ed.), *Jenseits der Westpolitik. Die Außenpolitik der osteuropäischen Staaten im Wandel*, Opladen: Leske & Budrich, 2000, pp. 33–59.

¹³⁰ The Hungarian population is estimated at approximately two million in Romania, 300,000 in Serbia, and 600,000 in Slovakia.

seem to want to use the presence of a Hungarian population in Ukraine to advocate a particular EU course. This is mainly because that population is relatively small (less than 200,000 persons) and compactly located near the border: Besides, bilateral relations are rather good. Budapest is more likely to use instruments such as the “Status law” passed in June 2001 to express solidarity with Hungarian Ukrainians and support them in practical ways. Unlike Bucarest, Kiev has expressed no objection to that law and sees favourably any influx of Hungarian resources in Subcarpathia, one of the poorest regions of the country.¹³¹

Slovakia, for its part, is likely to support others’ initiatives rather than to take the lead. Focussed as it is on consolidating its statehood and “catching up” with more advanced members in the race for EU membership, Bratislava has little time for eastern neighbours. Its imposition of visas on Ukrainians in summer 2000 illustrated that attitude. However, unlike the more distant Czech Republic, Slovakia is proving an active participant in Polish and Hungarian initiatives to use the Visegrad group to reach out to eastern neighbours, in particular Ukraine, in order to address some enlargement-related issues.¹³²

Concluding Comments

Concretely, it seems that the political impact of the EU’s enlargement on the dynamics of its relations with its Eastern neighbours should be seen as two successive moments. In the immediate period, running to approximately 2005, candidate countries will concentrate their energies and political stamina on ensuring their entry into the Union on the most favourable terms. This will require the demonstration that they are reliable partners, e.g. in implementing the Schengen requirements. Conspicuous shows of support for eastern neighbours will be avoided. Meanwhile, this reserved attitude will be made easier by the fact that few spectacular political and economic changes can be expected in Ukraine or Belarus in the coming few years. On the other hand, greater engagement will be requested from Western partners in resolving cross-border issues, helping build transit infra-structure and border posts, dealing with trans-border pollution, assuaging the local social and economic consequences of the change in border regimes, etc. In a second stage, i.e. from 2005 onward, a more dynamic effect can be expected to result from enlargement. Once in, the new members, and particularly Poland, will feel more at ease to campaign for a more active EU Eastern policy. The Polish bid is

¹³¹ Romania has contested what it considers the “extra-territorial” aspects of the law. The European Commission, as part of its screening of Hungary’s legislation required by the membership process, has yet to conclude whether the law needs to be amended prior to Hungary’s accession. For information and foreign reactions, see *RFE/RL Newslines* 20 June–7 July 2001 (www.rferl.org/newslines). According to Hungarian expert László Kovač, 65% of foreign investment in Subcarpathia is of Hungarian origin (interview, Budapest, October 2001).

¹³² Interviews with Hungarian officials and experts in Budapest, October 2001; and with Polish officials and experts in Warsaw, December 2001.

likely to succeed for two main reasons. First, as a result of its deepening partnership with Russia – assuming it develops as both sides wish it today – the EU will have to accept that leaving the countries in-between unattended, including Belarus, is not an option; and, second, both Belarus and Ukraine should be ripe for a change of leadership in 2004–2005. This could provide an opportunity for a fresh start in EU relations with these countries. Obviously, the nature and scope of the EU’s Eastern policy will depend on a number of factors, including the quality of its relations with Russia and the “reality” of the system change in Minsk and Kiev (as opposed to purely cosmetic changes). Because it wants this change to be real, Poland will keep reminding its western partners, quietly but persistently, in the meantime, that they must not forget Ukraine and Belarus.

Moldova: a special case

Moldova, the “forgotten country,” is likely to bear even more negative consequences of the first round of enlargement than Ukraine and Belarus. The second round, presumably including Romania, could either significantly deteriorate or considerably improve Moldova’s position. This will depend on a set of external circumstances, including EU policies themselves.

All things remaining equal, for a series of reasons, the next few years are not propitious to the development of Moldova’s relations with the EU. First, the uncertain course of the Voronin Government and the internal fragility of the country are hardly conducive to the types of reforms requested by the EU. Second, Romania, who would presumably be Moldova’s major advocate among EU candidates – despite present tensions – has little chance to join before 8–10 years, regardless of Mr Védrine’s speculations in November 2001. Third, the EU will naturally tend to stay away from anything that does not look like an urgent problem, and the situation in Moldova has not reached that point of urgency – at least in Western capitals’ perception. There could be exceptions to that general trend, though, in the sense that Moldova could well receive more attention from Brussels in the context of the EU’s intensified action against organised crime, aliens’ smuggling, prostitution, car trafficking, etc., all problems severely plaguing the country. But this would hardly be the kind of positive message that the Moldovans are hoping for, and the focus on criminal issues would not necessarily translate into a more broadly-based EU engagement. In this context, the Stability Pact seems to be the best hope for Moldova to maintain itself fully “in the loop.”

Romania’s access to the EU will be a sensitive moment for Moldova, which Brussels would be well-advised to anticipate. Already, Romania’s decision to introduce new regulations for the entry of Moldovan citizens on its territory as of July 2001 in the form of a passport requirement – as part of its strategy to get the EU visa requirement for its own citizens lifted – caused a wind of panic on the other side of the border. In just a few months some 300,000 Moldovans rushed to take advantage of recent changes in Romania’s citizenship law (November 1999) allowing foreign

nationals with Romanian ancestry to apply for a Romanian passport. Symmetrically, dual Moldovan-Russian citizenship is reportedly frequent in the DMR, although precise data is difficult to obtain.¹³³ These individual survival strategies, that evoke those of the Lebanese, are all but the sign of a stable state. Should Romania come closer to the EU while economic and political conditions remained unchanged in Moldova, this would deepen the rift between Chisinau and Tiraspol, and undermine the state even more. Indeed, the political debates of the past few years show that pro-unification forces both in Moldova and Romania have been keen to use the issue of Romania's accession to argue that the EU's border should be drawn not along the Pruth river – the current border between Moldova and Romania – but along the Dniestr – the border between core Moldova and the DMR.¹³⁴ This, in turn, reinforces the DMR's resistance to seeking an arrangement with Chisinau. The risk is high that the fragility of Moldova will be worsened by Romania's accession if no solid flanking policies are developed by the EU. Given the high security sensitiveness of the region, this means that Brussels should not delay much longer in seriously reaching out to Moldova, even if Chisinau's behaviour may appear at time inconsistent.

The Russian Factor

In many ways, the problems of the EU's relationship to its proximate eastern neighbours are not unique. Many similarities arise with the difficulties encountered, in particular, in the Balkans, and fruitful comparisons can be made, leading to common policy recommendations.¹³⁵ The presence of Russia, however, both as a factor of influence on its smaller neighbours and as a potentially major partner for the EU, cannot but have an impact on the Union's policy vis-à-vis the countries located in-between.

Russia and the EU are aiming at a "strategic partnership." This is the term used in the EU's Common Strategy on Russia of June 1999, echoed in Russia's Medium-Term Strategy towards the EU of October 1999, and jointly corroborated on the occasion of the eight EU-Russia summits to this date. This partnership has a strong economic component, encapsulated since the May 2001 Moscow EU-Russia summit in the concept of a "Common European Economic Space." Since October 2000 it also has an energy component ("Energy Dialogue") involving economic, environmental and security dimensions. At the same date, the partners also

¹³³ Dual citizenship is illegal in Moldova. A law to allow it has reportedly been prepared, but has not been passed. This seems to have been due to a combination of parliamentary inefficiency and the fear that it could lead to an increase in the number of dual Russian-Moldovan citizens.

¹³⁴ Skvortova, *op.cit.* (note 59), pp. 108, 111.

¹³⁵ This is the approach taken by the Bertelsmann Stiftung in the two volume study *Beyond EU Enlargement* (Vol. 1: The Agenda of Direct Neighbourhood for Eastern Europe; Vol. 2: The Agenda of Stabilisation for Southeastern Europe), *op.cit.* (note 4); General recommendations in Weidenfeld, *op.cit.* (note 5).

decided to reinforce their political dialogue, with the aim of developing security co-operation between them.¹³⁶ Although, as several analysts have pointed out, the “strategic partnership” may be a project-in-the-making rather than a reality, it has progressed at a remarkable speed under President Putin and is being pursued on both sides with a determination which is not found in its EU–Ukraine equivalent.¹³⁷ In this respect, the terrorist attacks of 11 September offered an opportunity to confirm and reinforce existing aims, rather than striking a new course as was the case in NATO–Russia relations.

Russia’s pursuit of a partnership with the EU is part of the grand strategy of consolidation of the Russian state and reconstitution of Russia’s power undertaken by President Putin. Like Peter the Great three centuries ago – reportedly his hero –, the Russian leader has understood that Russia cannot be powerful and respected without being modern, and that this modernisation can only come from the West. What is at stake is Russia’s ability to exercise an influence on its direct environment and on the international scene. This influence, President Putin calculates, requires first and foremost Russia’s economic consolidation. The Russian President’s intention to rebalance economic and military instruments of power to the advantage of the former is obvious, both domestically and abroad, including in Eastern Europe and the Caucasus (cf. Section “The Partners’ Ambiguous Response,” p. 19). It is too early to tell whether his bid will succeed. This will depend on a multiplicity of factors, including his capacity to overcome domestic resistance to economic liberalisation by entrenched interests, his ability to weather the criticism of his new security partnership with the West following 11 September, and the sustainability in the price of oil on which Russian growth largely depends. What is certain, however, is that Western European leaders will throw all their weight behind the Kremlin’s course. This cannot but have an impact on the shaping of EU policies vis-à-vis Belarus, Ukraine, and Moldova.

Among the factors that come into play, the first is the foreseen integration of Russia into the international economy, to which the development of relations with the EU is expected to make a major contribution. For this, Russia will have to carry out painful reforms such as opening its

¹³⁶ EU–Russia Summit, Paris, 30 October 2000, Joint Declaration on Strengthening Dialogue and Co-operation on Political and Security Matters in Europe (http://europa.eu.int/comm/external_relations/russia/summit_30_10_01/stat_secu_en.htm); EU–Russia Summit, Moscow, 17 May 2001, Joint Statement (http://europa.eu.int/comm/external_relations/russia/summit17_05_01/statement.htm); EU–Russia Summit, Brussels, 3 October 2001, Joint Statement, Annex 3, “Future Direction of the Energy Dialogue between the European Union and the Russian Federation” (http://europa.int/comm/energy_transport/library/sommet_en.pdf).

¹³⁷ On the EU–Russia “strategic partnership,” see among others, Marius Vahl, “Just Good Friends? The EU–Russia ‘Strategic Partnership’ and the Northern Dimension,” *CEPS Working Document* N°166, March 2001 (www.ceps.be/Pubs/2001/WD166.PDF); Christian Meier/Heinz Timmermann, “Nach dem 11. September: Ein neues deutsch-russisches Verhältnis?,” *SWP-Aktuell* 22/01, November 2001 (http://www.swp-berlin.org/pdf/swp_aktuell/swpaktu_22_01.pdf).

financial and telecommunications markets, lowering many tariffs, reforming its customs procedures, enforcing rules on intellectual property, and adjusting its regulations to EU legislation in many domains. The first reward will be membership in the WTO, a key channel to open world markets to Russian products, and an essential reassurance for foreign investors. Beyond the WTO, the prospect is the establishment of a free trade agreement with the EU and the creation of a “Common Economic Space.” Although the latter still needs to be fleshed out, it seems that it would basically remove non-tariff barriers to trade and investment, and extend the EU’s single market to Russia.¹³⁸ Obstacles of a political and bureaucratic nature will no doubt arise, and there could be setbacks; but if President Putin has his way, economists predict that Russian membership in the WTO could occur at the latest in 2004, paving the way for intensified links with the EU. Already, Russia’s exports to the EU increased by a spectacular 60% in 2000, while its imports rose by 48%.¹³⁹ Western leaders, and in particular Western European leaders, will do everything they can to strengthen that trend.¹⁴⁰

What could be the consequences for Belarus, Ukraine, and Moldova? All things being equal, a first consequence would be a disproportionate increase of foreign, and in particular Western European investment in Russia, compared with Ukraine and even more, with Belarus and Moldova.¹⁴¹ Whether this is compensated by the increasing Russian investment in Ukraine and Belarus is doubtful. Moldova, for its part, is unlikely to attract much interest from foreign investors, whether Western or Russian. Another aspect is the quality of the investment: whereas Western investment in Russia will have a modernising effect – Western capital will not invest unless it can operate in market or quasi-market conditions – the question is whether Russian capital can have the same impact in Belarus and Ukraine. Evidence on the matter is still sketchy. While some commentators point to the productivity enhancement effects of Russian capital investment in the Ukrainian oil, metallurgical, or chemical industries, or in the Belarusian electronic, automotive or military sectors, others fear

138 See EU–Russia Summit, Brussels, 3 October 2001, Joint Declaration, Annex II (http://europa.eu.int/comm/external_relations/russia/summit_01_01/dc_fr.htm); Charles Grant, “A Delicate Dialogue with Russia,” *Financial Times*, 7 August 2001.

139 European Commission, The EU’s Relations with Russia, updated November 2001 (http://europa.eu.int/comm/external_relations/russia/intro/index.htm; retrieved 24/12/2001). The EU is a much more important trade partner for Russia (24.7% of Russian imports and 34.9% of its exports) than the other way round (4.0% of the EU’s imports and 1.9% of its exports), *ibid.*

140 See, for example, Chris Patten, Speech to the European Business Club, Investing in Russia Conference, Brussels, 2 October 2001 (http://europa.eu.int/comm/external_relations/news/patten/sp01_428.htm; retrieved 31/12/2001).

141 In 2000, direct foreign investment was US\$11.96 billion in Russia, US\$544 million in Ukraine, US\$90 in Belarus, and US\$108 in Moldova. Sources: European Commission (http://europa.eu.int/comm/external_relations/ceeca/index.htm; retrieved 6/02/2002); EBRD, *Belarus Investment Profile*, April 2001; *Moldova Investment Profile*, April 2001 (both on <http://www.ebrd.com/english/opera/index.htm>).

that the capitalism of the Russian oligarchs would not be of the kind to introduce processes of good management, transparency, and competition in these countries' economies.¹⁴² Given the lack of other options, i.e. the unwillingness of Western capital, in current conditions, to take risks in Ukraine and Belarus, it is nevertheless doubtful whether there are alternatives to the Russian channel to those countries' economic modernisation.

Russian investment in selective economic sectors does not necessarily mean Russian political control. But it does not create an indigenous dynamic for the "westernisation" of the target countries. Rather, it makes them more dependent on the pace and hazards of Russia's own "westernisation." For Ukraine, this could represent a step backward, especially against the benchmark of the years 1996–97 and 2000, when there seemed to be a momentum for home-grown Western-oriented reforms. For Belarus, however, economic integration with Russia appears to be a factor of modernisation and change.¹⁴³ As mentioned above (cf. Subsection "Belarus," p. 27), this was the case in monetary and, to some extent, customs and tax affairs. This also increasingly applies in the industrial domain, as Belarus – belatedly – initiates a privatisation process: interested companies, which are mainly Russian, have made clear that they expect greater management freedom before committing themselves.¹⁴⁴ Finally, in the trade area, the customs union in-the-making between Russia and Belarus, if it is to be preserved, implies that Belarus will have to adapt its regulations to the requirements of the EU–Russia "Common Economic Space." Presumably, Belarus's own bid to join the WTO would be one step in that direction. However, Minsk is far from fulfilling the conditions of such a membership. A problem that may arise for the EU is to decide whether to help Belarus with the social consequences of its future economic liberalisation policies – something which is unlikely to be of much concern to Russia. In this respect, a critical period could begin in the second half of 2003, when President Lukashenko is still in power, preventing bold political moves, but the effects of this liberalisation begin seriously to be felt.

A second factor in EU–Russia relations that could have far-reaching consequences for Ukraine, Belarus, and Moldova is the Energy Dialogue. The birth of this Dialogue has not been without pain, and all differences have not been smoothed out. However, since the autumn 2001 both sides seem determined to make it a success, as the reciprocal interest is high. The EU currently imports 16% of its oil and 20% of its gas from Russia, which

142 For Russian investment in Belarus, see Rontoyanni, "Russia's Policy," *op.cit.* (note 18), pp. 159–161.

143 The idea that "Europe could come to Belarus from the East" is put forward, among others, by Vladimir Ulachovič, "Posledstvija rasširenija Evropejskogo Sojuza dlja Respubliki Belarus"; unpublished manuscript, Minsk, 2001, quoted by Sahm, *op.cit.* (note 86), p. 1401.

144 Markus Wehner, "Das Bier des Präsidenten," *Frankfurter Allgemeine Zeitung*, 19 February 2002.

represents respectively 53% and 62% of Russia's exports of these products. With their collective dependency on imported energy slated to rise significantly in the decades to come (from the current 36% for the EU-at-15 to 60% for the EU-at-30 in 2030), EU members would like to draw much more heavily on Russia's resources as part of a strategy of diversification of supplies.¹⁴⁵ For Brussels, the main goals of the Energy Dialogue are, one, to secure access to a reliable source of energy over the long term, and two, to obtain satisfactory investment conditions for Western capital in the Russian gas and oil market. That market remains over-regulated and, as regards gas, almost entirely under the control of the *Gazprom* monopoly (slated for restructuring and partial privatisation in 2002). Russia's interest is to secure a market, but above all to attract the investment necessary for the modernisation of its energy sector, which remains outdated, extremely wasteful, and unable to produce the high-earning transformed and processed products which the country would like to export. The needs in capital investment of the Russian energy sector up to 2020 are estimated at between \$460 and \$600 billion, a sum much beyond Russia's own resources.¹⁴⁶

The development of the Energy Dialogue, if it still requires painful reforms – in particular Russian acceptance of safeguards for foreign investors, including the ratification of the European Energy Charter, and the restructuring of the *Gazprom* monopoly – has already had consequences for Belarus, Ukraine, and Moldova. A first such consequence is that EU governments have demonstrated full understanding for *Gazprom's* intention to build the new Yamal–Western Europe gas pipeline and perhaps also a secondary conduct, through Belarus, rather than using the Ukraine route, which has traditionally carried 90% of Russia's gas to Western Europe. The project, incidentally, has also met the strong interest of EU gas companies, including *Gas de France*, *Ruhrigas* (Germany), and *Snam* (Italy), the first two of which are also *Gazprom's* partners in the acquisition of a controlling group of shares in the Slovak gas network.¹⁴⁷ In that equation, Belarus not only has the geographic advantage of offering shorter transit, but it charges lower fees, it is not suspect of pilfering gas on the way, and it is a much more predictable partner than Ukraine for both Europe and Russia.¹⁴⁸ Belarus, already the major conduct for pipeline-channelled oil from East to West, is thus likely to see its status reinforced.

Other consequences are indirect and derive from the priority given to Russia in this sector. By comparison, the EU's "investment" in the domain

145 European Commission, Green Paper "Toward a European Strategy for the Security of Energy Supply," November 2000 (http://europa.eu.int/comm/energy_transport/doc-principal/pubfinal_en.pdf). Experts suggest that the EU would like to double its energy imports from Russia until 2020.

146 European Commission, "The EU–Russia Energy Partnership" (http://europa.eu.int/comm/energy_transport/en/lpi_en_3.html, retrieved 31/12/2001).

147 EIU, *Ukraine*, Country Report, June 2001, p. 16; Michel Lelyveld, "Russia: Gazprom Mounts Investment Push," *RFE/RL Weekday Magazine*, 5 March 2002 (<http://www.rferl.org/nca/features/2002/03/05032002091339.asp>).

148 Rontoyanni, "A Russo–Belarusian 'Union State'," *op.cit.* (note 1), p. 8.

of energy in Ukraine and elsewhere appears belated and minimal, outside the nuclear field. While *Gazprom*, *Lukoil*, and other Russian energy concerns have been investing massively in the country since late 2000 (directly, through subsidiaries, or through front companies), EU efforts, concentrated mainly on energy improvement, will only have a long-term effect in reducing Ukraine's import dependency. Commission services only completed a preliminary study of the Ukrainian gas sector in autumn 2001, leaving little hope that, by the time the EU had determined the conditions in which it could provide guarantees for Western companies willing to invest, there would be much of a market left. For the Ukrainian Government, the stake is to avoid that the privatisation process of the main pipeline transporting Russian gas to Western Europe – a privatisation the government has committed to carry out in 2002 – should result in a majority Russian participation (e.g. through *Gazprom*). This would deprive Kiev of one of its few forms of leverage over Russia. Similarly, the sums allocated for the support of the INOGATE programme, initiated in 1995 to improve regional oil and gas networks in the Caucasus, Central Asia and around the Black Sea (including Ukraine), and develop complementary oil and gas routes to Western markets, seem very modest in comparison with the ambitions. With only some €10–20 million earmarked for the period 2000–2003 and fifteen or so potential countries targeted, it is unlikely that much effect will be registered.¹⁴⁹ All in all, the reinforcement of two sides of the triangle – Russia's investment in its neighbours' energy sector and the EU–Russia Energy Dialogue – and the weakness of the third – EU's investment in support of the oil and gas sector in third countries – is likely to result in the consolidation of the existing trend of increasing Russian domination over regional energy markets. The question is whether Russian investment will follow a commercial rationale, which would be the case if the Energy Dialogue succeeded in dismantling Russian monopolies, or whether it will remain primarily an instrument of political control.

A third factor of EU–Russia relations that could have an influence on neighbours is the development of the EU–Russia political dialogue, which was significantly upgraded at the Paris summit in October 2000. With 11 September acting as a trigger, both sides have signalled their desire to strengthen this dialogue and to deepen it into real security co-operation.¹⁵⁰ Regular consultations to that end have been inaugurated between Russia's representation in Brussels and the Political and Security Committee, the body in charge of the day-to-day conduct of the CFSP in Brussels, with the result that Russia is now even more closely involved in the CFSP than candidate countries themselves. How far this security co-operation develops in practice will depend on the EU's own progress in its foreign policy and security designs, on the shape of future NATO–Russia relations, and on

¹⁴⁹ Tacis Regional Co-operation, Indicative Programme 2000–2003, *op.cit.* (note 121), pp. 3–6.

¹⁵⁰ EU–Russia summit, Brussels, 3 October 2001, Annex 4 to joint Declaration (http://europa.eu.int/comm/external_relations/russia/summit_10_01/dc_en.htm).

President Putin's ability to hold at bay opponents of rapprochement with the West. But even if this co-operation were to remain short of military matters, or only to include military issues in the longer term, two developments look likely. The first is intensified political contacts generally, and the second more co-operation in the domains of police, intelligence, and other means to track organised crime, terrorism, weapons proliferation, drug trafficking, and other transnational non-military risks. Intensified political contacts would also be an opportunity for the EU to put on the agenda sore issues in Russia's relations with its neighbours, in particular Belarus and the Transdniestr conflict (in addition to Chechnya, Russia's pressures on Georgia, etc.).

As for Belarus, to use an euphemism, Russian support for the Lukashenko regime "does not fit with the construction of the climate of confidence" with the West which President Putin says is his aim.¹⁵¹ Putin knows this, but he nevertheless missed a chance to distance himself from the Lukashenko regime before the October 2001 elections. The same opportunity will not arise again before 2005. Obviously, there are things that the West cannot expect, such as Russia campaigning for democracy in Belarus – any more than in Ukraine or elsewhere for that matter. Besides, President Putin's course in domestic economic policy and international affairs is ruffling enough feathers at home that he would not want to antagonise even further the oligarchs and local bosses who are the strongest supporters of Lukashenko. What would seem possible, however, would be to induce Russia to use its economic leverage to try and speed up liberalisation in Belarus. This would not only help break Belarus's isolation from world economic trends, but also weaken the regime's control (80% of Belarus's GDP comes from the state sector) and gradually pave the way for political change. Stressing the economic factor in EU-Russia discussions about Belarus would seem desirable, in many ways, as it would: (i) focus the debate on one area in which the two partners objectively have a common interest; (ii) touch a less sensitive chord than addressing the political question of the behaviour of the Lukashenko regime; and (iii) avoid creating a sense in the Kremlin that the EU accepts Belarus's reintegration in Russia's sphere of influence – if only Moscow made sure its vassals were presentable!

As regards the Transdniestr conflict, it is unclear how much leverage Moscow still has on the DMR regime. There are certainly intricate economic links between Russian oligarchs and the local power holders. On the other hand, the conjunction of the new Kremlin's approach to the near periphery under President Putin and the return to power of a communist government in Chisinau at the beginning of 2001, have clearly tilted the "correlation of forces" in favour of the Moldovan Government and against the DMR. Russia is obviously interested in "normalising" its relations with Moldova. In July 2001 it began the process of withdrawing and destroying its vast stocks of weaponry and ammunition from the DMR, in fulfilment

¹⁵¹ Meier/Timmermann, "Nach dem 11. September," *op.cit.* (note 137), p. 4.

of its OSCE Istanbul commitments – drawing strong protests from the local authorities.¹⁵² In the negotiation of the – overdue – bilateral Russian–Moldovan Treaty of Friendship and Co-operation, initialled in November 2001 and ratified in April 2002, the Kremlin similarly ignored all the DMR’s demands and recognised Moldova’s independence and territorial integrity.¹⁵³ The EU should encourage this general direction, even if it is accompanied by an increase in Russia’s political influence in Moldova. In practical ways, this could mean helping Moscow meet its military withdrawal commitments by guaranteeing that sufficient resources are channelled to the OSCE-managed fund entrusted with the destruction of the munitions stored in the DMR – these munitions are an environmental hazard – even if this should imply spending EU monies directly in the DMR.¹⁵⁴ Second, it should put to contribution the development of EU–Russian co-operation in the fight against the many forms of organised crime, to rein in illegal activities in the region, both to help deplete the income of the DMR regime and to consolidate the rule of law in the state of Moldova.¹⁵⁵

Concluding Comments

Overall, it seems that the partnership with Russia could contribute to foster some of the changes that the EU would like to see occur in Belarus, Ukraine, and Moldova. This would be under the dual effect of the reform momentum that this partnership presupposes in Russia, a momentum likely to have a snowballing impact in the neighbouring countries, and of the greater ability of the EU to use the “Russian channel” to vehicle certain messages to Minsk, Kiev or Chisinau. This does not go without the acceptance of a good dose of Russian influence on its neighbours. If Russia proceeds as intended by President Putin, this may be the shortest way for Belarus, Ukraine, and Moldova toward the West. If it does not, this means that the partnership between the EU and Russia cannot exist anyway, in which case we are brought back to a divided continent. Nobody has an interest in this scenario, no more the EU than Russia itself, or the smaller countries between them. This is why the EU will and should do everything it can to make the partnership with Russia succeed.

152 “Moldova: Russia Begins Destruction of Arms in TNR,” *RFE/RL Weekday Magazine*, 3 July 2001 (www.rferl.org/nca/features/2001/07/03072001122024.asp).

153 “Moldova and Russia Initial Bilateral Agreement,” *RFE/RL Newslines*, 7 November 2001 (<http://www.rferl.org/newsline/2001/11/5-not/not-071101.html>); “Moldovan Parliament Ratifies Basic Treaty with Russia,” *RFE/RL Newslines*, 28 November 2001 (<http://www.rferl.org/newsline/2001/12/281201.asp>).

154 Current EU guidelines prevent Commission money to be spent in the DMR. The costs of the ammunition destruction are estimated at some €50 million (data quoted by German and Belgian diplomats; Interviews, Brussels, Berlin, October 2001).

155 See more on this in the conclusion, Section “Moldova,” p. 78.

The Future Shape of the EU

Since German Foreign Minister Joschka Fischer's speech at Humboldt University in May 2000, a major debate on the future of the EU has been launched. Although that debate was originally cast mainly in institutional terms by the German Minister and by the Nice Summit declaration spelling out the objectives of the forthcoming IGC, it had become clear even before the opening of the preparatory Convention in February 2002 that the reform underway would lead to a major reappraisal not only of the EU's "mechanics," but also of its objectives, nature, and identity.¹⁵⁶ The many questions raised by the Laeken Declaration (December 2001) reflect the consensus of the member states that no taboo should affect the reshaping of the Union.¹⁵⁷

Whether the 2003–2004 IGC will result in a European "constitution," a "constitutional treaty," or some other form of legal instrument remains open. Given the weight of the issues to be debated and their incidence on national sovereignties, it could well be only an intermediary step in an ongoing reform process – something not unusual in the European construction. Besides, one cannot expect either of the IGC that it will bring a final answer to the EU's definitive borders. Member states have shied away from that subject in the past, and they will continue to do so. These reserves notwithstanding, by forcing a clarification of the EU's legal nature and of its political goals, the Convention and the IGC will close some options in the EU's relations with its environment, while they may open up new ones. This cannot but have implications for future relations with Ukraine, Belarus and Moldova.

Main trends in the debate

The debate about the future of the EU is far from transparent. Different actors address different questions; views are still in a formative stage; and often they cannot be neatly categorised under pre-determined labels. But for the sake of simplification, one can describe the debate as two overlapping lines of argument, one focussing on the EU's institutional set-up, and the other on its policy content. Again to simplify, Germany and Britain represent the two poles of the debate in matters of structures, while Britain and France typify the two opposite approaches in matters of content.

¹⁵⁶ The reform agenda, as defined by the Nice Declaration, encompasses: (i) the clarification of competencies between the member states and the Union; (ii) the status of the Charter of Fundamental Rights; (iii) the simplifying of the treaties; and (iv) the definition of the role of national parliaments in the European construction; Treaty of Nice – Declaration on the Future of the Union (Declaration N°23; 2001/C 80/01), December 2000 (<http://ue.eu.int/cig/default.asp?lang.=en>; retrieved 6/02/2002).

¹⁵⁷ Laeken Declaration on the Future of the European Union, European Council Meeting in Laeken, 14–15 December 2001, Annex I to the Presidency Conclusions (<http://ue.eu.int/en/Info/eurocouncil/index.htm>).

In Germany, most political actors support a federal view of the Union, inspired from the country's own experience. This implies the codification of European arrangements into a constitution, or at least a constitutional treaty, which would bring the Union close to a national state in the Westphalian sense of the term. Regardless of the content of EU policies – and the German *Länder* will make sure that the principle of “subsidiarity” is respected – this means that the sources of legitimacy of Union institutions must be made clear. In the system of representative democracy on which the EU rests, this requires an identification of the constituency of the European powers, and thus, clarity on the EU's borders.¹⁵⁸ Several smaller member states equally support a federal Union, which they see as the best guarantee that their interests will be protected against those of the larger member states.

France, for its part, while it has rallied to the German aspiration to a “constitutionalisation” of the Union, lays the stress on policies rather than structures. What matters in the view of French leaders is that the EU must have a *finalité politique*, which has both an internal and an external dimension. Internally, the EU must embody a particular economic and social model – generally defined by contrast with US economic liberalism. On the external front, it must become a full-fledged international actor, able to project not only economic, but also political and military power, and cultural attraction worldwide. Although coming at it from a different angle, like the German project, the French vision implies a finite view of the Union, clearly identifying “insiders” and “outsiders.” Another constant of Paris's position has been its insistence in building safeguards to keep Union action firmly in the hands of the member states, a view that used to be alien to Germany, but which Chancellor Schröder is increasingly sharing. The two countries have thus come closer on the proper balance between the supra-national and the federal components of the Union. Since a Council-controlled Union is also strongly defended by London, there is a growing consensus between the “big three” on this matter.

Britain, while taking a remarkable pro-European turn under Prime Minister Blair, has made clear that its vision of Europe is that of “a union of nations working more closely together, not a federal superstate submerging national identity.”¹⁵⁹ As put by veteran EU observer Hellen Wallace, Britain has an “organic” approach of the development of the Union, grounded in its usual pragmatism and its lack of constitutional tradition.¹⁶⁰ This does not mean hostility to the EU, as Tony Blair's policy demonstrates, but little receptivity to the concept of an “EU *finalité*” and a

158 Ulrike Guérot, “Eine Verfassung für Europa,” *Internationale Politik*, 2 (2001), pp. 28–36, esp. pp. 29, 34.

159 Prime Minister Tony Blair, “Britain's Role in Europe,” Speech to the European Research Institute, Birmingham, 23 November 2001 (<http://www.pm.gov.uk/news.asp?NewsId=3101&SectionId=32>, retrieved 27/11/2001).

160 Helen Wallace, “Possible Futures for the European Union: A British Reaction,” *Jean Monnet Working Paper*, 7 (2000), Harvard University, Symposium: Responses to Joschka Fischer (<http://www.jeanmonnetprogram.org/papers/00/00f0701.html>).

reluctance to see EU's institutional arrangements codified in legally-binding instruments. Instead, London will want to push EU integration in selected areas in which it has determined that European co-operation will be beneficial, such as defence, the fight against crime, the reinforcement of EU market competitiveness, and perhaps, in the future, EMU. In terms of method, being averse to a European federation, to the institutionalisation of a "core group," and to the strict codification of norms, Britain will be more open to forms of co-operation that allow for "opt-ins," "opt-outs" and the use of instruments such as "benchmarks," confrontation of "best practices" and "peer reviews."¹⁶¹ This kind of flexibility, the benefit of which the UK claims for itself, presumably creates a more permissive environment for the participation of outsiders.

Candidate countries are difficult to classify. On the one hand, they share the UK's aversion for the creation of a "strong core" of EU members, from which they believe they would be excluded.¹⁶² They are also likely to resist alienating too large a share of their newly-recovered sovereignty, and to favour the "soft" method of policy harmonisation, which would make it easier for them to participate than fixed sets of norms. On the other hand, major countries like Poland and Hungary have made it clear that they intend to adhere to the Union as a political project and that they want to be full participants in it, in particular as regards the foreign policy dimension. They also have a strong interest in the solidarity implied by the internal dimension of this project (social and economic cohesion) remaining as intact as possible, as they will be its main beneficiaries in the years to come.

Despite these differences on the end goal – political union or an open-ended process –, and in the method – federalism vs. intergovernmental coordination – the general trend in the past few years has been toward more, rather than less Europe. This was visible in the EMU project, with the crowning moment of the Euro's introduction as a cash currency on 1 January 2002; in the EU's efforts, yet to fully bear fruit, but genuine, to develop a common foreign, security, and defence policy; and in the new impetus given to co-operation in Justice and Home Affairs by the Tampere Council (October 1999) first, and then again, since 11 September. From the first debates of the Convention, there are good reasons to believe that this trend toward "more Europe," which is also broadly approved by the European public, will be confirmed.¹⁶³ If the experience of previous EU

161 Such instruments are being tested in the context of the so-called "Lisbon Strategy" on "employment, economic reform, and social cohesion on the basis of a knowledge-based economy," adopted by the Council on 23–24 March 2000.

162 Jan Zielonka, "Enlargement and the Finality of European Integration," *Jean Monnet Working Paper*, 7 (2000), Harvard University, Symposium: Responses to Joschka Fischer, in <http://www.jeanmonnetprogram.org/papers/00/00f0801.html>. For the author, "enlargement and Fischer's vision are basically incompatible." To a post-Westphalian federal state he opposes the organisation of Europe "in overlapping circles and along a variable geometry resembling a neo-medieval empire."

163 The European Convention, Notes on the Plenary Meeting, Brussels, 15–16 April 2002, CONV 40/02 (<http://register.consilium.eu.int/pdf/en/02/cv00/00040en2.pdf>). See Euro-

expansions is a guide, enlargement will reinforce the trend rather than weaken it. Experience shows indeed that the drive to maintain cohesion has always overcome the danger of dilution. Besides, the new member states will feel under pressure to prove their European credentials by supporting the extension of EU competencies. Finally, Britain's new commitment to the Union will likely make for more, rather than less common policies. The only important exception to this trend is the possible dilution of EU's internal solidarity represented by the structural and agriculture policies.

Assuming this forecast is correct, what could be the implications for Ukraine, Belarus, and Moldova?

The implications for Belarus, Ukraine, and Moldova

In fairly broad terms, an EU that tends toward a federal system would be less likely to accommodate "à la carte" policies, or partial integration schemes able to involve non-members than an open-ended one. On the other hand, one would expect such a Union, endowed with a strong political identity, to have more coherent and sustained policies towards neighbouring countries than one that remains a loose grouping of states co-operating on a more or less voluntary basis. Beyond these general considerations, it is useful to distinguish among policy areas.

CFSP/ESDP. Should the EU succeed in becoming a cohesive foreign policy actor, including in the security field, this will increase its inclination and capacity to consider its relations with Moldova, Ukraine, and Belarus in their geo-strategic dimension, and not only in terms of these countries' domestic economic and social development. Whether this implies greater involvement with them will largely depend of the quality and intensity of the EU's relationship with Russia. It could, however, make the EU as a whole more sensitive to the Polish argument that it needs an "Eastern dimension." As regards the participation of third countries in CFSP/ESDP, "more Europe" in this field will mean greater scope for the association of partners, but at the same time a stronger distinction between the core leading group of EU countries and other participants. In that configuration, Ukraine, Belarus, and Moldova could be involved at the stage of implementation of EU policies (providing military forces, policemen or civil administrators for peace-keeping operations led by the EU for example), but not in their conception.

Justice and home affairs. JHA is probably the domain most open to collaboration with third countries, as the effectiveness of measures in this field is enhanced by, and often requires their participation. However, here again, distinctions are necessary. While the EU is currently working to develop co-operation with Ukraine and Moldova (as well as Russia) to fight organised crime, human smuggling, drug trafficking, etc., the JHA com-

barometer 56 (http://europa.eu.int/comm/dg10/epo/eb/eb56/eb56highlights_en.pdf; retrieved 8/02/2002).

ponents which concern visas and immigration are largely conceived against these countries, not with them, and they are meant to ward off disturbances originating from their territories. As analysed above (Sub-section “Ukraine,” p. 19), the EU’s message to eastern neighbours, at this time, is one of exclusion rather than inclusion. In addition, the fight against organised crime and other forms of international lawlessness is likely to stumble on the issue of trust, as the transfer of sensitive information will be resisted by both sides.¹⁶⁴ Whatever the EU’s institutional set-up, the full inclusion of the NIS in a “common area of freedom, security and justice” – as JHA has been touted – will not happen in the foreseeable future.

Social and economic cohesion. In this domain, several factors have to be taken into account, but the end sum may not be favourable to “outsiders” either. On the one hand, the tendency to develop the EU’s social agenda further and to strengthen general economic policy co-ordination – even if this should be in a non-binding form – will set the “goal posts” higher. On the other, it is possible that the greater reliance on “benchmarking,” “indicators,” and the confrontation of “best practice,” will facilitate the participation of third countries in institutional modes that rely on “seminar-style” governance more than on explicit assignments.¹⁶⁵ The crux of the matter, however, is that these indicators or benchmarks will bear on policy areas in which the NIS are well behind in comparison with EU standards (social security, safety in the work place, pensions, taxation, etc.), and need heavy EU assistance to reach those standards. In the context of the next few years, and even the coming decade, in which the debate on the EU’s economic and social cohesion will be dominated by the difficult re-negotiation of the EU’s budget and the redistribution of structural funds, this assistance may well be stepped up incrementally, but overall, Moldova’s, Ukraine’s, Russia’s (and Belarus’s?) approximation of EU norms will rest mainly on their own efforts.

Concluding Comments

To conclude, there seems to be no automatism by which a looser form of EU integration would lead to a systematic involvement of Ukraine, Belarus, and Moldova in its policies. An open-ended system, as preferred by the British and the Northern countries in general, would certainly create a more permissive environment for that purpose than a federal form of Union. However, involving third countries “à la carte” would still require

¹⁶⁴ The issue of trust in developing meaningful JHA co-operation was a major theme of discussion during the CEPS/SITRA Foundation/Stefan Batory Foundation conference held in Brussels on 6–7 July 2001 (*op.cit.*, note 160). For special aspects, papers presented by Malcom Anderson, “Trust and Police Co-operation;” Olga Potemkina, “Russia: Engagement with the JHA and the Question of Mutual Trust;” Neil Walker, “The Problem of Trust in an Enlarged Area of Freedom, Security and Justice: A Conceptual Analysis” (unpublished manuscripts).

¹⁶⁵ Helen Wallace, *op.cit.* (note 160).

definite policy choices and, in many cases, important allocations of funds to bring their norms and practices to a level compatible with those of the EU. That Norway and Iceland can be quasi-members while remaining formally outside, is not the result of a political *fiat* on the part of the EU, but a consequence of the likeness and total compatibility of their political, social, and economic systems with those of the Union. By contrast, involving countries whose social and economic development is lagging, democratic credentials unproven, and administrative practices pre-modern, is a challenge. The idea is not likely to rally much enthusiasm at a time when the onus is on the EU to demonstrate its cohesion, and profile a stronger identity vis-à-vis its own citizens and the rest of the world.

Policy Recommendations

One of the difficulties in the relationship between the Union and neighbouring states is that the EU is both a vehicle for change and, for those that seek to join – and that is the majority of European countries – an end-goal. While the two aspects blend into one another for Central Europe and will eventually do so for the Balkans, the tension remains for those countries which have not been offered a membership prospect. Such is the case of Moldova and Ukraine at this point, and for Belarus possibly later. The problem for the EU is to disconnect the two aspects, i.e. conceive policies that will convey a sense of inclusion separate from the end-state of membership, while working to foster the kind of change that may make it possible at some point in the future, given appropriate circumstances, to consider this very membership. The task is particularly difficult since, as we have argued above, a “messianic” view of the Union has imposed itself. It implies a reversal of emphasis, placing the stress on the process rather on the end-goal of integration into Union structures and policies. This is not an easy political message to convey. In this context, what it seems the EU could do is threefold: (i) increase eastern neighbours’ awareness of membership requirements; (ii) keep fostering the process of democratisation, state consolidation, administrative reform, and economic liberalisation which will, on the one hand, facilitate their gradual integration into the “European mainstream” and, on the other, create greater stability on the eastern rim of the enlarged Union; and (iii) work to dispel and counter the increasing feeling of isolation created in Minsk, Kiev, and Chisinau by EU enlargement.

On the first item, the EU should never tire to clarify that it stands for a particularly demanding set of requirements, involving: (i) the adoption and implementation of some 80,000 pages of common norms regulating the every day behaviour of governments, companies, and individuals in almost all fields of human activity, norms behind which transpires a certain set of values; (ii) a commitment to democratic government and the respect for human and minority rights, as embedded in the Copenhagen criteria; (iii) habits of co-operation, mutual trust, and the acceptance of limitations on national sovereignty for the sake of the common interest; (iv) and perhaps participation in a political project meant to profile the Union as an actor of a particular kind on the world scene.¹⁶⁶ Although the latter remains a matter for discussion, the first debates of the Convention demonstrate a growing consensus for the reinforcement of the EU as an international political actor.¹⁶⁷ Whether Ukraine, Moldova, and Belarus

¹⁶⁶ The latter aspect is stressed by Gilles Lapesant among the components of adhesion to the European Union project; *op.cit.* (note 12), pp. 134–135.

¹⁶⁷ European Convention, Notes on the Plenary Meeting, 21–22 March 2002, CONV 14/02 (<http://register.consilium.eu.int/pdf/en/02/cv00/00014en2.pdf>); 15–16 April 2002, CONV 40/02 (<http://register.consilium.eu.int/pdf/en/02/cv00/00040en2.pdf>).

should ever want, and be ready to meet these conditions remains open. In any event, this can only occur in the long-term future.

The second and third aspects above are linked, in the sense that it is through approximation of norms and gradual integration into EU policies that the feeling of isolation can be assuaged. EU Governments, reportedly, are working at the definition of a “wider Europe” policy, taking these requirements into account, with London having seized the initiative on this issue.¹⁶⁸ To be fruitful, it would seem that such a policy would have to include two components. One would be the reinforcement of links with each of the three countries considered, with due regard for their specificity. The other would be the development of a regional approach that would encompass all three and place them in the context of EU-Russia relations. We shall spell out a few suggestions in this regard, beginning with the regional approach and following with country-specific recommendations. This being said, a number of policies would be regional in concept, but bilateral in implementation.

Regional Policy: Developing an EU “Eastern Dimension”

As discussed above, the EU has had a “hub and spoke” policy approach toward Ukraine, Belarus, and Moldova, as well as Russia. This approach was justified vis-à-vis the former three by Brussels’s concern not to fall prey to suspicions that it was supporting reintegration in some form between them and Russia, and for all four by their insistence that they be treated on their own merits – a perfectly legitimate argument in view of their diversity. In this, it is strikingly different from the policy courses followed toward the Northern region or the Balkans, where the EU has been supporting – in the first case – or trying to create – in the latter – a dynamics of regional co-operation.

What would be the virtue of an “Eastern dimension,” and how would it look like? There are two ways, it seems, that this concept could be understood, and both of them are worth exploring.

The first one would consist in a policy approach that enables the EU to take stock in a comprehensive manner of developments to its East, in the same vein as the “common strategies” toward Russia and Ukraine are meant to bring into a coherent whole the various co-operation programmes – economic, political, security, etc. – with those countries. As these two “common strategies” expire in 2003, they could be replaced by a new “Eastern dimension” policy. Such a policy would have two components. The first would take stock of the impact of enlargement on neighbouring Eastern countries in a comprehensive manner and develop a set of measures that would (i) mitigate and compensate the asymmetry-creating effect of EU expansion to Central Europe; (ii) counter the sense of isolation elicited by enlargement, in particular by developing “border friendly”

¹⁶⁸ Interviews with Government officials in Brussels (September 2001, March 2002), Paris (September 2001), and London (October 2001).

justice and home affairs policies, and fostering cross-border and regional economic and infra-structural co-operation. This would create a regional dynamics between the future members and their immediate eastern neighbours, for example in the domain of visas, where arrangements for special border situations could be found through tripartite consultations between the EU, the candidates, and Ukraine/Belarus/Moldova/Russia respectively.¹⁶⁹ Trade would also be a privileged area of co-operation, including a systematic review of existing bilateral economic agreements between the candidate countries and their eastern neighbours in order to maintain as much as possible of these agreements in place, and the synchronisation of autonomous regional trade development schemes and EU bilateral and regional plans for trade development.¹⁷⁰ Overall this first component would help remove the still too frequent contradictions that arise in the EU's external policies as a result of its EU's pillar structure. Finally, it would also enable the EU to convey a more positive message to Kiev, Chisinau, and especially Minsk than bilateral relations, which are often occasions for Brussels's finger-pointing at their democratic shortcomings and slow pace of reform.

It is mainly in this sense that the concept of an "Eastern dimension" has been used so far by the few persons/institutions who have thought about the issue. However, they have given it too narrow or too broad a scope. For example, the Polish Foreign Ministry's June 2001 proposal for an EU's Eastern policy is too wide, both in terms of the countries it seeks to encompass (the entire NIS region, including Central Asia) and the topics it suggests to cover (security policy co-operation, for instance, which belongs more appropriately to bilateral relations or other international fora).¹⁷¹ On the other hand, the Polish Center for International Relations, or German expert Werner Weidenfeld place the focus too narrowly on Ukraine (*de facto* rather than explicitly).¹⁷² It is vital, however, that Belarus be included as well in such an undertaking. As for Moldova, its integration in an "Eastern dimension" would complement the Southeastern European orientation resulting from its inclusion in the Stability Pact, and possibly the Stabilisation and Association Process (see below).

A second component of an Eastern policy would go a step further and aim to overcome the limitation of the EU's bilateral approach of Ukraine, Belarus, and Moldova, which is shaped almost exclusively in view of domestic developments in these countries, whereas the state of their

169 Such consultations have been engaged between the Visegrad countries, Ukraine, and the EU under the Swedish presidency of the Union (first half of 2001).

170 Thus, Charles King suggests that EU trade agreements with Southeastern European countries could be folded into BSEC's plans for a free-trade area in the region, on the basis of an extension of the customs union with Turkey; Charles King, "The New Near East," *Survival* 43 (2), Summer 2001, p. 64.

171 Polish Ministry of Foreign Affairs, "The Eastern Policy of the European Union," *op.cit.* (note 126).

172 Piotr Buras & al., "The Most Serious Challenges Facing Poland's European Policy," Center for International Relations, *Reports & Analyses*, 4 (2001) (<http://www.csm.org.pl>); Weidenfeld (ed.), *op.cit.* (note 5), p. 60.

politics, economy, and society is strongly influenced by the contextual factors of the Russian presence and EU–Russia relations. Besides, there are many parallels between the problems that the EU is encountering in its relations with Russia and the other three eastern neighbours. In this sense, the “Eastern dimension” could encompass four domains. The first one would be the fight against organised crime and illegal immigration, which can hardly be handled on a bilateral basis, given the cross-border nature of criminal organisations and the lack of proper borders between Russia and Ukraine and Belarus respectively. The second would be trade, where the concept of a “Common European Economic Space” as developed between EU and Russia implicitly involves Ukraine, Belarus, and Moldova. It would be better politically and in terms of practical preparations that this assumption be made explicit. The third would be infra-structure, where it hardly makes sense to talk of developing road, rail or pipeline networks with Russia without taking into account the impact of these networks of Belarus’s and Ukraine’s infra-structure links with Central and Western Europe. A fourth one would be immigration, an area in which EU policy is still hesitant, but where it would have an interest in developing a unique strategy toward the Western NIS countries in view of the similarity of problems they present and persons’ movements among them. The goal of such a strategy would be to regulate temporary, seasonal, and expert migration of NIS workers, trainees, and students to EU countries with a view of fostering real “partnership for human and economic development.”

A second manner of conceiving an “Eastern dimension” strategy would build on the second streak of the component of the policy just spelled out to foster a real regional integration dynamics. This also supposes a certain degree of “multilateralisation” of the Eastern dimension, as opposed to the unilateral character of a “common strategy” type of instrument. In this domain, the EU has to fare carefully, but it should not let itself be paralysed by the concern that Russia might use this opportunity to regain or consolidate its control on the neighbouring countries. Fostering those features of Russia–Belarus integration that promote economic liberalisation in Belarus and, in some cases, in Ukraine, for example, would be in the EU’s interest. In the field of oil and gas, multilateralisation should be pursued in order to develop the diversification and the security of sources at the same time as the EU keeps putting pressure on Russia to accept the regulations of the Energy Charter and of INOGATE, which would benefit both its own entrepreneurs and countries such as Ukraine, Belarus, and others (Caucasus, for example) that are used for transit and are the targets of Russian investments. More broadly, the “Eastern dimension” would be a tool to bring strategic coherence between the EU–Russia Energy Dialogue, developments in the gas and oil industry in neighbouring countries, and the INOGATE programme, which have remained largely disconnected so far. Greater synergy in the national and EU programmes to fight organised crime could also be pursued in this context. On the other hand, it would not seem advisable to encourage an EU–CIS partnership, given the poor

performance of that grouping and the clear attempts of many Western CIS countries – Belarus being the exception – to distance themselves from it.

In whatever understanding of the term, at a political level the “Eastern dimension” could be conceived as a building-block in a European Conference which is seeking a new rationale. As convened by the Belgian presidency (October 2001), the European Conference brought together not only those countries recognised as candidates – its original addressees – but also, for part of the agenda, Russia, Ukraine, and Moldova. This points to a possible development of the Conference into a political tool to enhance the consistency between the EU’s approaches of Eastern and Southeastern Europe, embedded respectively in the “Eastern dimension” and the Stabilisation and Association Process. The two would then be seen as constituent elements of a comprehensive Union management policy of its relations with its immediate European environment.

Bilateral Policies

In a way, the EU is facing similar dilemmas in its relations with Ukraine, Belarus, and Moldova: should it upgrade relations in the context of existing instruments, i.e. basically the PCAs – which is not even in force for Belarus – or should it develop new, further-reaching types of contractual relationships, possibly including a membership prospect in the long term? The answer to this dilemmas, however, must be highly differentiated to take account of the differences between the three countries.

Ukraine

Ten years after Ukraine’s independence, the foundations of its sovereignty are sound. The overriding priority at this stage of its development is to foster domestic change – political, economic, and in attitudes – not the least because it is the best tool to ultimately consolidate that sovereignty.

Raising the prospect of an EU membership of Ukraine at this time would contribute little to this goal. It would create a division line between Ukraine and Russia and would unnecessarily burden the Union at a crucial moment in its transformation. Some EU leaders, including German Chancellor Schröder and former Italian Foreign Minister Ruggiero, have expressed support for the conclusion of an “Association Agreement” between the EU and Ukraine during visits to Kiev in 2001.¹⁷³ In the Ukrainian word use, as documented in Ukraine’s official policy documents, this sets out a clear, if distant, membership prospect. On the one side, such a promise helps convey the message that the Union has not given up hope of striking a meaningful partnership with Kiev. On the other, it bears the risk of arousing false expectations when in practice, the demand of the day seems to be “more of the same” in terms of Ukraine’s

¹⁷³ “Schröder für Assoziierung der Ukraine mit der EU,” *Frankfurter Allgemeine Zeitung*, 7 December 2001; “Italy Backs Ukraine on Path to Europe,” *RFE/RL Newslines*, 18 December 2001 (<http://www.rferl.org/newsline/2001/12/3-cee/cee-181201.asp>).

efforts to align its standards and practices on those of the Union. At the very least, should the conclusion of an Association agreement become Union policy, it should be made clear that membership is only one possible hypothesis. Whether this occurs or not, it seems that the EU could give a more positive spin to its relationship with Ukraine in rebalancing its policy bag by adding a number of incentives – which, of course, does not mean abandoning conditionality.

In the domestic policy domain, the EU's main message and assistance programmes – in conjunction with those of other institutions such as the Council of Europe, the World Bank, the EBRD, etc. – should be targeted toward institutional consolidation, which Ukrainian leaders still have difficulty distinguishing from the consolidation of individual power positions. In the economic area, EU assistance should continue to support the goals listed in the many chapters of the PCA, which are also often the goals Ukraine has set for itself in seeking WTO membership. The WTO accession process provides clear benchmarks for reform. Its achievement would be a powerful signal that Ukraine has become a “trustworthy” country for investors and economic partners alike. In this perspective, EU efforts since 2000 to direct TACIS assistance towards the implementation of the PCA, and supporting at the same time Ukraine's WTO membership process, are a useful move.¹⁷⁴ The EU – again together with other actors, such as national governments working at the bilateral level, the EBRD, the IMF, etc. – will never provide too much policy advice, technical assistance, training, etc. to help Ukraine modernise, reform, and open its economy. In the end, however, it is up to the Ukrainians themselves to decide whether, how, and when to heed this advice. As an incentive along the way, once sufficient progress has been made in adapting to WTO rules, but without waiting for Ukraine's accession, the EU could offer Kiev to begin preparation for the conclusion of the free trade agreement envisaged in the PCA.¹⁷⁵

Apart from policy advice and training, the EU should consider increasing its financial contribution to Ukraine in two areas. One is in helping the government face the social impact of economic restructuring and modernisation. Addressing the social consequences of transition is one of the three priority areas of Ukraine's national TACIS programme for 2000–2003, but that programme conceives these issues in relatively narrow terms, focussing on health care and the labour market.¹⁷⁶ Ukraine does receive poverty alleviation assistance from the World Bank.¹⁷⁷

¹⁷⁴ European Commission, Draft Ukraine Indicative Programme, Tacis, 2000–2003, 199/DG RELEX/2000 Rev. 2 (http://europa.eu.int/comm/external_relations/ceeca/tacis/ip2003_ukraine.pdf; retrieved 6/02/2002).

¹⁷⁵ Meier and Timmermann make such a proposal for Russia in “Nach dem 11. September,” *op.cit.* (note 137), p. 7.

¹⁷⁶ European Commission, Draft Ukraine Indicative Programme, 2000–2003, *op.cit.* (note 174).

¹⁷⁷ A US\$50 million loan from the Bank's “Social Investment Fund” was approved in December 2001 (<http://lnweb18.worldbank.org/news/pressrelease.nsf/673fa6c5a2d50a67852565e200692a7/a712ec6c1f260b3b85256b18007df89d?OpenDocument>).

However, broader EU social assistance, including for poverty alleviation purposes, would have the triple goal of: (i) making the transition process more palatable politically; (ii) expressing concrete solidarity with the Ukrainian leadership and people; and (iii) freeing government resources for other expenditure which foreign donors cannot cover, but which are also essential to the success of transition, such as raising the pay of civil servants, policemen, and customs officers: without decent salaries, there will never be the kind of professional, efficient, and non-corrupt civil service that the country needs to successfully manage its transition process.

The second area is infra-structure, which, in Ukraine like in other NIS countries, require massive investment. Certainly, the EU is not a infra-structure investment scheme – and from this perspective, it is debatable whether the huge sums of money put into nuclear safety and Chernobyl-related projects are really justified.¹⁷⁸ But it can be a facilitator of management reform for state-run infra-structure (such as railways for example), and of privatisation and private investment support for the construction, renovation, or management of other public service infra-structure (gas and oil pipelines, water and sewage, roads, etc.). As discussed above, however, its involvement in this field seems to have been modest in amount (INOGATE, TRACECA), or belated (Ukraine’s natural gas market assessment study). Outside the energy sector, increased EU support for infra-structure development should take into account the political significance of diversifying Ukraine’s communication channels and strengthening its rail, road, air, and sea connections with Western Europe. As regards energy, it seems that the EU would achieve the best results to Ukraine’s benefit in keeping the pressure on Russia in the context of its Energy Dialogue. In this context, the ratification of the Energy Charter by the Russian Duma and the government’s signing up to the INOGATE Framework Agreement have rightly been identified as important steps since both would provide guarantees on the conditions of Russian investment in the Ukrainian energy sector.

To turn to the political aspects of the relationship, there is room for increased co-operation in some areas of security policy, but the goodwill of both partners is to some extent put to the test. Where the EU should strive to bridge the gap between its discourse and policy is in the field of military co-operation: in this context, EU governments arbitrating in favour of Airbus’s A400-M strategic transport aircraft against the Ukrainian–Russian AN-70, was a missed opportunity to build a partnership that would have been financially advantageous for both sides, and would have sent a strong

178 EU Tacis assistance to Ukraine in the field of nuclear safety since the inception of the programme totals over €370 million, including €270 million in grants for Chernobyl and Chernobyl-related projects. In addition, a €585 million EURATOM loan was approved in late 2001 for the same purpose; European Commission, Draft Ukraine Indicative Programme, 2000–2003, *op.cit.* (note 174); European Commission, “The EU and Ukraine, Overview” (http://europa.eu.int/comm/external_relations/ukraine/intro/index.htm, retrieved 22/11/2001).

political message.¹⁷⁹ On the other hand, building up military co-operation assumes that Ukraine proves a trustworthy partner. A tighter arms sales policy will be a prerequisite in this domain (cf. Section “Ukraine,” p. 19). In the non-military areas of security policy, there is a huge terrain for expanding co-operation in the field of justice and home affairs. An Action Plan, partly meant to fill the gaps of the very sketchy provisions of the PCA in this domain, was adopted by EU governments at the end of 2001 and will be completed by an implementation scoreboard in the spring 2002.¹⁸⁰ In preparation since early 2001, the plan received a boost after 11 September, and includes the EU’s most extensive programme of co-operation in this field with any third country. It also provides for EU assistance – in particular in helping Kiev build-up competent cadres of professionals in police, justice, and customs. However, its emphasis lays in the broad-encompassing reforms that Ukraine has to perform to put its legislation and practices in line with EU standards. This will be a difficult and drawn-out process, in which Ukraine’s goodwill has yet to be unambiguously demonstrated. In the interest of regional security, a good place to start would be in the dossier of border control with Moldova and the DMR, where Ukraine has been as much part of the problem as part of the solution (cf. Section “Ukraine,” p. 19). On the other hand, the EU may want to overcome possible political inhibitions in helping Ukraine improve the control of its borders with Russia and Belarus, which are a main transit routes for illegal migrants heading from the East to Western Europe – despite Russia’s open hostility to the consolidation of those borders.

Moldova

In Moldova, the consolidation of the state in both its internal and external dimensions and the fostering of reform seem equally important, and ultimately, mutually supportive. Moldova needs political reassurance and a long-term perspective. This may require a clearer prospect of EU integration, despite Chisinau’s dithering on its European aspirations.

This “special treatment” would be justified by the fact that Moldova, although the vagaries of European history have placed it in the NIS realm in the last 50 years, is similar to Balkan countries in many ways: (i) it can be considered as part of the Eastern Balkans in terms of its geography; (ii) it is a small country, but with a comparatively high potential for regional destabilisation given its political/ethnic mix; (iii) it is situated at the crossroads of three bigger neighbours that tend to interfere. By contrast, given Moldova’s small size and population, an early influx of relatively limited resources to the country could go a long way in avoiding

¹⁷⁹ Rainer Lindner, “Die Ukraine und Deutschland im neuen Europa – Hypotheken und Chancen ihrer Partnerschaft,” in Simon (ed.), *op.cit.* (note 11).

¹⁸⁰ The early generation of PCAs, such as that signed with Ukraine in 1994, included very few provisions on Justice and Home Affairs – quite logically as EU policies in this domain only began developing with the Treaty of Amsterdam in 1997.

a future disaster. Moldova looks like an appropriate place for the EU to put its conflict prevention ambitions into practice.¹⁸¹

Originally, this could mean aligning its status on those of the other addressees of the Stability Pact, with all the benefits and requirements involved in the negotiation of a Stabilisation and Association Agreement. Should this result in significantly speeding up domestic reform, a parallelism could be established between Chisinau's and Bucharest's EU's accession. At the very least, placing Moldova on a membership track, even in the long term, would create a basis for the search of solutions that would mitigate the negative effects of Romania's accession, notably as regards the Schengen *acquis* and bilateral economic relations.

A membership prospect for Moldova does not mean that the EU should be any less stringent in its demands for reform by Chisinau. On the contrary. But it does mean that the EU would be more involved. For comparison's sake, Moldova's position in relation to the EU would be more or less similar to that of Albania.

In the macro-economic domain, EU involvement would likely come in support of the IMF and EBRD, which clearly have the lead (the IMF because major macro-economic reforms are still due). One specific area where the EU could be more forthcoming, though, is in the field of trade. This does not imply moving immediately to the negotiation of a free trade agreement, which Moldova aspires to, but that its economic structures could not sustain, but opening up EU markets to Moldova's agricultural goods. Although this is a sensitive issue for the Union, the cost of the measure would be very low (Moldova accounts for perhaps 0.05% of the EU's imports), while it would represent a big boost for Moldova's economy (agriculture represents 60% of Moldova's exports). This trade opening could occur in parallel with increased EU assistance in the transformation of Moldova's outdated agricultural sector, in the same spirit as the EU now considers helping the candidate countries' reform their farming sector before they can be fully integrated in the Common Agriculture Policy in 2013.¹⁸²

Where EU's assistance would yield the greatest benefit to the country's economy, however, is in helping the government rein in corruption, the black market, and trafficking in illegal goods, in order to: (i) build a sound fiscal basis; and (ii) make the country attractive to foreign investment. This is part and parcel of the consolidation of the Moldovan state. The same also involves building the cadre of administrative and economic experts

181 Conflict prevention figures prominently as a goal of ESDP as defined by the Helsinki European Council and developed by the Göteborg European Council; "Presidency Reports on Non-Military Crisis Management in the European Union," Annex 2 to Annex IV (<http://ue.eu.int/newsroom/newmain.asp?lang=1>); Swedish Presidency, Documents expected to be submitted to the European Council in Göteborg, "EU Programme for the Prevention of Violent Conflicts" (<http://eu2001.se/static/eng/pdf/violent.PDF>; retrieved 2/06/2002).

182 European Commission, "Enlargement and Agriculture: Successfully Integrating the New Member States into the CAP," *Issues Paper*, SEC (2002) 95 final, 31 January 2002 (http://europa.eu.int/comm/enlargement/docs/financialpackage/sec2002-95_en.pdf).

that the country lacks, and strengthening the government's law and order capacity in all domains. This requires resources – but not in great amount; it involves freeing up advisors in all relevant fields – already a more demanding requirement; and finally, it demands tireless efforts by the EU to call Moldova to account – the most difficult part. A long-term membership prospect would hopefully ease that task somewhat.

Finally, as evoked earlier, the fight against crime and corruption could also be used as a vehicle to try and get a grip on the Transdniestr conflict, beginning with the question of border trade in the DMR–Moldova–Ukraine triangle. But for this strategy to succeed, the EU also needs to give a “positive spin” to its approach of the DMR. So far, Brussels has resisted any involvement in the conflict resolution process on the ground that this was an OSCE responsibility, and that it would not be helpful to multiply mediators. It has also avoided all contacts with the DMR for fear of granting legitimacy to the breakaway republic. A new policy vis-à-vis Moldova would rescind these two assumptions. The objective would be to develop a co-ordinated strategy of conflict resolution with the OSCE, inspired from the EU's successful joint mediation with NATO in the Preshevo Valley (Federal Republic of Yugoslavia) at the beginning of 2001, and their joint management of the crisis in Macedonia in the ensuing months. This approach, in which the EU would offer substantial assistance to the parties, should they find a suitable arrangement between them, would be more constructive than the current one, which *de facto* keeps Moldova hostage to the ill-will of the DMR leaders. By raising the prospect of an end to the DMR's isolation and the benefit of external assistance, it would offer its leaders a face-saving device that would make a compromise solution more acceptable. To enhance the chance of success of this strategy, the EU should enlist the support of Moscow, taking advantage of the more sober attitude taken by the Kremlin vis-à-vis the region since the arrival of President Putin (cf. Section “Moldova,” p. 32).

Belarus

In the 1990s, when there was no EU–Russia partnership worth of the name, enlargement remained a remote horizon, and the paternalistic Belarusian state catered to citizens' everyday needs, Minsk and Brussels could afford to ignore each other. This is no longer so. First, enlargement is generating a whole spectrum of new neighbourhood issues (cf. Subsection “The new members and their neighbours,” p. 52). Second, Belarus is approaching the crucial threshold when economic reforms have to be seriously engaged, notwithstanding all sorts of delay tactics, and these reforms will have destabilising social consequences. It would definitely be in the EU's interest to accompany them, simultaneously helping to steer and the process and cushioning it. Finally, the development of the EU's relations with Russia will have a momentous impact on Belarus, the most direct transit route between Western Europe and Moscow, and the main conduct for their strategically and economically vital oil and gas links.

The most recent political bases of EU policy toward Belarus are the twin declarations following the presidential elections of September 2001 and the ensuing change of government in October. While they maintain the critical line of the previous years on the lack of democracy in the country, these statements contain two new elements: one is a reference to “the emergence in Belarus of a degree of pluralism and of a civil society;” the other expresses a policy intention: the EU “does not wish Belarus to be isolated” and “it would like to see Belarus in time regain its place within the international community.” This amounts to a clear – albeit indirect – acknowledgement that the policy of isolation previously followed had failed to achieve results.¹⁸³

Having come to that conclusion, the EU is challenged to develop a new approach, but its options are limited by two constraints: (i) it must work in conditions in which Belarus says it wants a partnership, but will keep opposing resistance to the reforms that would make this partnership possible; (ii) it must avoid suggesting that it has in any way become less critical of the Lukashenko Government’s undemocratic and repressive ways, especially at a time when domestic support for the president is rapidly dwindling.

Because of these constraints, the new policy has been slow in coming, with Britain and the Nordic countries in particular resisting change on human rights grounds. What seemed to be emerging toward the end of 2001, though, was a kind of “permissive consensus” enabling those EU governments that wanted to do so to re-establish contact with the Belarusian authorities, up to the ministerial level, but excluding the ministries and agencies suspected of being involved in repression (ministry of interior, intelligence services) and of course, ruling out contact with the president himself. Channels to use this opportunity in a discrete manner could be exploited or created, such as Italy using the meeting of the Heads of Government of the Central European Initiative in Trieste in November 2001 for consultations with Prime Minister Novitski, or the Swedish Social-Democratic Party, the main force in the government coalition, inviting Foreign Minister Mikhail Khvostov to open a seminar on developments in Belarus in Stockholm in early December. Whatever the vehicle, it seems that, by the beginning of 2002, EU capitals were implicitly rallying to this conclusion of a Polish expert that, in a centralised and sovietised country like Belarus, “revolution can only come from above,” and therefore, it is at that level that change has to be fostered.¹⁸⁴

183 First quote from “Declaration of the Presidency on Behalf of the European Union on the Holding of Presidential Elections in Belarus,” Brussels, 14 September 2001, 11812/01 (Presse 320). Second quote from Declaration of the Belgian Presidency, Brussels, 10 October 2001, in *Bulletin Quotidien Europe*, N° 8068, 12 October 2001, p. 8. The recognition that the isolation policy had failed was expressed much more clearly in face-to-face interviews of the author with officials in Brussels, Berlin, Paris, and London in the autumn 2001.

184 Interview with a representative of the Policy Planning Staff, Warsaw, December 2001.

The next step would be to transform this informal approach into an EU policy permitting, in particular, to move beyond the exclusive TACIS support to NGOs of the past few years and resume technical assistance to Belarusian government agencies. This, it seems, could be done while keeping broadly within the 1997 guidelines, but giving them a more permissive interpretation. The process seemed to be in the making at the time of writing, with small business also being identified as potential beneficiaries of EU funding.¹⁸⁵ These measures, however, would only be significant if TACIS funding for Belarus were raised from the paltry €10 million planned for 2000–2003 to an amount at least equivalent to the Moldovan allocation of €50 million (Belarus has more than twice the population of Moldova and its territory is six times larger). A possible low key way of increasing Belarus's share under TACIS would be to use the multi-country Regional, Cross-Border, and Nuclear Safety Programmes (cf. Section "The new members and their neighbours," p. 52). By putting more money into border-crossings, regional environmental projects, and various transnational schemes, the EU would help Belarus, but it would also increase its own security and alleviate social and economic pressures in the easternmost regions of its new members, Poland, Lithuania, and Latvia. More generally, a tangible increase in EU's support programmes for Belarus could help create a pro-European atmosphere at a time when a growing number of citizens express disaffection with the government's performance.

In order to avoid the risks of political exploitation of increased EU assistance, it would be preferable for any new start in EU–Belarus relations to be made with as little publicity as possible. In the intermediary period leading up to enlargement, which corresponds approximately to the lifetime of the Lukashenko regime – assuming the present constitution is respected –, the EU could also make active use of Poland and Lithuania as quiet channels of communication and actors of co-operation with Minsk. Poland is particularly keen to offer the help of its experts, businessmen, NGOs, local officials, etc. who can share their experience of systemic transformation with Belarusian counterparts.¹⁸⁶ The EU should support these initiatives as actively as possible.

A more engaged policy, with a significant increase of TACIS funding, EIB loans, and, ultimately, entry into force of the PCA, could possibly be inspired from the EBRD's and World Bank's two-option scenarios, which foresee scaled support programmes depending on the degree of reform

185 Assistance to small business would, actually, re-align EU programmes on those of the EBRD, which never ceased assisting independent entrepreneurs. Similarly, the Bank always maintained a policy dialogue with the government, estimating that this was the best way "to minimise the negative impact of excessive state interference [in the economy];" EBRD, "Strategy for Belarus," 19 April 2001, p. 10 (<http://www.ebrd.com/english/about/strategy/country/belarus/belarus.pdf>; retrieved 10/10/2001). This points to a discrepancy in the attitude of EU governments as Union members and EBRD shareholders. The same, incidentally, applies to the United States.

186 Interviews with Polish officials, Warsaw, December 2001; also: Ministry of Foreign Affairs of Poland, *op.cit.* (note 126), pp. 28–30.

carried out by the Belarusian Government.¹⁸⁷ But as this would imply a qualitative change in the EU's approach and re-instil a clear political component in the relationship, Brussels should presumably continue to condition its support upon democratisation more clearly than the two lending agencies do.¹⁸⁸ Integrating Belarus in the EU's Northern dimension, could also be part of the package of a re-politicised relationship. On the other hand, the new "Eastern dimension" sketched out above could be an opportunity to take Belarus into account in EU policies and partially involve it without identifying the country as a special case. With a lesser political significance, it may be more effective as regards its practical implications.

187 EBRD, *op.cit.* (note 185); World Bank, Belarus CAS FY2002-04 Draft Document for Discussion (<http://www.worldbank.org/belaruscas/casdocument.htm>; retrieved 21/01/2002).

188 EBRD's lending does involve an element of democratic conditionality, in accordance with the statutes of the Bank. This is not the case for the World Bank. In both cases, however, the application of conditionality criteria is an eminently political matter, although efforts to stress "good governance" have generally led to greater attention to political matters in international lending since the late 1980s. The EBRD has recently signalled that the lack of democratic reforms in Belarus could lead it to curtail its financing – not cutting it entirely, though; "Belarus: Lack of Democratic Reform Threatens Loan Prospects," *RFE/RL Weekday Magazine* 7 November 2001 (<http://www.rferl.org/nca/features/2001/11/07112001084226.asp>).

Executive Summary

Over the years, and even more since the end of the Cold War, the European Union (EU) has become a major structuring pole of inter-state relations on the European continent. The attraction of this pole is strong, as demonstrated by the eagerness of some twenty countries to “join the club.” The EU has responded to those aspirations only in part: whereas most countries of Central Europe are well on their way into the Union, and the Balkan states have been offered a membership prospect in the long term through the Stabilisation and Association Process (SAP), the EU has given no such reassurance to countries born out of the dismembering of the Soviet Union – outside the Baltics. It has concluded Partnership and Co-operation Agreements (PCAs) with Ukraine and Moldova, and made Ukraine the target of one of its “Common Strategies.” However, it has remained non-committal vis-à-vis both countries’ aspirations to join, neither promising membership at any time, nor ruling it out. As regards Belarus, relations have been practically frozen since 1997, when the EU suspended almost all its commitments there in reaction to President Lukashenko’s authoritarian ways. Having engaged in a “Union” process with Russia, Belarus has only ambiguously hinted at a possible desire for closer relations with Brussels.

Ukraine, Belarus, and Moldova, however, will be *de facto* coming closer to the EU as a consequence of enlargement. By 2004–2005 the first two will be EU neighbours, as a result of Poland’s, Hungary’s, the Baltic States’, and Slovakia’s accession. Moldova’s turn is more distant, but the country is also slated to border on the EU as Romania progresses towards membership. Once inside, the new members will press for more attention to the eastern neighbours. From the other side, geographically speaking, a fast process of rapprochement between the EU and Russia has been underway since President Putin has concluded that a strong partnership with the West was the only way to rebuild Russia’s power. EU member states believe this partnership to be in their interest too. What, then, is to be done with the countries of the “frontier zone” – the very meaning of the word “Ukraine” – in-between? For the time being, the EU has few answers, but it is groping for a “wider Europe” policy, the need for which will impose itself all the more in that the ongoing Convention and future Intergovernmental Conference will press the Union to clarify its borders, role, and identity.

Enlargement raises two main problems for the Union vis-à-vis the eastern neighbours, plus an additional diplomatic difficulty. The first problem is that economic, social, political, and cultural asymmetries between the new members and their eastern neighbours are likely to keep increasing in the years to come as the former steadily adjust to Western standards, while the latter continue to function largely as sovietised societies, economies, and polities. Second, as a consequence of the new members tightening their borders through the adoption of the *Schengen*

acquis, human interaction and the not-insignificant economic activity that depends on cross-border trade may be obstructed. Thus, overall, the potential for instability (including illegal migration) will increase, and the modernisation of the eastern neighbours through their “europeanisation” will be slowed down. The diplomatic difficulty is that, as the EU begins to tackle these neighbourhood problems, it will have to reopen channels of communication with Belarus, however unlikable the Lukashenko regime may be.

This question, in a way, is already implicitly posed by the new EU–Russia partnership. This partnership generates new realities on the ground, three of which are particularly relevant for the countries in-between. First, the concomitant (i) acceleration of Russia’s efforts to insert itself in EU and world markets (“Common European Economic Space,” World Trade Organisation), (ii) consolidation of Russia as the leading market for, and investor in Ukraine, Belarus, and Moldova, and (iii) slow pace of reform in the three countries, supports a dynamics that can be summarised as “in Europe with Russia” rather than “in Europe before Russia” (Ukraine, Moldova) or “let’s keep out of Europe” (Belarus) – at least on the economic front. Second, the EU–Russia “Energy Dialogue,” supported by powerful financial and strategic interests on both sides, is significantly upgrading the value of Belarus as a transit country for oil and gas at the expense of Ukraine. Third, the reinforced political dialogue between the EU and Russia makes it possible to place on the agenda issues pertaining to their common neighbourhood, among others the transformation of Belarus and the resolution of the Transdnestr conflict in Moldova.

As it seeks new ways to manage its relations with its immediate environment, the EU needs to be guided by its interests rather than by the “messianic” concepts that have guided its enlargement policy in the past decade. However, these interests need to be thought of in a long-term perspective. Thus, it is obviously to the Union’s benefit to encourage the modernisation of its future eastern neighbours – encompassing economic, political, institutional, and cultural components. Brussels, therefore, should be generally more involved in the three countries than it has been in the past. But this involvement does not need to be paired with a membership commitment for: (i) whatever their declaratory policies, the three countries have not demonstrated sufficient practical determination to carry out the changes that would make them fit for a membership application; (ii) internal reform, enlargement to 10–13 new members and a major task of gradual integration of the Balkan countries would make additional memberships – at least in short order – a hard sell for EU public opinion and an insuperable burden for the Union; (iii) as regards Ukraine specifically, its membership would result in a fundamental rebalancing of the “correlation of forces” within the EU, undermine the Union as a political project, and create an artificial division line with Russia. Taking into account (i) the EU’s capacities; (ii) the urgent need to tackle the consequences of enlargement for the eastern neighbours; (iii) the sustainable presence of strong political and economic, but also cultural and human

links between Russia and the three countries concerned, the following recommendations emerge.

Bilaterally

Ukraine. With Ukraine, the motto should be “more of the same” in the dual sense that the EU should not tire of prodding Kiev to align its standards and practices on those of the Union, but also that Brussels should be more involved in fields in which it is already active, but in too limited a way. This includes energy outside the nuclear domain, road and other communications infra-structures (improving communications with Western countries), border policing (including that of the eastern border), the alleviation of the social consequences of transformation, and, generally, policy advice in all domains. Security policy co-operation, including justice and home affairs, should be developed, but no quick results should be expected in this field.

Belarus. The EU should take advantage of Belarus’s desire to recreate itself a breathing space vis-à-vis Russia to re-open channels of co-operation with Minsk in order to deal with the neighbourhood implications of enlargement. A significant increase in TACIS funding for Belarus should be considered with a view to (i) supporting all actors of economic and political change in the country, including in the technical and low ranks of the government; (ii) enhancing its border management capacity both in view of enlargement and of EU–Russia transit. The EU’s approach to Belarus should be a pragmatic one, consisting in practical policy measures rather than political statements as long as Lukashenko is in power. Russia–EU contacts should be used as a means to accelerate economic reform, both as an end in itself and as a stimulus for political reform; on the other hand, EU–Russia political discussions on Belarus are unlikely to be fruitful and should therefore receive low priority.

Moldova. In contradiction to the general principle of caution recommended above, Moldova should be offered a membership prospect, as this seems to be the only way to durably stabilise the country. That exception would be justified by its geo-strategic location at the confluence of three interference-prone bigger neighbours (Russia, Ukraine, and Romania) that tend to play on the country’s delicate political/ethnic mix, and by the quasi-collapse of the state in front of social-economic, criminal, and irredentist problems (the Transdnistr) of a magnitude beyond the capacity of the government to resolve. Moldova has been admitted to the Stability Pact. Its status should be fully aligned on that of the other beneficiaries of the SAP. At the same time, the EU should rescind its no-contact policy with the Transdnistr region and, working together with the OSCE and Russian support, rejuvenate the conflict resolution process through a mix of diplomatic and financial means modelled after its involvement in Macedonia. Overall, the cost of that policy would be relatively modest and fully proportional to the security benefits accruing to the Union.

Regionally

The EU should explore the possibility of developing an “Eastern dimension” policy encompassing Belarus, Ukraine, Moldova, and Russia. That policy would have two main aims. One would be to take stock of the impact of enlargement on neighbouring Eastern countries in a comprehensive manner and to develop a set of measures that would (i) mitigate and compensate the asymmetry-creating effect of EU expansion to Central Europe; (ii) counter the sense of isolation elicited by enlargement, in particular by developing “border friendly” justice and home affairs policies, and fostering cross-border and regional economic and infra-structural co-operation. The other would be to overcome the limitation of the EU’s bilateral approach towards Ukraine, Belarus, and Moldova, which is shaped almost exclusively in view of domestic developments in these countries, whereas the state of their politics, economy and society is strongly influenced by the contextual factors of the Russian presence and EU–Russia relations. Building on this second aim, the EU could selectively encourage the development of a multilateral dynamics of integration of the countries to its East on the basis of the shared interest of fostering reform, while making sure that this is not used by Russia to regain or consolidate control on neighbouring countries.

Overall, a greater involvement of the EU in Ukraine, Belarus, and Moldova would work to remedy an insufficient understanding of the Union in these countries, contribute to remove excessively positive or negative stereotypes in their public opinion, and consequently help their governments define policies that are better tailored to their capacities and national interests.

Abbreviations

BSEC	Black Sea Economic Co-operation
CAP	Common Agriculture Policy
CBC	Cross-Border Co-operation Programme
CEPS	Centre for European Policy Studies
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
COREPER	Comité des Représentants Permanents
DMR	Dniestr Moldovan Republic
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
EIU	Economist Intelligence Unit
EMU	European Monetary Union
ESDP	European Security and Defence Policy
ESRC	Economic and Social Research Council
EU	European Union
GDP	Gross Domestic Product
GUAM	Georgia, Ukraine, Azerbaijan, Moldova
GUUAM	Georgia, Ukraine, Usbekistan, Azerbaijan, Moldova
IGC	Intergovernmental Conference
IMF	International Monetary Fund
INOGATE	Interstate Oil and Gas Transport to Europe
JHA	Justice and Home Affairs
KIIS	Kiev International Institute of Sociology
NGO	Non-Governmental Organization
NIS	Newly Independent States
NISEPI	Nezávislý institut sociálně-ekonomických a politických výzkumů / The Independent Institute of Socioeconomic and Political Studies (Minsk)
ODIHR	Office for Democratic Institutions and Human Rights (OSCE)
OECD	Organization for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PCA	Partnership and Co-operation Agreement
PHARE	Pologne/Hongrie: Assistance à la Restructuration Économique
PPCD	Partidul Popular Creștin Democrat (Popular Christian Democratic Party)
RFE	Radio Free Europe
RL	Radio Liberty
SAP	Stabilisation and Association Process
SME	Small and Medium-Sized Enterprise
TACIS	Technical Assistance for the Commonwealth of Independent States (EU)
TRACECA	Transport Corridor Europe–Caucasus–Central Asia
UCEPS	Ukrainian Centre for Economic and Political Studies
WTO	World Trade Organization