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Crossing Borders

Rethinking the European Union's Neighborhood Policies

by Almut Möller (ed.)

With contributions from:
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DGAP Deutsche Gesellschaft für Auswärtige Politik e.V.

Summary

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- The European Union is in the middle of developing policies for dealing with the countries in its neighborhood. The ongoing series of events in the EU's southern neighborhood create the need to answer a challenging question: If the strategic answer to the fall of the Iron Curtain was enlargement, what then is the European Union's strategic response to the Arab Spring?
- Since the accession of Bulgaria and Rumania in 2007, the integration capacity and the transformative power of the Union have been disputed. Governments and citizens are increasingly skeptical about further enlargement. There is no convincing rationale for enlargement (why is Turkey on the list, and not Ukraine?), and the financial, economic, and sovereign debt crises have made the EU more introverted. Most of the Western Balkan countries will not become EU members any time soon. And a self-confident Turkey is less and less interested in joining the club.
- The ENP, on the other hand, a framework concept that was launched as a response to the 2004/2007 enlargements, has not yet developed into an attractive policy or an alternative to EU accession. Countries that want to join the Union regard it as a "policy of rejection." For countries that do not want to join the Union, the ENP has not delivered the results that the EU was hoping for in its "Wider Europe" concept of 2003: stability, peaceful cooperation, and prosperity.
- There are clear reasons why ENP and Enlargement Policy exist as separate approaches, the most obvious explanation being that the countries covered by Enlargement Policy will join the Union, while the ones under the ENP will not (or at least not for the foreseeable future). However, this separation of (to be) "ins" and "outs" is not helpful. The EU needs a policy somewhere between Enlargement Policy and ENP.
- This set of chapters suggests that the EU turn the European Commission's concept of the "Three Cs for enlargement" into a new concept for the whole neighborhood: (1) Conception: The EU should embrace its neighbors with a more daring approach of selective areas of functional and regional integration; (2) Communication: There is a lot of room for improvement in the EU's way of communicating with its neighbors; and (3) Cooperation: The EU must be selective with regard to partners, and it needs to develop a real spirit of partnership.
- The European Union will be a lot more successful if it manages to blur the boundaries on the European continent by creating overlapping spheres of partial integration with its neighbors. By "crossing borders," the Union will also strengthen its ability to function as a network; a quality that will be a major asset in a multipolar, interconnected world.

Zusammenfassung

Grenzen überschreiten

Die Nachbarschaftspolitiken der Europäischen Union neu denken

von Almut Möller (Hrsg.)

- Die Europäische Union steckt mitten in der Weiterentwicklung ihrer Politiken für die Staaten in ihrer Nachbarschaft. Die andauernden Ereignisse in der südlichen Nachbarschaft der EU machen dabei die Beantwortung einer entscheidenden Frage notwendig: Wenn die strategische Antwort auf den Fall des Eisernen Vorhangs die Erweiterung war, was ist dann die strategische Antwort der Europäischen Union auf den Arabischen Frühling?
- Seit dem Beitritt Bulgariens und Rumäniens im Jahr 2007 werden die Integrationskapazität der EU und ihre Fähigkeit, Transformationsprozesse anzuschieben, immer stärker angezweifelt. Unter den Regierungen und Bürgern der Mitgliedsstaaten wächst die Skepsis über weitere Erweiterungsrunden. Hinter der Erweiterung steckt kein überzeugendes, logisches Grundprinzip (warum erhält die Türkei Kandidatenstatus und nicht die Ukraine?). Zudem führt die Finanz-, Wirtschafts- und Schuldenkrise dazu, dass sich die EU stark mit sich selbst beschäftigt. Der Großteil der Staaten des Westlichen Balkans wird auf kurze Sicht kein Mitglied der EU. Die selbstbewusste Türkei ist immer weniger daran interessiert, dem Club beizutreten.
- Die Europäische Nachbarschaftspolitik hat sich noch nicht in eine attraktive Politik oder gar zu einer Alternative zum Beitritt entwickelt. Staaten, die der EU beitreten möchten, betrachten sie als eine »Abspeisungspolitik«. Für Staaten, die dies nicht anstreben, hat die ENP bisher nicht die Ergebnisse erreicht, welche sich die EU in ihrem »Wider Europe«-Konzept aus dem Jahr 2003 erhofft hatte: Stabilität, friedliche Kooperation und Wohlstand.
- Es gibt zwar klare Gründe, warum die ENP und die Erweiterungspolitik als separate Ansätze existieren. Die offensichtlichste Erklärung besteht darin, dass diejenigen Staaten, die von der Erweiterungspolitik abgedeckt sind, auch der EU beitreten werden, während die Staaten der ENP diese Perspektive nicht (oder zumindest nicht in absehbarer Zukunft) haben. Jedoch ist die klare Trennung von »dabei sein« oder »nicht dabei sein« nicht sehr hilfreich. Die EU braucht eine Politik zwischen Erweiterung und ENP.
- Die vorliegende Publikation empfiehlt, dass die EU das Konzept der »drei C's für die Erweiterung« der Europäischen Kommission aus dem Jahr 2005 zu einem neuen Rahmen für die gesamte Nachbarschaft weiterentwickelt. Dieser sollte auf drei Pfeilern aufbauen: (1) Konzept: Die EU sollte ihre Nachbarn mit einem mutigeren Ansatz selektiver Felder funktionaler und regionaler Integration gegenübertreten; (2) Kommunikation: Es gibt viel Luft nach oben in der Art der Kommunikation der EU mit ihren Nachbarn; und (3) Kooperation: Die EU muss hinsichtlich ihrer Partner selektiv sein und mit diesen tatsächliche Partnerschaften eingehen.
- Die Europäische Union wird erfolgreicher sein, wenn sie es schafft, überlappende Felder einer teilweisen Integration mit ihren Nachbarn zu schaffen und so die Grenzen auf dem europäischen Kontinent zu verwischen. Ein solches »Überschreiten der Grenzen« wird die Fähigkeit der EU stärken, als Netzwerk zu agieren; eine Qualität, die von besonderer Bedeutung in einer multipolaren, vernetzten Welt ist.

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Preface

Europe is a patchwork continent where borders have a particular meaning: The European Union aims at tearing down borders to grant mobility to its citizens and facilitate exchange and trade. Over time, the borders between EU members have therefore become blurred. But by becoming more integrated internally, the Union creates new external borders with the countries in its non-EU neighborhood.

The European Union's "neighborhood" is thus very complex. The EU surrounds the countries of the Western Balkans, which form a little non-EU "enclave" (for now). To the east, the European Union shares borders with autocratic Belarus, as well as Moldova, Ukraine, and the vast Russian Federation. Its southeastern neighbor, EU accession candidate Turkey, would extend the Union's borders to Syria, Iran, Iraq, Armenia, and Georgia, if it becomes an EU member. On the other side of the Mediterranean, the Middle East and North Africa (MENA) region has—despite hopes for democracy—embarked on a path of insecurity. For good or bad, its geography has a big impact on the shape of the European Union.

Enlargement Policy and European Neighborhood Policy (ENP) are the two main approaches that the Union has developed for its neighboring space. With these policies, the European Union has set the ambitious goal of changing its neighborhood, supporting the countries on its eastern and southern borders to become more peaceful, more prosperous, and indeed more like itself, and making the neighborhood more secure and more accessible to the EU's economic interests. While promoting change worked much better leading up to the successful enlargement rounds of 2004 and 2007, both the subsequently launched ENP and Enlargement Policy have since then proved to be a lot less successful in transforming the countries in the EU's neighborhood. On the contrary: When the rulers that the EU and its members had worked with over decades were swept out of power by the citizens of Tunisia and Egypt this year, Europeans were mere observers instead of transformers and supporters of freedom, democracy, human dignity, and a better life.

This set of chapters covering both the Union's enlargement and neighborhood policies explores the links between the two and comes up with suggestions as to how the European Union can give its relations with its neighbors more clout again. With this, we hope to make a contribution to an ongoing debate.

Each of the three overarching chapters—Enlargement (I), the Eastern Dimension of ENP (II), and the Southern Neighborhood (III)—can well be read as blocks separate from each other with an introduction and "Lessons Learned" paragraph, giving readers a quick overview about the current debates in each respective area. At the same time, the chapters are put under a joint analytical umbrella, allowing for shared conclusions in the end that entail both cross-policy and cross-regional aspects. We hope that crossing the borders of one's expertise into another geographic area or moving between enlargement and ENP will pay off for our readers, as it did for the team of authors, when they worked together on their chapters in several successive workshops.

The chapters in this volume reflect the expertise of the DGAP's staff on questions related to the EU's neighborhood, with most of the researchers working not from a regional, but from an EU perspective. The issues covered in this publication are therefore by no means exhaustive. Areas that would deserve greater attention in the context of EU neighborhood policy include, among others, case studies for the countries in the southern Mediterranean, in particular those in transition, to explore the impact of the changing political landscape on cooperation with the European Union; the cases of Armenia, Azerbaijan, and Georgia in the eastern dimension; the often problematic nexus between the European Union's foreign and security

policy and its enlargement tools, for instance in the Western Balkans; the role of Russia and Turkey in "their" neighborhood; the emerging role of the European External Action Service in the Union's immediate neighborhood; and the multitude of other regional or sub-regional approaches such as the Council of the Baltic Sea States, in which Germany holds the presidency in 2011/2012, the Black Sea Synergy, the Strategy for Central Asia, or the Northern Dimension, that have been developed over the last years.

What distinguishes this publication from other neighborhood assessments though is that it deliberately takes a joint approach to both Enlargement Policy as well as the southern and eastern dimensions of ENP in order to deal with the EU's neighborhood in a more comprehensive manner. The key to a successful neighborhood policy might lie somewhere between ENP and Enlargement Policy—hence "Crossing Borders"—or indeed in something entirely new.

I would like to thank my colleagues at the German Council on Foreign Relations (DGAP), whose ideas have inspired this project, and who have contributed chapters to this collection. Colin Adams supported the editing process and Tilmann Chladek put the pieces together into a combined layout. Finally, our thanks go to the Alfred Freiherr von Oppenheim-Stiftung for generously supporting this publication.

Berlin, July 2011 *Almut Möller*

Introduction

by Almut Möller

The European Union is in the middle of developing policies for dealing with the countries in its neighborhood. The new external boundaries of the Union took shape with the 2004/2007 rounds of enlargement, and as recently as early 2011 the Arab world witnessed unprecedented upheavals that triggered historic shifts in the Union's southern neighborhood. We are therefore looking at a relatively young set of policies that must respond to a changing environment.

The European Union and its members chose 2011 well before the Arab Spring as the year to review and reform its neighborhood policies. But while the High Representative and the European Commission drafted an initial ENP review paper in May 2011 and expectations are high for the Polish EU Presidency in the second half of 2011 to come up with political initiatives, the ongoing series of events in the EU's southern neighborhood create the need for an even more in-depth debate: If the strategic answer to the fall of the Iron Curtain was enlargement—what then is the European Union's strategic response to the Arab Spring?

While enlargement proved to be a successful means of peaceful transformation until 2004, the accessions of Bulgaria and Romania in 2007 in many ways marked a *caesura*. The enlargement discourse has changed since then: The "integration capacity" of the Union has become disputed by its members, as has the EU's "transformative power;" both governments and EU citizens are increasingly skeptical about further enlargement rounds; there is no convincing "enlargement rationale" (why is Turkey an accession candidate, and not Ukraine?); and the impact that the financial, economic and sovereign debt crises had on many EU members further reduced the appetite to shoulder the costs of another round of enlargement.

On the other hand, the European Union and its member states have already granted new accession prospects, most notably to Turkey and the countries of the Western Balkans. Accession negotiations with Croatia are expected to be formally concluded later in 2011 and the country is likely to become the Union's 28th member in 2013. However, for a variety of reasons, most of the other Western Balkans countries will not become EU members any time soon. And an increasingly self-confident Turkey seems to be less and less interested in joining the crisis-ridden club. Continuing the enlargement process reveals that the Union is losing its transformative power, but it is also clear that the EU cannot simply leave what it has created as a framework of cooperation without being negatively affected.

The ENP, a framework concept that was launched as a response to the 2004/2007 enlargements, has not yet developed into an attractive policy or an alternative to EU accession. Countries that want to join the Union tend to regard the ENP as a "policy of rejection." For countries that do not want to join the Union, the ENP has not delivered the results that the EU was hoping for in its "Wider Europe" concept of 2003: stability, peaceful cooperation, and prosperity. On the contrary, following the Arab Spring, the European Union was widely criticized for having cemented the autocratic regimes of the south rather than transforming the countries to make them politically more stable. The fundamental question about what the EU wants to achieve with its policies vis-à-vis its neighborhood (market access? transformation towards democracy and a social market economy? stability? security? new spheres of influence? conflict resolution?) has been fueled again, as has the question about what kind of incentives will drive neighboring countries to cooperate (or not) with the Union.

There are clear reasons why Enlargement Policy and ENP exist as separate approaches, the most obvious explanation being that under the current set-up the countries covered by Enlargement Policy will join the Union, while the ones under the ENP will not (or at least not for the foreseeable future). But is this division and the definition of (soon to be) "ins" and "outs" helpful? The current problems that both Enlargement Policy and ENP face suggest that it makes sense to put the current

neighborhood debate into the wider perspective of the EU's external relations with its neighbors. Widening the scope of analysis allows one to look at the EU's relations with its neighbors in a more comprehensive manner, which might help to overcome the current deadlock. This is what this publication seeks to accomplish.

Marcel Viëtor sets the stage for what he describes as the "inclusion-exclusion dilemma" that comes with European integration, a question that is essentially about the very identity of the Union: "At every Council meeting and in every negotiation round between the EU and non-EU countries, hard facts and economic, political, and judicial considerations are at stake—but the question of 'European identity' is also present in a subliminal, albeit decisive way. […] While the question of who is 'European' and who is not will never be settled, the disagreement interferes with the Union's policies towards its neighbors and makes life difficult for both sides" (see page 11). To acknowledge the presence of assumptions about "Europeanness" in the European Union's daily business is one thing. The author then goes further and suggests strategies for both the Union and its neighbors to overcome the dichotomy of "in" and "out" to find a healthier way of co-existence.

Lucas Lypp then gives an overview on the state of affairs of the EU's Enlargement and Neighborhood Policy. He points out the connectivity of Enlargement Policy on the one hand and ENP on the other, a nexus that comes with pitfalls. Fundamentally, as the author describes, "there is an asymmetry that underlies the EU's relations with its neighbors, a center-periphery logic by which the EU—a norm-creating actor that has experienced decades of economic prosperity—is accompanied by a periphery that is much less developed both politically and economically. This logic puts Brussels in the position of granting assistance and formulating conditions, and the prospect to govern even beyond its 27 members in which EU legislation is applied. This unequal arrangement of relations has resulted in the growth of a latent deficit of legitimacy within the context of EU engagement […]" (see page 17). Also, the EU is still in the process of developing the new policy approach. But so far, the ENP is often seen as an instrument of indecision by the neighbors, a new form of integration or association, settled somewhere between Enlargement Policy and foreign policy, that sometimes creates confusion.

The introductory reflections are followed by three chapters covering (I) Enlargement, (II) the Eastern Dimension of ENP, and (III) the Southern Neighborhood.

The first chapter, entitled "Revisiting Enlargement," entails three papers on the state of play in the Western Balkans (*Natasha Wunsch*), Iceland (*Marek Souček*), and Turkey (*Natasha Wunsch*). In a comparative perspective, *Cornelius Adebahr* and *Natasha Wunsch* conclude that "the enlargement process no longer represents a binding engagement between the EU and a candidate country. In the Western Balkan states, it is the EU's waning commitment to their eventual accession, along with the often-problematic internal situations in many countries of the region that has resulted in a rather sluggish transformation, which frustrates actors on both sides of the negotiating table. In Iceland, the commitment problem is actually located on the candidate's side, with the EU's lack of flexibility putting the successful conclusion of accession negotiations in doubt. Finally, in the case of Turkey, both sides appear unsure as to whether they want to go through with a formal commitment to full integration, resulting in a stalemate in accession talks. […] This development reduces the leverage the EU traditionally wields over aspiring member states through the enlargement promise, thereby diminishing its ability to contribute to the successful transformation of its neighborhood" (see page 43). The authors suggest that in order to counteract the current devaluation of the accession promise, a number of concrete changes should be undertaken: 1) Communicate enlargement both inside and outside; 2) Enhance the consistency of the EU's messages; 3) Strengthen civil society in the target countries; and 4) Shift the accession process from governments to societies.

The Eastern dimension, introduced by *Irene Hahn,* looks at the cases of Moldova (*Stefan Meister*), Belarus (*Marie-Lena May)*, and Ukraine (*Ulrike Stern*). These chapters focus on complementing the Euro-

pean Union's perspective with the expectations and interests of partner countries—a change of perspective that reveals the extent to which the European Union's Eastern Partnership (EaP) has been "Euro-centric" so far. Despite the limitations of the EaP, as *Marie-Lena May* and *Stefan Meister* point out in their "Lessons Learned" chapter, "the EU still has a chance to develop ties with the parts of society in these countries that are open to its policies. […] In addition to a dialogue with the elites of EaP countries, the EU should identify target groups that are open to its approaches and that could be potential cooperation partners for comprehensive social and economic modernization." (see page 65) These are, first and foremost, civil society, the youth, and small and medium sized enterprises (SMEs). Another aspect that the authors point out in their "Lessons Learned" chapter is the role of Russia: "Russia's goals often contradict the EU's interests because Moscow has no interest in conflict resolution, economic competition, or transparent political and economic structures. Russia only has limited intentions to solve the conflicts in its neighborhood, because without these conflicts, it would lose a main instrument to prevent these countries from integrating with the EU. Thus, the EU cannot avoid conflict with Russia regarding its policies towards Eastern Partnership (EaP) states" (see page 67). The issue, as *Irene Hahn* suggests, is not about blaming Russia for what the Europeans perceive as a "sphere of influence policy," but to accept that Russia, as the EU, quite naturally engages in "her" neighborhood. However, there are different opinions on how to deal with Russia. *Ulrike Stern* takes a different approach: "An important precondition for the success of the Eastern Partnership is the EU's relationship with Russia. In the post-Soviet space, the EU should not act as a direct opponent of Russia. Instead of aiming for an exclusive partnership with Ukraine, its proximity to Russia should be accepted—despite divergent aims and beliefs, even though this might be challenging. This will help support the EU's own relationship with Russia" (see page 62).

While the MENA region is still in a process of change following the toppling of President Ben Ali of Tunisia and President Hosni Mubarak of Egypt, *Claire Demesmay, Carsten Främke,* and *Katrin Sold* give an initial assessment of what the upheavals in the southern Mediterranean mean for the European Union and its policies vis-à-vis the respective countries as well as the region as a whole. While the authors underline that there are good reasons for strengthening the bilateral ENP approach in an ever more heterogeneous region, they argue for continuing to engage in a complementary multilateral framework as provided by the Union for the Mediterranean. The authors conclude: "Applying the principle of complementarity would lead to the development of a more coherent and efficient Mediterranean policy—not only in regard to cooperation between the EU's actors, but also to the use of existing instruments. Since both the multilateral and bilateral approaches have their specific, individual strengths, the answer is not an either/or choice. But in order to avoid creating the same counterproductive, competitive situation between the two framework concepts that exist today, a needs-oriented, targeted application of each individual approach is needed" (see page 74).

Finally, *Almut Möller* and *Cornelius Adebahr* take a comparative look at chapters I–III. They indicate that the ongoing review of the ENP is unlikely to produce a fundamental change in the EU's neighborhood policies. But even without a more fundamental overhaul, there are still areas in which the European Union can become much better by rethinking the underlying rationale of cooperation with its neighbors. Against this background the EU should further develop the 2005 European Commission concept of the "Three Cs for enlargement" (Consolidation, Conditionality and Communication) into a new concept for the whole neighborhood. The three Cs for the 2011 neighborhood reform should thus be: (1) Conception; (2) Communication; and (3) Cooperation. Because of its geography, the authors argue, the EU is bound to cooperate with its neighbors—a fact that will make greater depth and strategic impetus a requirement for its neighborhood policies in the future. Strategically speaking, the European Union will lose its clout if it decides to cement clear cut boundaries between the "ins" and the "outs," as it tends to do at the moment. The "fortress of Europe" is not a sustainable model for the European Union. In the long term,

the European Union will be a lot more successful if it manages to make the boundaries between the "ins" and "outs" more permeable. The time is not yet ripe for a more fundamental overhaul of the Union's neighborhood policies, but regional as well as global trends suggest that the future of the Union lies in continuing to tear down borders, not only internally, but increasingly in its external relations. By crossing the EU's external borders and creating overlapping spheres of integration, the Union will strengthen its ability to function as a network—a major asset in an increasingly interconnected and competitive world.

Putting the Neighborhood on the Map

Ever Closer, Ever Closed? Enlargement, Neighborhood, and the Question of "European Identity"

by Marcel Viëtor

At every Council meeting and in every negotiation round between the EU and non-EU countries, hard facts and economic, political, and judicial considerations are at stake—but the question of "European identity" is also present in a subliminal, albeit decisive way. For many current member states, the notion of "European identity" suggests there are clear limitations for certain countries to join the Union—countries that, under the formal criteria laid out in the treaties, consider themselves to be eligible for membership. While the question of who is "European" and who is not will never be settled, the disagreement interferes with the Union's policies towards its neighbors and makes life difficult for both sides. This essay addresses the Union and its neighbors and seeks to offer alternative approaches that can help overcome what has turned into a deadlock situation. It does so based on a theoretical account and current examples of how the question of "European identity" has both determined and interfered with the European integration process and the EU's enlargement and neighborhood policies.

The Dilemma of European Integration

In the Treaty on European Union, the EU evokes the aim of "creating an ever closer union among the peoples of Europe." It omits, however, that becoming a closer union on the inside simultaneously implies becoming a closed union towards the outside. This is the dilemma of European integration, which, as with every process of integration, contains both the dimensions of inclusion and exclusion. The development of and continued differentiation between the EU's two approaches towards the countries on its borders—enlargement/inclusion and neighborhood/exclusion policies—reflect this dilemma. The EU does not regard its neighborhood policy as exclusionary, claiming that it is designed to prevent the emergence of new dividing lines. Yet countries beyond the EU's eastern and southern borders that aspire to membership such as Georgia, Ukraine or, in the past, Morocco, perceive the fixed differentiation between enlargement and neighborhood policies as exclusionary since the EU's neighborhood policy—irrespective of the benefits that it provides—does not offer the prospect of membership.

A country that wants to join the European Union must fulfill the Copenhagen criteria.[1] It has to meet political and economic preconditions, it has to be able to adopt the full body of EU law (*acquis communautaire*), and it needs to obtain the EU's political consent to initiate the accession process—the oft-quoted integration capacity of the EU and its underlying institutional and financial constraints being in fact issues of political judgment and will. The fundamental precondition for membership, however, is a "European identity," i.e. to be accepted by the EU as one of its own: "Any European State […] may apply to become a member of the Union," as the Treaty puts it.

If the EU does not recognize the interested country as "European," it need not deal with the other criteria, as was the case when it quickly turned down Morocco's application in 1987.[2] If the EU fears internal resistance due to limited integration capacity or potentially negative outcomes in referenda in member countries, it might indeed be reasonable not to grant the interested country the prospect of membership. Yet countries that are not offered membership, or even the possibility of membership, by the EU get the impression that it does not accept them as being "European"—or "really European," "European enough"—and it thus denies and rejects their expressed identity.

Interested countries may well claim their "Europeanness" and aspiration for accession as Georgia and Ukraine did after the Rose and Orange Revolutions in 2003/2004, but this has not induced the EU to offer them the prospect of membership.

Indeed, the way the EU differentiates between its enlargement and neighborhood policies is not based on how the target countries express their identity, but on the extent to which the EU's perception of the target countries' (expressed) identity overlaps with the EU's perception of its own identity. The two policies are hence the EU's political attempt to answer the centuries-old question of what makes "European identity." And it has remained a question with many answers, since a look at a map neither identifies what "Europe" is nor how "European identity" comes about.[3] How, then, is this identity formed?

Identity Formation and Eastern Enlargement

Identity formation is best explained by the concept of differentiation.[4] A group of people develops an identity as a certain community by differentiating between the inside of a community and the outside, between the Self and one or more Other(s) (meaning that A is A because A is not non-A). Communities are imagined—constructed—since the differentiation is made independently from "factual" similarities or dissimilarities between the Self and the Other(s), for instance between "Europe" and "non-Europe(s)." However, communities proclaim their identity by marking the differentiation through certain signals of identity. Narratives often draw on language, religion, culture, ethnicity, history or geography as such signals; but in fact any differentiating factor is conceivable.

Indeed, the boundaries between the Self and the Other(s) are not drawn because certain differentiating signals of identity exist "factually." Rather, certain identity signals are deemed relevant because they fit an underlying (political) interest in including someone into or excluding someone from the Self. For instance, it is not because of given geographical, religious or cultural facts that some people do not see Turkey or Russia as part of Europe; it is the other way around: Those people that do not want to see Turkey or Russia as part of the EU—for political reasons such as the concern that Turkey as a big state would gain too much influence within EU institutions, or for religious or other reasons—argue that certain exclusionary concepts of geography, religion or culture should be regarded as relevant signals of "European identity."

The differentiation between members of a Self and non-members also obscures remaining "factual" differences within the Self, such as between rich and poor or between pro- and anti-nuclear countries as well as the oft-denied sense of belonging for minorities such as the Roma or adherents of Islam and other faiths in society. It does so in stark contrast to the EU's slogan of "unity in diversity" that celebrates differences, but only within the EU. Similarly, Poland might have more in common with neighboring Ukraine than with far-away Portugal, but it is Poland and Portugal that are regarded as part of one Self—the EU—while a boundary is drawn between Poland and Ukraine.

The Self usually views itself and those associated with it positively, trying to reduce the distance between them. In contrast, the Self regards the Other(s) in a neutral or negative way in order to maintain or increase distance. A vivid example for this valuation cum alienation is the "Central European" narrations of the 1980s, in which writers such as Milan Kundera from Czechoslovakia, Czesław Miłosz from Poland, or György Konrád from Hungary claimed their countries' "Central European identity" and thus their belonging to (Western) Europe in pursuit of political independence from the Soviet Union. They did so mainly based on cultural and religious arguments and thus distanced themselves from unloved (Soviet) Russia, which they described as "Eastern European" and thus not "really European." The values attached to this process of inclusion and exclusion can be observed in the formulation: "Central Europe takes all the Dichter und Denker [poets and thinkers], Eastern Europe is left with the Richter und Henker [judges and hangmen]."[5] Czechoslovakia, Poland, Hungary and other countries were successful in claiming their perceived "European identity" and were offered the possibility of membership in the EU. That prospect set off their "return to Europe," and after implementing the necessary reforms according to the Copenhagen criteria, they were finally accepted as members of the European Union in the EU's 2004 Eastern Enlargement.

When looking at relations between the EU and the countries in its vicinity, how should we assess the EU's latest round of enlargement? It is true

that Eastern Enlargement enabled the peaceful unification of new and old member states under the umbrella of the European Union and thereby breached the intense dividing line that had separated the feuding Western and Eastern political blocks for decades. Nonetheless, Eastern Enlargement did not change the fact that inclusion is not possible without exclusion; that European integration cannot but divide those inside and outside of the EU's borders. Indeed, Eastern Enlargement saw the physical transfer of border installations further east, but this merely shifted the old dividing line elsewhere.

In this regard, Eastern Enlargement was a typical enlargement process. But it was different from earlier enlargement rounds because the EU saw its integration capacity being at stake. Therefore, the EU has made it clear that—besides those commitments[6] already made on its southeastern flank and the relatively easy-to-absorb members of the European Free Trade Association—it is unwilling to consider further enlargement. Since "any decision on further EU expansion awaits a debate on the ultimate geographic limits of the Union,"[7] countries that aspire to membership, but have not been granted the prospect of membership fear that the current outer borders of the EU might become fixed. To them, being subjected to the EU's neighborhood policy is to be denied the opportunity to enter one day from the "Forecourt of Paradise" into the "Fortress of Europe."

What to do as a target country of the EU's Neighborhood Policy?

So what can you do with all of this theoretical knowledge, if you are a target country of the EU's neighborhood policy? You can, of course, play along and cooperate with the EU in as many policy fields as you judge beneficial. For instance, if you are a post-Soviet country you could use the EU's policy offers in order to bargain with and balance against your other big neighbor, Russia. This approach is fine as long as you do not want to join the European Union. But what if you do want to become a member? Then there are two major options.

The first option is to maintain hope and try to convince the EU to finally accept you as one of its own by granting you membership. This could be accomplished by following the example of how the new Central European member states substantiated their "Europeanness." In essence, this means choosing arguments—i. e. signals of identity that you have in common with the EU but that differentiate you from "non-European" countries—and using these arguments to denounce other states as "non-European." If you work hard to implement reforms and become a model democracy cum market economy, trying to get as close to EU standards as you can get without (yet) being granted the prospect of membership, you could argue that it is the Copenhagen criteria that constitute your and the EU's common "Europeanness."

If you are not convinced that taking on the *acquis* and the hardships of reform will translate into membership, you might as well stick to geographical, religious, cultural or historical arguments. If you are Belarus or Ukraine for example, you could try to alienate Russia as "non-European" while claiming a "Central European" identity for yourself by drawing on your former membership in the Polish-Lithuanian Commonwealth and the Austro-Hungarian Empire. If you are Algeria, Tunisia or Morocco you could try to alienate sub-Saharan countries by drawing on your Roman heritage—the Mediterranean Sea did not separate the Roman Empire, it united it—and a "Mediterranean identity" that you share with countries like France and Spain, whose territories extended or still extend into your country. That you would essentially downgrade your relations with non-EU neighbors is bothersome, but these relations would deteriorate anyway once you become a new outpost of the EU. (The benefits of membership might well exceed the negative impact on relations with your neighbors, as is the case with Poland and Russia. Poles who have felt political pressure from Russia can feel more secure as a member of the EU, and thus take a more relaxed stance towards their large neighbor.) However, you might indeed regret alienating yourself from your non-EU neighbors, if your desire for membership is ultimately in vain.

The second option emerges once you give up hope. It involves turning away from the European Union and developing an identity distinct from that of the

EU. You might seek rapprochement with non-EU neighbors, for instance with Russia in the case of Ukraine or Moldova. Or you might decide to stand on your own feet and develop an identity as a non-belonging Self and a center of gravity in your own right. This is a good alternative for Turkey, whose prospects for membership are in doubt; it is also a good choice for Russia which, though not seeking membership, feels repelled by an EU that regards it as a constitutive "Other." All of these cases entail no longer being enthusiastic about "Europe" and the EU—and it might put an end to the EU's pretensions of spreading an umbrella over the "whole of Europe" and instead give way to the emergence of a "multipolar Europe."

What to do as the European Union?

And what do you do if you are the EU? If inclusion is not possible without exclusion—accompanied by valuation and alienation—does this mean that this dilemma is unavoidable? Once again, two alternative approaches emerge.

The first would be to do away with "European identity" as a precondition for membership in the EU. You would then be able to decide about accession based purely on measurable and verifiable factors such as the Copenhagen criteria, which means that a country aspiring to join your club would know that it can accede if it meets certain expectations. You could still tighten these conditions if necessary—for instance if your integration capacity is limited—although this should only be done when absolutely necessary and not merely to prevent a promising country from fulfilling the criteria. And if there comes a point when you want to end enlargement—because you regard the amount of x or y member states as the perfect size for the Union—you could simply say so, even to a model democracy cum market economy, rescinding any criteria for membership.

In all of these cases, you would retain your own identity (an "EU identity" unrelated to any "European identity"); you would continue to differentiate between insiders and outsiders, between enlargement and neighborhood policies; you would continue to become an ever closer and closed union. But you would do so based on measurable and verifiable criteria or on an explicit lack of interest in enlargement, so that you would not have to reject an interested country's expressed (European) identity since it would be irrelevant to the membership question. And an interested country could either work harder on fulfilling the criteria for accession or accept your unwillingness to enlarge without forsaking its own (European) identity. By doing away with "European identity" as a precondition for membership you would reduce the risk of damaging bilateral relations as well as affronting and alienating an interested country's people.

The second alternative approach would be to do away with yourself, or at least with the monolithic block perceived from the outside, even including the concept of "concentric circles" around a constitutive core. Instead, you could promote multiple versions of "you" in the form of overlapping communities detached from EU membership and transcending the EU's borders. The Schengen area and NATO are examples of such communities that already transcend the EU's borders with both EU and non-EU member states taking part. Neither the EU's neighborhood policy in its current form nor the euro zone or the EU's "enhanced cooperation" mechanism would satisfy this approach since they do not transcend the EU's borders. However, you could expand these communities—subject to the fulfillment of measurable and verifiable criteria—in a way that transcends the EU's borders and combines the idea behind internal enhanced cooperation with the external neighborhood policy. They could also be accompanied by new communities based on close cooperation on relevant political issues.

Thus, Georgia, Ukraine and Morocco may or may not all become members of the EU, but perhaps Ukraine and Morocco would one day join the Schengen area, Georgia together with Egypt and Israel might become euro zone members, while NATO might also comprise Tunisia, Ukraine and Russia along with Australia and Japan, etc. Combining internal enhanced cooperation with the external neighborhood policy could also mean that your southern members form a community with your southern neighbors united by a common southern agenda (a "real" Union for the Mediterranean),

while your eastern members may do the same with your eastern neighbors (a Union for Central and Eastern Europe and/or Unions for the Baltic and Black Sea Regions). This approach is not about cherry picking, but about breaking up the dualism of enlargement/inclusion and neighborhood/exclusion policies. As a result, this approach would allow for the formation of hybrid identities that are at the same time inside and outside of overlapping communities. It would renounce the idea of an ever-closer union—but also that of a closed-off union.

There are ways out of the current dilemma of European integration. The Union simply has to adopt alternative approaches.

The European Union's Neighborhood and Enlargement Policies: State of Affairs 2011

by Lucas Lypp

Despite the EU's successful 2004/2007 expansion and its first steps toward cooperation with its neighbors, there is currently much dissatisfaction both within and beyond the EU's borders with EU policies regarding its neighboring space. This pertains to both the EU's Neighborhood Policy (ENP) and its Enlargement Policy. Eastern European EU aspirants, as well as Turkey, feel they are getting the runaround. Financial resources—compared to the ambitions of the Europeans—seem inadequate, and the finality of the ENP remains unclear. The EU wants to be in control of everything, but it is internally divided when it comes to the focus and purpose of its own policies: east or south, inclusion or exclusion? Furthermore, the EU still possesses few ideally suited tools that could be used to deal with violent conflicts in its neighborhood, such as in Georgia, North Africa, and the Middle East. In order to optimize Brussels' instruments, it is necessary to look at the circumstances of their creation and above all the intentions and logic that form the basis of the EU's approach to its neighborhood.

The Center and the Periphery: Managing Asymmetry

Despite the Union pointing out that cooperation with partner countries is based on shared intentions, both Enlargement Policy and ENP predominantly follow an agenda molded by the European Union. Essentially, EU policies in its neighboring space can only be understood as an integral part of the EU's integration project as such. Without the Union there would be neither a neighboring space nor the possibility of expansion. The formation of relationships with its neighbors has thus always been about the identity of the European Union. Because of this, there is an asymmetry that underlies the EU's relations with its neighbors, a center-periphery logic by which the EU—a norm-creating actor that has experienced decades of economic prosperity—is accompanied by a periphery that is much less developed both politically and economically. This logic puts Brussels in the position of granting assistance and formulating conditions, and the prospect to govern even beyond its 27 members in which EU legislation is applied.

This unequal arrangement of relations has resulted in the growth of a latent deficit of legitimacy within the context of EU engagement, as it begs the question: To what extent does EU policy meet the demands and expectations of its neighbors? Engagement with partner countries ranges indeed from the recognition of opportunities to influence EU policies to the acceptance of Brussels' guidelines to the point of disinterest. Some countries consider themselves to be at eye-level with the Union, for example due to the EU's dependence on them for energy. Managing this asymmetry appears to be essential for EU neighborhood cooperation. Brussels has emphasized the need to take the interests of its partners into account by applying the ownership principle. The participation of these neighbors should promote their identification with neighborhood policies and lead to stronger support for the ENP. However, joint ownership for a number of reasons has not come that far yet.

Enlargement Policy: The "Classic" of European Integration

The EU confronts its surrounding space with multiple regional strategies: on the one side with specific instruments of foreign policy cooperation such as the ENP and on the other side with Enlargement Policy. With the exception of Turkey and Croatia, which are both members of the so-called "Union for the Mediterranean" as well as candidates for EU accession, each EU neighbor belongs to only one of these categories so far. Compared to the ENP, the Enlargement Policy is the more traditional and comprehensive policy field for the EU, aiming at a full adoption of the EU's laws in the accession country. From the beginning, the Union was set up as an open integration project. Before signing a membership treaty with the EU, a candidate country must go through a multi-year pre-accession process that provides a number of comprehensive rights and duties. This is how

the original six founding states grew to a union of 27 countries after five rounds of expansion. A new Directorate-General in the European Commission was founded in 1999 to administer the "Big Bang Enlargement" of 2004/2007. Since this round of accession, the EU has described itself as an economic and political architecture in which, although not completely, Western and Eastern Europe have found a place. A number of other Eastern European states now aspire to join the EU. The official candidates include countries in the Western Balkans such as Croatia, Macedonia, and Montenegro, as well as Turkey and Iceland. But these countries encounter a change of attitude in the EU vis-à-vis its Enlargement Policy.

Opportunities and Limits for the EU: The Post-Enlargement Era

The past logic of EU expansion, in other words the natural, frequent bestowal of membership on new states, has come to an end. Especially since the historic round of enlargement in 2004, countless actors and analysts have urged for a more restrained use of this instrument and have pointed to the necessary geographic finality of the EU. Fears of a loss of prosperity and security, as well as an assumption of overexpansion, have given rise to the idea of "enlargement fatigue" in politics and society. The Union's institutional performance could not keep pace with the expansion process.

Defining the territorial boundaries of the Union—in addition to the natural outer borders such as the Mediterranean Sea or the border with a large actor such as Russia—due to internal motives has become the official political agenda of many member states and has been adopted by EU organs, too. The EU's accession criteria contain a restrictive aspect that has become more prominent since the last round of enlargement: According to this outlook, the Union determines the readiness of candidates for accession according to its own internal conditions. The Union must be able to guarantee a sustainable financial framework, affordable community policies, and efficient institutions. Furthermore, if only one member refuses, an aspiring state's application for membership is declined. The European Union is thus becoming more and more of a closed shop. In the new post-enlargement era, there will only be cautious expansion for a few new members. In contrast, the pressure is building on the EU to hone its foreign policy profile in relation to its neighboring space.

New Frontiers: Between Integration and Foreign Policy

Through the ENP, the EU seeks to offer its neighbors cooperation without taking further steps toward enlargement, working together with its neighbors on questions that interest both sides. The Neighborhood Policy became a self-contained policy over the course of the last round of enlargement and has since become one of the strategic priorities for the EU. In theory, the ENP can be described as an instrument of indecision settled somewhere between Enlargement Policy and foreign policy. There is much to be said for the fact that the ENP has established itself as an approach *sui generis,* as a new form of integration or association, settled between full membership on the one hand and the non-membership of other third-party countries on the other, and that should not be labeled prematurely.

The conceptual and structural proximity to Enlargement Policy is indeed obvious. Both policies possess much common ground. They refer to the same geographic area in the Union's periphery. Both policies pursue the goal of stabilizing Europe and coming up with strategies to bring partner countries closer with the Union. To the greatest possible extent, they have identical contents and they apply the same or similar methods and instruments. If nothing else, the ENP essentially builds upon the experience of transformation of the EU's Eastern European member states. The ENP was designed by the architects of Enlargement Policy and today the two are joined in the same Commission portfolio. The ENP could, as a result of this overlapping, become an unintentional instrument of pre-accession that leads to the eventual accession of ENP states. But one of the ENP's fundamental differences with Enlargement Policy is that it explicitly does not offer partner countries the prospect of membership—although it also does not rule out the possibility in the future. The concept of the ENP purposely leaves the question of finality open. Rather, it places cooperation in the foreground.

However, using an instrument with a still unclear profile—with similar methods as Enlargement Policy, but with an unknown institutional goal—threatens to interfere with the EU's capacity to act in its neighboring space. Until now, this has relied considerably on the logic of incentives in relation to its neighbors—with accession as the crowning achievement in a partner's efforts to modernize. The highest offer of membership is not available as an incentive with the ENP, but uncertainty persists among the other alternatives. Still, on the part of the EU, expectations are awoken and clear requirements are provided. It is therefore specific to the EU integration process that all actors, both within and outside of the EU, have somewhat become accustomed to the use of the instrument of enlargement as would-be EU foreign policy. Therefore, losing or using this instrument less looks like a loss, and often relegates the ENP to a second-best option in the EU's toolbox.

The conceptual crudity and openness of the ENP with respect to its finality also leads EU member states to bring their respective national interests into the policy. This is another factor that impedes the effectiveness of the ENP and the EU's capacity to act in its neighboring space. While most older member states and the Commission consider the ENP as an alternative to enlargement, a few member states on the periphery pursue their own expansion plans as part of a "hidden agenda" within the Neighborhood Policy insofar as they use the ENP as an instrument of pre-accession for "their" neighbors.

The ENP Policy Family: A Difficult Relationship with an Abundance of Topics

In addition to the intention to create an alternative offer of membership and to give the Union time to consolidate, the EU's Neighborhood Policy aims to provide a stable security situation in its surrounding space. To this end, Brussels works with its neighbors in the areas of economic and state modernization, trade, and energy in addition to granting its neighbors technical and financial assistance. Economic cooperation encompasses the macroeconomic stabilization of neighbor states, stimulation through investment and growth, regulatory harmonization, as well as gradual trade liberalization. This should lead to free-trade zones for certain sectors and eventually to widespread economic integration that extends to all four freedoms of the EU's single market.

In order to safeguard the Union's energy security—above all its supply of fossil fuels—provisions in the resource and energy sectors continue to play a vital role. Many neighbor states act as important energy suppliers for the EU either as energy producers or as transit countries. The ENP thus works to promote the development of infrastructure, and the topic of energy is dealt with comprehensively in its economic, legal, and security dimensions. Conversely, the EU offers assistance for the improvement of often-unstable power supplies in neighbor states. Political consensus between the EU and its neighbor states is strongest in the economic and energy sectors as well as with regards to infrastructure projects, and cooperation in these areas has seen the most progress since the ENP's launch.

Another central aspect of the ENP is the EU's efforts to support state transformation processes. The EU has taken up the cause of promoting value-based reform policies among its neighbors. Emphasis has been put on strengthening the rule of law, democracy, and responsible governance, the modernization of public administrations, border protection and migration management, as well as on fighting corruption, organized crime, and terrorism. This reform agenda provides much room for divergence within the partnership.

A security dimension is inherent to all aspects of the Neighborhood Policy. The ENP can be understood beyond the domain of classical security policy as a broad and long-term contribution toward conflict prevention and resolution. It deals with the cause of conflicts or the factors that could lead to the avoidance of conflict, but the policy has actually had little effect on conflict resolution in its short existence. The ENP to some extent "borrows" dimensions of classical foreign and security policy from what used to be called the second pillar of the EU's set up, its common foreign and security policy. The security context in neighbor states effectively compels the specific, splintered EU

structures to cooperate closely on complex problems that arise from outside. The EU's approach to a joint foreign and security policy admittedly lacks the significance and opportunities of the EU's supranational policies (formerly know as "first pillar") or of other security policy actors such as Russia or the United States.

What is often seen as a thematic overkill in the ENP as well as the dominance of topics suggested by the EU has sparked frequent criticism, though cooperation with each respective country works along a country-specific decision and areas in which collaboration happens must necessarily correspond with the European Union's competencies. Important competencies are missing within the Neighborhood Policy or are not distinctive at EU level, including the area of classical security policy. Therefore, the Union to a large extent attempts to realize its main goal of stabilization of the regions in its neighborhood mostly with civil and "technocratic" instruments.

The Lisbon Treaty contains the first primary law provision that describes the neighborhood policy field (Art. 8 TEU), underpinning the relevance of the topic. However, the new provision neither establishes an ENP department nor does it allocate the Neighborhood Policy to a specific EU organ; even a detailed to-do list is nowhere to be found. Rather, Article 8 TEU formulates general foreign policy instructions and allows a wide clearance for political and institutional arrangements. The EU made its neighboring space a central aspect in its foreign policy in the 2003 European Security Strategy and during the last round of enlargement. The Commission's concept of "Wider Europe" (March 2003) as well as the strategy paper that emerged from it (May 2004) can be described as the founding documents of the ENP.

The concept of Neighborhood Policy serves as a framework for a number of pre-existing measures and instruments that the EU uses in its neighborhood such as economic, foreign trade, and development aspects, association agreements, as well as internal and external security issues. Additionally, the ENP possesses instrumental improvements such as the so-called "Action Plans" and the European Neighborhood and Partnership Instrument (ENPI) for financing. The ENP is thus a reflection of the structural complexity of the EU's foreign engagement. The EU Commission has taken responsibility for the ENP from the beginning, and the Commission has thereby gained competencies. Of course, in light of the abundance of topics, the Council and the member states also play an important role. The interaction of the EU's institutions is therefore a deciding factor for the functioning of the ENP—and a frequent cause of friction.

Finally, there are a number of substantial and partly irreconcilable contradictions within the ENP: Are the values advocated by the EU prerequisites for cooperation or should cooperation aim at helping those values to make breakthroughs over the course of working together? How can the logic of free trade and the protectionist agricultural policy function side by side? How can the conflicting goals of having the maximum possible security while maintaining openness in the Union for a certain degree of migration be eased? ENP has to deal with a whole number of questions that need constant balancing.

Integrated Platform, Different Subgroups

A geographic logic lies at the heart of the EU's neighborhood concept in that all countries surround the EU. But there is a basic tension between the claim of delivering a framework for the entire European periphery and the fact that the neighborhood is by no means a homogenous space, but can be broken down into specific sub-regions. Similarities and comparable questions for target countries from Ukraine to Morocco speak to a uniform approach under the umbrella of the ENP. Differences however make the case for regional differentiations. Therefore, within ENP two regional variants have been established, the Eastern Partnership and the Euro-Mediterranean Partnership (EMP/Union for the Mediterranean). Because of the different geographies and the multitude of common topics in the southern and eastern dimension, respectively, it is indeed appropriate to establish specific policies.

The South-East differentiation is due not only to the regional diversity in this space, but is a reflec-

tion of tensions within the EU: Since the EU's eastern enlargement, member states have been competing for relevance and attention with regards to "their" neighbors, and states such as France or Poland have become counselors of the periphery "in their backyard." The rule of thumb seems to be that the Union always follows a southern initiative with an eastern initiative. That is what happened in 2008 with the founding of the Mediterranean Union under France's EU presidency, which was followed a few months later by the Eastern Partnership when the presidency shifted to the Czech Republic. The comprehensive approach of the ENP offers protection against the EU's internal particular interests, as member states have to use this approach to deal with all of their neighbors instead of just certain regions.

Just as important for the functioning of European Neighborhood Policy as a balance between the EU's comprehensive approach and its regional components is the balance between a bilateral and a multilateral dimension, between the principle of differences among individual states and cross-border multilateralism. The ENP endorses both logics: With its tailor-made bilateral approach, the EU seeks to accommodate its neighbors' concerns and differing paces of modernization. The demands and degrees of cooperation are different with every neighbor. This manifests itself in the bilateral country-specific agreements and action plans that are the most important instruments of cooperation. This differentiated approach allows for more rapid progress for countries that are ready for and capable of reform. This also brings a competitive component to the ENP. At the same time, the ENP follows the principle of multilateralism. The EU seeks to integrate groups of countries and initiate cross-border cooperation wherever possible. The EU sees such intra-state networking as a value in itself due to its own experiences of integration. Despite the heterogeneity of partners, many countries experience similar problems and questions. The EU thus creates thematic space for certain policy fields or cross-sector aspects. Thematic cooperation can take place within a regional framework, in other words within geographically connected areas such as the Southern Caucasus. The basic principle of multilateralism is best expressed through the ENP's finance instrument, which favors multi-state measures.

The fact that the ENP endorses both logics—country-specific as well as multilateral—is seen as a strength of the neighborhood concept in principle. But both approaches also face criticism. Critics say that the EU differentiates too little and does not cater enough to the specific concerns of partner countries. On the other hand, there is the threat of strong fragmentation and the break-up of a joint policy approach into mere bilateral agreements. It remains to be seen to what extent differentiation and multilateralism can complement each other or if long-term contradictions will appear.

Too Strong Conditions and Not Enough Incentives?

At its core, the ENP follows a sort of "development policy" approach with the EU's neighbors, who receive financial and technical support from the EU to pursue transformation processes and legal harmonization. This offer, which can lead to extensive economic integration into the European Union's single market, emphasizes that the ENP is a much stronger form of cooperation for neighbor states than would be possible with other third-party states.

The ENP is financed through the ENPI. Around 12 billion euro are available for the time period from 2007–2013. That means an increase of about one-third compared to the period from 2000–2006. Admittedly, the money is for no fewer than 16 countries over a period of seven years. But the EU mobilizes more funds for the ENP through loans from the European Investment Bank and the European Development Fund. Moreover, the cross-border components of the ENPI are partially funded by the European Fund for Regional Development. Likewise, a 700 million euro comprehensive neighborhood investment fund has been set up to bolster the ENPI's reserves—along the lines of the existing Euro-Mediterranean Investment Facility—into which additional money is invested by member states. Private donors complete the spectrum and should strengthen the leverage of the original funding. But divergences between member states emerge, when it comes to the question of

financing, since they tend to emphasize different regional points of focus.

One innovation of the neighborhood approach is that assistance is guided according to political agreements in the Action Plans. The transmission of these broad political goals and the distribution of ENPI-designated funds to concrete measures are served by seven-year Country Strategy Papers (2007–2013). Three to four year National Indicative Programs function as detailed guidelines used to identify and plan projects. In order to emphasize the principle of multilateralism, further geographic and thematic instruments are envisioned for the Eastern and Southern dimensions as well as for intra-state cooperation within the framework of the ENPI. However, this assistance is not decoupled from the EU's interests and therefore does not come without conditions. It should function as an incentive for neighbor states to pursue sustainable modernization and to leverage transformation according to the principles of the EU. Therefore, partners are obligated to implement reforms in return for the aid they receive. Neighbors have an interest in sustainable reforms and harmonization with the Union, as in the long term they benefit from more competitive economic and political systems, as well as access to the world's largest single market. The EU describes the combination of aid, incentives, and conditions as "positive conditionality." Countries that do not fulfill these duties can expect to face sanctions, most notably the withdrawal of financial assistance.

The EU's incentive-conditionality policy is one of the main points for criticism of the ENP. Critics take Enlargement Policy—that for many years the EU has conducted in a generous and positive spirit—as a standard when they deal with the new neighborhood approach. Compared to Enlargement Policy, the ENP looked unbalanced for many countries interested in cooperation and even membership, which was shown in its inadequate incentives: The denial of the prospect of EU membership, critics say, deprived Eastern European EU neighbors of an adequate—effectively seen as "natural" and "earned"—European perspective. Furthermore, the EU did not come up with proposals below the level of membership that could compensate for the lack of accession opportunities. There were not enough, or in some cases no incentives which results in a lack of motivation among neighbors to reform their countries, or at least not in accordance with EU expectations. In many countries, modernization only took place with external support and with a view toward EU integration. The principle of conditionality therefore became hard to apply without substantial trade-offs. This further reduced the effect of the ENP, which was often accompanied by ill-considered and rather diffuse offers and prospects in contrast to the EU's clear stipulations. Indeed, this criticism needs to be considered as the effectiveness of the ENP is currently quite diminished.

Mitigating the incentive-conditionality problem is one of the ENP's central projects, and the content of the new generation of association agreements will be decisive in this regard. Reforms in neighbor states can be stimulated most notably through emphasizing jointly accepted principles. Neighbors should be seen as partners with greater freedom than in the past in choosing in which areas they want to cooperate, and judging the progress of implementation should correspond with the respective capabilities of the neighbors. Some countries such as Georgia and Morocco have already seized on the EU's policy offers and have thus elevated the effect of the Neighborhood Policy. But the ENP, after less than a decade of its existence and currently facing fundamental changes in the Union's southern neighborhood, is certainly an approach that will have a greater effect the more cooperative partners act. With unwilling neighbors ENP will not flourish. The EU must still find a solution to this fundamental problem of the ENP.

Chapter I: Revisiting Enlargement

European Ambitions

by Cornelius Adebahr and Natasha Wunsch

When it comes to the EU's ambitions with regard to enlargement, the general tone has become less and less enthusiastic over the past years. While the most profound ambition to extend the EU's model of integration to the wider continent should be as simple as "a Europe whole and free", today's thinking both in EU capitals as well as on the streets of its member states is more about containing the problems that one cannot keep outside. It may be telling that the more grandiose lines come from non-Europeans, like the previous quote stemming from a speech by U.S. president George Bush senior in Germany in May 1989. And indeed, with the Iron Curtain having been eventually overcome thanks to the "big bang" enlargement of the past decade, there are less compelling—or lofty, for that matter—reasons to continue the expansion of membership to the whole continent.

For all the changes, however, the fundamental principles remain the same: the EU rests on the fact that it is an "open Union." According to the founding Treaties, "every European state may apply to become a member of the Community" (then Article 237). Nowadays, this general openness has been complemented by the need for the applicant country to respect the EU's values (Article 49 of the Treaty on European Union, TEU).

The effect of this openness has been immense: less than 30 years after the foundation of the European Communities in 1957, membership had doubled from the original six to twelve, with Spain and Portugal the most recent entrants in 1986. Strictly speaking, the doubling of membership occurred in only 13 years, as it took until 1973 to settle—at least in theory—the debate between "widening or deepening" and to overcome French resistance to British membership. In a little less than 20 years since 1986, the EU once again increased the number of its member states twofold, mostly thanks to the Eastern Enlargement in 2004. Now it is a Union of 27 with at least nine countries waiting to join, i.e. all seven remaining countries from the Western Balkans (including Croatia, the hopeful new member by 2013) plus Turkey (a long-standing applicant and now candidate country) and, most recently, Iceland.

Given this impressive track record of expanding to ever new countries and regions, it is no surprise that enlargement is often dubbed "the EU's most effective foreign policy." While it seems legitimate to consider enlargement a foreign policy in the sense of projecting one's power to make others play by one's rules, it is interesting to note that up until the 1990s, enlargement was never an actual policy, let alone a strategy. Instead, it occurred because third countries were attracted by the EU's model of development and integration. Any rules governing the accession process were designed along the way, rather than following a predefined pattern or model. It is not until the definition of the Copenhagen Criteria in 1993 as a reaction to the fall of the Wall and the ensuing prospect of membership applications from a large number of Central and Eastern European countries that enlargement eventually became a policy. Remarkably, the post of Enlargement Commissioner was only created under the first Prodi Commission, with Günter Verheugen being the first to occupy it from 1999 to 2004.

Two things stand out about this now firmly established policy field: its transformative character and the oscillation between its technical and political dimension. First of all, enlargement is about transformation; it is about making accession candidates "European" in the sense described in *Marcel Viëtor's* chapter.[8] This is where the principle of conditionality kicks in, by virtue of which certain benefits are granted in return for an alignment with EU rules and practices. The exercise of conditionality marks the core of the inherent asymmetry of enlargement with the bigger, more powerful side determining the conditions of entry for the other—usually

weaker—side. Enlargement thus changes virtually the whole political and economic system as well as the societal structures of a given country, in a process referred to as "Europeanization." This expression also applies to existing members and the way they react and adapt throughout the process of continuous integration. Hence, transformation is not completed upon accession, but instead represents an ongoing process that continues to touch the Union and its member states themselves—at the latest once new members are taken in.

The other aspect is the political nature of the enlargement process. When the EU's interest in a stable neighborhood becomes greater than the respective countries' appetite to pursue the necessary reforms for membership, over-arching foreign policy considerations may take precedence over what is considered to be a purely technical process. This has been the case for Bulgaria and Romania, where the thought of completing the Eastern Enlargement of 2004 as well as the EU's commitment to an eventual accession either in 2007 or in 2008 overruled a strict assessment of whether the two countries had fulfilled the criteria. Likewise, when the EU pursues not only enlargement negotiations, but is at the same time engaged in actual state-building—as is the case for some of the Western Balkans countries—Enlargement Policy itself becomes politicized (as *Natasha Wunsch* demonstrates in her chapter on this region). A similar development can be seen in Turkey, where the enlargement negotiations are dominated by political considerations.

Finally, the current crisis of enlargement adds another possible layer of politicization to this policy area. With the full and equal integration of Romania and Bulgaria still pending, and a gaping hole of promising candidates once Croatia will have become a member, successful enlargement could become a goal in itself. The EU might feel pressured to take on new members if only to demonstrate that it is still capable of transforming outside countries and subsequently integrating them into its structures. Clearly, however, enlargement for the sake of enlargement would be dangerous and not in line with the above-mentioned principle of an "open Union." Nonetheless, the "enlargement fatigue" in existing member states—and the resulting diminishing prospect for actual integration—threatens to damage the EU's ability to transform countries in its neighborhood, thereby weakening its overall attraction and political clout. The contributions to this chapter therefore address the three pending enlargement dossiers in turn, seeking to point out ways of revitalising the accession process while preserving the overall credibility of the EU as a foreign policy actor and a model for regional integration.

Reaching its Limits? EU Enlargement Policy in the Western Balkans

by Natasha Wunsch

For a long time, enlargement was considered the EU's most effective foreign policy tool. By offering the "golden carrot" of membership, the EU succeeded in fostering a substantial transformation of accession candidates' policies, institutions, and political practices. As a consequence, EU standards and values were spread across the continent, contributing to the stability and prosperity of the European integration project. As discrepancies between established member states and candidate countries increased, conditionality became an effective mechanism in ensuring that candidate states were sufficiently well prepared for EU accession. Despite initial concerns, the "big bang" enlargement round of 2004 thus resulted in the surprisingly smooth integration of ten new EU members. Although a number of concerns remain with regards to the rule of law in Bulgaria and Romania, the post-accession verification mechanism devised for these two countries has allowed the EU to maintain some leverage over the coherent implementation of the EU *acquis* in these newest member states.

The success of Enlargement Policy is less obvious, however, in the case of the Western Balkans, where the slow progress made by Albania and the successor states of the former Yugoslavia appears to challenge the image of Enlargement Policy as an effective motor of change. Not only has the mantra of "enlargement fatigue" come to dominate the discourse of a growing number of EU member states, but it finds itself mirrored by "reform fatigue" on the side of the accession candidates. Overall, the prospect of EU membership no longer appears sufficiently attractive, or perhaps sufficiently tangible, to trigger deep reforms in several of the current aspirants. The success of the membership perspective as the ultimate incentive for transformation has therefore been called into question. Is EU Enlargement Policy reaching its limits?

The EU's dual approach

From the start, the Western Balkans was a particularly hard nut for the EU's transformative power to crack. Not only do the countries of the region need to undergo the triple transition of democratization, marketization, and state consolidation that Central and Eastern European countries (CEE) were faced with following the changes of 1989. In addition, their biggest challenge lies in handling the legacy of the wars of the 1990s. Until today, the violent disintegration of Yugoslavia represents a heavy burden upon relations between the successor states and has required sustained state- and nation-building efforts throughout the region.

Aware of this double challenge of post-war consolidation and Europeanization, the EU has chosen to operate a dual approach which is embodied in the Stabilisation and Association Process (SAP). Through the SAP, the EU tries to stabilize the countries of the region, while in parallel progressively associating them with EU policies and supporting them in taking over the EU *acquis*. This two-pronged approach draws not only on the ordinary toolkit of Enlargement Policy, but moreover makes use of a series of instruments pertaining to a more traditional foreign policy as embodied in the Common Foreign and Security Policy (CFSP) and its operational arm, the Common Security and Defence Policy (CSDP).

On the association side, the SAP foresees the negotiation of a bilateral Stabilisation and Association Agreement (SAA) between each Western Balkan state and the EU. This agreement lays down the key reform priorities and represents a first step towards eventual membership negotiations. Through regular evaluations as well as financial aid and technical advice, the EU supports candidates' reform efforts and remains engaged in the general accession process. In terms of stabilization, the EU is present as a foreign policy and security actor through the ongoing presence of CSDP missions (EUFOR Althea in Bosnia and Herzegovina (BiH), EULEX in Kosovo) and EU Special Representatives (BiH, Kosovo, Macedonia) in countries where the situation is still comparatively fragile. Moreover, the EU's External Action Service (EEAS) since March 2011 has been involved in moderating talks between Serbia and Kosovo, despite the EU's fre-

quent emphasis that the recognition of Kosovo's unilateral secession is not a precondition for Serbian EU membership.

As in the CEE countries, conditionality is supposed to guide the EU's overall approach. In a meritocratic spirit, each country is meant to be evaluated accorded to its actual progress and then gradually upgraded to the next step in the accession process as it fulfils the necessary conditions. Yet, the parallel pursuit of stabilization and association has at times unavoidably resulted in a certain tension between the two objectives, which in turn has rendered a consistent application of conditionality impractical. Concretely, both in the cases of Macedonia and Serbia, it can be argued that an SAA was signed not because the two countries had met the pre-established criteria, but in order to defuse a politically sensitive situation. In the Macedonian case, the outbreak of violent confrontations between the Macedonian Albanian branch of the National Liberation Army, UçK, and the Macedonian security forces triggered the signature of the SAA in April 2001. Inter-ethnic violence and the fear of yet another prolonged war in the Western Balkans, rather than compliance with the minimum standards laid down as preconditions for such an agreement, therefore guided the EU decision at the time. In Serbia, it was the coming parliamentary elections of May 2008 that resulted in the early signing of the SAA less than two weeks before voting day. With the Serbian government having credibly warned of the risk of the nationalist Serbian Radical Party dominating the legislative body, the EU chose the lesser evil and backtracked on its earlier insistence upon full Serbian cooperation with the International Criminal Tribunal for Former Yugoslavia (ICTY).

Given the fragile political climate in many of the countries of the region, consistent implementation of the existing conditionality is thus at times not feasible politically. Instead, Enlargement Policy and foreign policy overlap in the Western Balkans, with the former somewhat unsuccessfully seeking to compensate the shortcomings of the latter. Concretely, back in 2000, it was thought that the EU perspective would function as the ultimate incentive for a return to sustainable peace and good-neighborly relations. In the meantime however, the amalgamation of Enlargement Policy and foreign policy is increasingly fostering frustration in the region. Indeed, the repeated softening of initially fixed conditions for reasons of stability has undermined the credibility of the EU's overall approach. At the same time, it has led to a certain politicization of the accession process in the Western Balkans, in contrast to the traditionally very technical negotiations aimed essentially at the adoption and implementation of the EU's *acquis* by aspiring member states.

This politicization is both resented and instrumentalized by the governments of the region. While politicians do not hesitate to denounce any unfair advantages awarded to neighboring countries—the signing of the Serbian SAA for instance caused a huge uproar among Bosnian politicians and media—they are equally quick to use political difficulties to demand a speeding up of their own accession process. The specter of a domino effect of instability spilling over from one country to the entire region is particularly widespread and regularly mentioned by representatives of BiH, Serbia, Kosovo, and Macedonia in declarations towards the EU.

The consistent application of conditionality is further complicated by the multitude of actors involved in the Western Balkans' accession process. While the European Commission often advocates a rather progressive stance and has for instance been supporting Serbian candidate status since its 2008–2009 Enlargement Strategy,[9] any decision relative to the advancement of a candidate country on the enlargement path has to be approved by each of the member states gathered in the Council of Ministers. A single member state can thus use its veto power to block the advancement of one or more of the Western Balkan countries. The example of Greece opposing Macedonian progress towards EU integration because of the dispute about the country's official name is certainly the most well-known illustration of this dynamic. Another prominent example of the varying interpretations of conditionality lies in the Netherlands' particularly strong insistence upon Serbia's full cooperation with the ICTY prior to the implementation of the SAA, and not only as a condition for the opening of accession talks.

In sum, the combination of the EU's dual approach in the Western Balkans and the ensuing inconsistency in the EU's application of conditionality has produced a situation in which frustration is mounting both inside the EU and among Western Balkan states. In many cases, the integration process has been transformed from a technical exercise in regulatory alignment into a full-fledged state-building endeavor in which the EU seeks to shape the political and institutional set-up of the Yugoslav successor states. Given this monumental objective, it is not surprising that the enlargement process has been slow to advance. Nonetheless, this sluggish advancement increasingly threatens the successful reputation of the EU's Enlargement Policy.

Mutual deception

When the EU first offered a tentative accession perspective to the countries in the Western Balkans in 2000, the reactions on the ground were enthusiastic and the expectation was of a rapid democratization process that would soon allow the integration of all the countries of the region into the EU. However, as the reform process dragged along and the prospect of membership became less palpable over the years, the initial enthusiasm has been replaced by a feeling of frustration and disillusionment. Hence, while an already low proportion of 34.9 percent of Croatians surveyed in 2006 considered EU accession to be an unambiguously good thing, this number decreased to 24.8 percent by 2010. The Serbian figures show an even stronger relative decrease in approval for EU membership: from 60.8 percent in 2006 to 44.1 percent in 2010.[10] However, rather than blaming their governments for a lack of progress on the path towards the EU, the populations often think that it is the EU who is rejecting their countries and constantly inventing new conditions to prevent them from joining the club. Politicians across the region, mirroring their counterparts in the member states, have been quick to recognize that it is in their interest to embrace such a discourse and thereby to deflect the guilt from themselves on to Brussels.

On the EU side, enlargement is currently a secondary concern, with economic stabilization and the internal consolidation of the Union post-Lisbon topping the political agenda. Although several of the current member states bordering the Western Balkans, such as Hungary, Slovenia, and Greece, support further enlargement at least at a declaratory level, the United Kingdom is the only large enlargement-friendly member state, and it has not been able to mobilize a larger coalition in favor of pursuing the process. Moreover, Western Balkan accession lacks a historic narrative that is widely accepted to mobilize more active support by the member states. In the case of the CEE enlargement round, the ideal of a "reunification of Europe" cementing the fall of the Iron Curtain largely compensated for the relative poverty of the acceding countries and the resulting likelihood of high solidarity payments towards these new members. In contrast, the fragility of the Western Balkans and persistent problems between the states of the region have created fears of a "balkanization of Europe." The symbolic value that lies in not only maintaining a peace that has lasted for several decades—at least within the EU—but in actually pacifying a highly sensitive region through its integration into the EU has so far failed to become widely accepted.

Overall, this mutual deception with the enlargement process has led to a situation of, if not stalemate, at least of worryingly slow progress in terms of tackling the major challenges still facing the Western Balkans. While this is true of the most advanced countries in the region, it is all the more so for those cases where even the most basic foundations of statehood have yet to be achieved. Sixteen and twelve years respectively following external intervention to put an end to the violent opposition of ethnic groups on the ground, BiH and Kosovo still function essentially as international protectorates, with no serious internal dynamics visible to overcome this situation. Although it is frequently proclaimed that the only exit strategy for the international actors must be an entry strategy into the EU,[11] the accession perspective has not been sufficiently attractive for political actors on the ground to agree to a concerted reform effort and to move their countries from international tutelage towards responsible self-administration. Instead, internal disputes dominate the political scene, with the prospect of membership too remote to break this dynamic.

From the EU's perspective, the current situation is frequently summarized as "we pretend we want you, and you pretend you're trying." Indeed, as the political momentum for enlargement is waning[12] and reform efforts in the region are sluggish, there is a need to reflect seriously upon new approaches that can revitalize the accession process and reinvigorate Enlargement Policy as a successful instrument of political and economic transformation. Yet which concrete steps can be envisaged to insert a new dynamic into the enlargement process towards the Western Balkans?

A new dynamic for the enlargement process

Accession is not merely a favor granted to candidate countries by the EU and its member states. Rather, it is the most sophisticated demonstration of the Union's transformative power in its neighborhood. The accession process requires that a candidate country accept radical changes to its political set-up, its economic orientation, and not least a significant makeover of a whole range of policy areas through the alignment of its legislation with the EU's *acquis*. It is therefore in the EU's own interest to successfully complete enlargement negotiations with each of the Western Balkan countries and thereby to further contribute to the stabilization and Europeanization of its near neighborhood. Some adaptations of the current enlargement strategy may contribute to speeding up this process and revitalizing the reform efforts made in the region. Concretely, the EU needs to undertake three steps in order to reinvigorate the enlargement process:

1. Grant candidate status to all countries of the region and use the screening report as a transparent to-do-list.

Since the 2003 Thessaloniki summit, all Western Balkan states have an irrevocable accession perspective and are considered potential candidate states, with candidate status to be awarded once a certain number of conditions have been met. However, experience has shown that withholding this status has not been understood as a further incentive to speed up reforms, but instead as an implicit rejection or at least a hesitation on the EU's side when it comes to the sincerity of the accession promise. As long as the accession prospect remains "potential," political leaders see no need to implement reforms that are painful and that may harm their own prospects for re-election.

By granting candidate status to each of country in the Western Balkans, the EU would achieve much by doing little. Although candidate status opens up new areas for EU funding, it does not imply an increase of overall funding made available to the candidate. But the symbolic value of such a step would be huge, as it reaffirms the EU's commitment to accession and thus reinforces the credibility and leverage of the EU in the region. Indeed, once candidate status has been awarded, the ball is in the candidates' court, and it is up to the countries of the region to demonstrate their readiness for the opening of accession negotiations.

Through the screening report drawn up for each candidate state, the European Commission would moreover provide a transparent to-do-list for both the governments and the public in aspiring member states. The screening report therefore represents a crucial tool for increasing the accountability of governments. By spelling out exactly where the deficits of political and economic reforms lie, civil society organizations and the broader population can exert targeted pressure upon policy-makers to comply by fulfilling the outstanding requirements identified in the screening report. In the case of Montenegro, the impact of such a clear to-do-list has been notable. The new Prime Minister and his administration have elaborated a series of action plans to address the seven key priorities identified by the European Commission, and civil society is playing a crucial role in monitoring the implementation of the envisaged measures. By offering a significant improvement in the transparency of the accession process, the granting of candidate status could demonstrate the credibility of the EU's own commitment to the eventual accession of all Western Balkan countries and thereby shift the responsibility for reform to the governments of the region.

2. Design intermediary steps with tangible rewards for citizens in order to maintain the reform dynamic.

In order to maintain the reform dynamic inside the region, the EU needs to define intermediary steps on the way to membership negotiations that pro-

vide tangible benefits to the citizens of each country. Indeed, although increased accountability should contribute to a speeding up of the reform process and therefore enhance the mid-term prospects for an opening of accession negotiations, it may not be enough for those countries that still have a significant stretch of the path towards integration to cover. For instance, the Commission Opinion on Albania revealed significant deficits in the democratic maturity of the country, and the disappointing outcome of the recent municipal elections makes it doubtful that this situation is likely to change in the near future.[13] It seems likely that a detailed assessment of reform efforts in Bosnia or Kosovo would result in a similarly negative conclusion.

While the symbolic granting of candidate status could still represent an important incentive for the population to push for further reforms, intermediary steps are therefore needed to maintain or actually create an internal reform dynamic. In this regard, the visa liberalization process represents an encouraging success story. By carving out some of the conditionality contained in the membership negotiations and offering a concrete reward for its fulfilment, the EU has been able to stimulate important reforms in the areas of border control and document security.[14] Meanwhile, visa liberalization has taken place in six of the seven countries of the region, and pressure is mounting for a similar process to be opened with Kosovo, despite its non-recognition by five member states. Other intermediary gains as part of an enhanced pre-accession strategy could include limited work permits for high-skilled and low-skilled workers. Such a step could be tied to progress made in the field of economic modernization, and would allow Western Balkan citizens to gain work experience abroad and return with improved skills that could benefit their countries.

3. Increase the internal coherence of EU policies towards the region.

Finally, it is necessary that the EU enhance the coherence of its overall activities in the Western Balkans through better coordination of the different EU actors present on the ground. This is paramount in order to reduce the potential for contradiction between stabilization and association, and thus to enhance the EU's leverage over the countries of the region. The double-hatting of the EU Special Representative and the head of the EU Delegation in Macedonia, Bosnia, and Kosovo is a first step in this direction and should be quickly implemented in all three countries. Moreover, coordination between the European Commission and declarations of individual member states should be improved in order to prevent contradictory statements and thus weaken the clarity of the EU's messages.

Overall, Western Balkan enlargement is a test case for EU foreign policy. In no other region in its neighborhood are the incentives for transformation so significant. As a consequence, the failure to successfully integrate all Western Balkan states would be all the more resounding and would damage the EU's claim to act as a transformative power in its neighborhood. The upcoming accession of Croatia, expected on July 1, 2013, will be an important milestone for the Western Balkans' EU integration. If it proceeds smoothly, it will be an important sign for the remaining candidates in the region that full membership is indeed a realistic prospect, and thus will encourage them to pursue their reform efforts in a more determined manner. EU Enlargement Policy is thus currently at a crucial crossroads. The further evolution of the Western Balkans will be decisive not only for the EU's activities in the region, but for the overall credibility of the EU's claim to be a key player in international politics.

The Enlargement of the European Union: The Case of Iceland

by Marek Souček

Unlike the countries of the Western Balkans or Turkey, Iceland in many ways looks like an ideal candidate for membership in the European Union. Yet, Iceland's accession to the EU is unlikely to happen any time soon. The European Union has embarked on what might become yet another case of failure for its Enlargement Policy.

After being severely hit by the banking crisis, the government of Iceland applied to the Swedish EU Presidency in June 2009 to join the European Union. Based on the Commission opinion from June 16, 2010, the Council of the European Union decided to start accession negotiations with Iceland. In July 2010 the first intergovernmental conference officially initiated these negotiations and both sides presented their general positions about the content and course of the accession process. After the European Commission screened all *acquis* chapters, the first substantive EU–Iceland Intergovernmental Conference took place in Brussels on 27 June 2011. On this occasion, four negotiation chapters were opened and two of them were immediately closed.[15]

After the collapse of its banking system in 2008 and the subsequent economic and fiscal problems, Iceland finds itself in a difficult economic situation. Public debt has reached 100 percent of Iceland's GDP; the Icelandic currency is confronted with high inflation; unemployment rose to nine percent; the banking sector is shattered; Iceland is getting loans from the International Monetary Fund with strict conditions regarding fiscal stability and the functioning of the economy, and the free movement of capital is limited. However, the economy is slowly recovering (for 2011–2013, growth of 2–3 percent is expected).[16]

Paradoxically, apart from these problems, and a certain amount of *Schadenfreude* by those who accuse Iceland of having not considered EU membership until it was unable to handle a crisis by itself, Iceland can be considered an ideal accession candidate. Iceland is a founding member of NATO and the OECD; in 1970 it joined the European Free Trade Association and it is party to the Agreement on the European Economic Area (EEA) since 1994. Furthermore, it is a signatory to the Schengen Agreements and the Dublin Regulation (EU Asylum System). Iceland is an established trade partner for the EU: 75 percent of Icelandic exports go to the EU and more than half of its imports come from the EU. Politically, Iceland is a stable representative democracy with strong and functioning institutions. It shares the same core values the EU is based on: the rule of law, protection of human rights, anti-discrimination, and the protection of minorities. In its report regarding Iceland's application, the European Commission stated that the country fulfills the political and economic criteria for accession and has the capacity to cope with competitive pressure and market forces within the Union.[17] This comment was also repeated in the progress report for 2010.[18]

Regarding the integration capacity of the EU and the functioning of its institutions, the accession of Iceland would not cause serious problems. With its 319,500 inhabitants, Iceland would become one of the smallest states of the EU, with representation and voting weight approximately at the level of Malta. Although the government's statement at the opening of the accession negotiations insisted on Iceland nominating its own EU Commissioner—like all other member states—and thus addressing the prospect that the number of Commissioners might be reduced to two-thirds of the number of member states,[19] it is unlikely there will be quarrels over the institutional impact of Icelandic accession.

We thus look at a candidate:

- which is politically stable, whose affiliation to Europe and common values is doubted by nobody, and whose long-term economic development is positive in spite of the current problems;
- which would not cause institutional imbalance by its accession and would not excessively strain EU support programs (it will actually be a net contributor rather than a net recipient[20]);

- which has cooperated with the EU for a long time, is part of the Internal Market, and is integrated in other fields such as the Schengen area;
- which was still a dream EU accession candidate a few years ago (together with Norway and Switzerland), a welcome example for the EU to demonstrate that the Union is not only an attractive model for states looking for financial support;
- whose legislation is already fully compatible with EU legislation in some areas thanks to its membership in the EEA (out of 33 *acquis* chapters, 20 belong fully or partly to the EEA agenda).

In spite of all these "plus factors," Iceland's accession is a mission with an open ending—and might become yet another example of a failed EU Enlargement Policy.

The Credibility of the Process

Perhaps the most important question about Iceland's accession is the credibility of the process itself. Regarding Enlargement Policy, this term reflects the real will of a candidate to accept all of the consequences connected with becoming a member. This will expresses itself on the one hand on a political level, meaning the motives for application and the political will to act positively regarding the accession process, its instruments, and its content (relationship EU–candidate state). On the other hand, it is expressed on a democratic level, which means popular support for the negotiations and for membership (relationship citizens–government). The accession process has an explicit formal structure—intergovernmental conferences and the mandatory chapters—but the credibility described above has always a clear impact on the process. The case of Iceland raises some questions in this area.

A debate about the country's role in Europe is taking place in Iceland. There is already deep cooperation and Iceland particularly integrates itself economically, as well as in other areas, into the EU. On the other hand, accession to the EU is only supported by a single political party (the Social Democratic Alliance-SDA[21]). The resolution to apply for EU membership passed the *Althingi* with a slim majority of 33 votes in favor and 28 against. The debate about Iceland's position never led to the clear conclusion that Iceland should join the EU, but rather to the position that the status quo at the moment of merely applying for membership was the best solution for Iceland—which means close cooperation without accession. But Icelanders are not hostile to EU membership per se: According to some opinion polls, support for joining the EU grew until 2008 (a majority of citizens were in favor from August 2003 until beginning of 2008), as well as for accession to the euro zone (a majority were in favor from August 2006 until 2007).[22]

The financial and economic crisis changed this potential into the political act of submitting the application. Yet the problem results from the fact that submitting the application was the peak of Icelandic pro-EU feelings. The government applied, but the only political party left to support accession is the SDA. Its coalition partner, the Left-Green Movement, worries about Iceland's independence, and the strongest opposition party—which would probably win, if elections were held today—is even in favor of an immediate withdrawal of the application. Public support for accession has dropped since the submission of the application. According to a poll conducted in March 2011, 40 percent of Icelanders support and 60 percent oppose EU membership when asked: "How would you vote if the referendum were to be held now?" If the question is posed more openly and people are permitted to answer "I do not know" about 18 percent of citizens are undecided (31.4 percent say "yes" and 50.5 percent "no").[23] More recent trends suggest that the camp of the supporters has slightly grown, but still even adding clear supporters and the undecided together does not result in a majority for membership. EU accession is simply not supported by the majority of Icelandic citizens and the trend does not indicate a significant change of this situation in the near future. The government tries to be as open as possible towards citizens by explaining its position,[24] the course of the negotiations, and every single instrument, but the evolution of public opinion since handing in the application indicates that there is still much to do.

But there is another interesting aspect that can be read into the polls. Despite widespread skepticism regarding EU accession, the majority of the Icelandic people supported the filing of the application and, in particular, starting negotiations. A clear majority now favors continuing negotiations and are against a withdrawal of the application.[25] It is significant that consent is always much larger when the word "negotiations" appears in the question. The Icelandic people are indeed skeptic, but on the other hand they wait with high anticipation for the results of the negotiations in which they expect the government to defend Iceland's interests.

Yet, these expectations are very hard to satisfy in the negotiations for EU accession, where a bloc of 27 states sets the rules and on the other side the candidate must follow these rules. Despite already being largely integrated economically and Icelandic citizens having the right to freely move and settle in the EU, some of Iceland's key sectors (above all fishing and agriculture, but also the hunting of certain species) do not conform to EU requirements. It is difficult to imagine that the results of the negotiations, which necessarily have to lead to the Icelandic government accepting EU legislation in these areas, could satisfy and convince Icelandic voters to leave behind their current skepticism and vote in favor of EU accession.

In sum, the filing of the application and the continuing of negotiations was and is credible and legitimate; but the relationship Iceland has with the EU is more problematic because of the Icelandic government's weak position regarding EU accession and the possibility that the next Icelandic government will want to withdraw the application. However, the greatest difficulty by far will be convincing Icelandic voters to say "yes" when negotiations are closed one day.

"Enlargement fatigue" and how to understand the enlargement process

The beginning of the enlargement process did not just raise questions on the Icelandic side. Since 1995, the EU has more than doubled its members with three waves of enlargement. This development was due to particular historic reasons, which does not change the fact that it challenges the functioning and absorptive capacity of EU institutions and policies.

Essentially, previous enlargement rounds had three main consequences:

- A need for fundamental change to the primary law, which eventually came with the Lisbon Treaty, but ended with a practical impossibility of further significant changes to the EU's primary law in the next years or even decades;
- A turn from a mostly positive view about enlargement towards a discussion about the fundamental principles of Enlargement Policy and its limits,
- A rise of "enlargement fatigue" among both the elites and citizens of the EU.

In the case of Iceland, the two last points are of particular relevance. The discussion about the rules and the functioning of Enlargement Policy was motivated by problems that arose during the EU's "big bang" enlargement of 2004 and that persisted in the last enlargement round in 2007 with the entry of Romania and Bulgaria. This last accession round was accomplished by creating the Mechanism for Cooperation and Verification (CVM), which meant nothing else than admitting the fact that both candidates were not fully prepared to join the EU at the moment of accession, but that this imperfection could be solved by a political decision. The CVM did not work as intended and, in addition, its existence is used as an argument against Bulgaria and Romania in other areas (for example their accession to the Schengen area) that are not directly related to this matter. Today, EU member states are united in the opinion that if the EU does not want to repeat these problems, it is necessary to keep the enlargement process strictly individual and under strong conditionality, if possible without exceptions and special regimes and without involving bilateral questions.

Regarding "enlargement fatigue," it would be a mistake to understand it as a wilfull boycott of the process or some effort to prevent further progress in accession negotiations. "Enlargement fatigue" is much more about a substantial change in the

understanding of the Enlargement Policy and its importance for the EU. Enlargement is no more a value in itself—many members think the EU is already big enough and its model of cooperation of sovereign states is already the most successful one in Europe. Other accessions simply would not be seen as a big victory or of the prodigal son returning to Europe. Enlargement Policy has lost its strong supporters and believers among the member states, which repeatedly placed it on the agenda in the past and thus maintained the dynamic of the whole process. The readiness of the EU to satisfy the interests of candidate countries and to find creative solutions to obstacles to EU accession has definitely diminished. Today, the EU has created a process with clear rules and the candidate either does or does not want to fulfil them; they are either able or unable to handle them—but this is primarily an affair for the candidate, not for the EU and its member states.

Iceland's application for membership hits many of those buttons: A candidate who is sending rather unclear signals about its willingness to become a member and to fulfill all the conditions of the enlargement process in the defined way. A candidate whose clear and defined interests in areas such as fishing, agriculture, or regional development calls for creative solutions and special conditions, which could only come from open-minded negotiations, but not from the current accession negotiation model as the EU and its members understand it.

Key interest: fisheries

As mentioned, Iceland is a candidate that is well integrated in many areas. It has already fulfilled the conditions for accession in many negotiation chapters. This situation implies three main consequences:

First, the negotiation process will have to concentrate on the really problematic points without being able to spend time on the preparation of solutions while other less problematic chapters are negotiated, as was common practice in other accession cases. Second, it remains uncertain if Iceland can still gain enough from the enlargement process to compensate sufficiently for what it would lose. Third, Icelandic interests are clearly defined both in positive (what Iceland wants to gain) and negative (what Iceland does not want to give up) terms.

On the positive side, the most important interest is financial and economic stability. Obviously, the euro is Iceland's top priority. Second is a stronger position in the EU's decision-making process for a country that is already at the receiving end of many EU policies without having the chance to influence them. The third priority is to ensure the strongest possible geopolitical position at a moment when its relationship with its long-term foreign partner and guarantor, the United States, is getting weaker. From the EU's point of view, these priorities are perfectly legitimate and they do not contradict the Union's policy. More serious difficulties are represented by the fact that Icelanders and their political leadership hesitate to say whether the above-mentioned priorities are of such big significance to justify joining the EU, and on the other hand, they are sure where their red lines which they define for the upcoming negotiations lie.

The most sensitive area is, without a doubt, fisheries. Iceland is one of the world's major fishing powers. The importance of fisheries for Iceland's economy, employment, exports, and science cannot be compared to any EU member. Iceland has a giant exclusive economic zone that does not directly neighbor the waters of any EU member. The main goals for Iceland are to keep control over the organization and management of fisheries in the Icelandic exclusive economic zone, including the possibility of prohibiting the catching of local fish stock by foreign fishing vessels within this zone. Other goals are the ability to limit the investments of foreign parties in Icelandic fisheries, concrete rules for fishing (such as the ban on discarding), and to reserve the right to negotiate fishing issues at the international level as much as possible. Most of these goals do not conform to the current state of the EU common fisheries policy, and Iceland expects to find solutions over the course of negotiations that are in line with its expressed interests. In reality, these expectations are hard to realize for two reasons. First, for Iceland, a compromise has to be close to its own proposals.[26] Second, in contrast to the Icelandic understanding, the EU

expects that Iceland will adjust its legislation to the *acquis*, not the other way around.

We can naturally dispute how reasonable it is to apply the current accession mechanism to an area that has much larger significance for one negotiating party than for the other, particularly now, when the EU is discussing a far-reaching reform of the common fisheries policy in recognition of its failure up until now. Maybe it would be helpful to search for an inspiration for the future EU fishery policy in the current Icelandic situation. The fact is, as was mentioned above, the readiness to seek special solutions for the needs of candidate countries is lower now than ever before. At least at this starting phase of the negotiations, the opinion prevails among EU members that it is not the task of the EU to offer special treatment to candidates, but it is up to each candidate to fulfill the requirements if it wants to join the EU. There is no better proof of the different understandings of the accession process than in the general positions regarding the obligation to apply the *acquis communautaire* presented by both sides at the opening intergovernmental conference. While the EU declared that "Iceland will have to apply the '*acquis*' as it stands at the time of accession,"[27] Iceland announced that the *acquis* as it stands at the time of accession "constitutes the basis for negotiations."[28]

ICESAVE—a bilateral problem?

In talking about Iceland's accession to the EU, one cannot pass over the ICESAVE topic. The core problem is the 3.7 billion euro that were re-paid after the crash of *Landsbanki* by the United Kingdom and the Netherlands to the customers whose accounts were kept by *Landsbanki* branches in these countries. The responsibility of the member states of the EEA towards the customers of banks that get into difficulties to fulfill their obligations is regulated by the Directive 94/19/EC on deposit-guarantee schemes. Iceland bases its argument on the following theses:

- The directive was implemented by Iceland. Deposit insurance was established, with which according to the government of Iceland the requirements of the directive were fulfilled. The fact that this fund did not dispose of sufficient money to compensate the bank's customers at the time of the crash is obviously not connected to the directive.
- The directive and its resulting responsibilities include the situation of a single financial institution facing problems, but not the case of the collapse of the whole banking system.

The UK and the Netherlands understandably do not accept these arguments and insist that Iceland compensate them for the financial resources they used, because Iceland did not fulfill its obligations. More relevant is the fact that the ESA (the EFTA Surveillance Authority—the institution, which supervises non-EU member states in fulfilling their responsibilities resulting from being member of the EEA) also agreed with this point of view and rejected Iceland's arguments. ESA started the procedure for failure to comply with its obligations against Iceland by sending a letter of formal notice on May 26, 2010, in which it expressed the opinion that Iceland is obliged to compensate the losses of the UK and the Netherlands. At the same time, it announced that it would not take further steps out of consideration for the current negotiations between Iceland and the UK/NL, and would wait for the results of these negotiations before proceeding. Previous negotiations show that the real issue is not so much financial compensation itself, but the question of principle as to whether Iceland is obligated to repay or if it just depends on its good will to do so, allowing it to interpret the definition of circumstances of the repayment (for instance regarding interests or the repayment period).[29]

The three countries have already twice agreed on a way to compensate and Icelandic voters twice rejected these solutions in a referendum. The first time, on March 6, 2010, in a very turbulent atmosphere (a new concept with more favorable conditions for Iceland was already on the table) only two percent of voters were in favor. By the second vote on April 10, 2011, 40 percent were in favor, but the concept still did not pass. The UK and the Netherlands expressed their disappointment about the rejection of the agreement. A harsh statement that illustrated the correlation between the rejection of the agreement and the accession process

was made by *Sylvester Eiffinger,* an economic advisor to the Dutch government, who said "I think at this moment there is no way to get Iceland to join the EU. In that there is no option."[30] At the moment, the trilateral negotiations regarding mutual compensation are not expected to continue. It is likely that once the Icelandic government has answered to the letter of formal notice, the ESA will continue with the infringement proceedings and the case will end up in the EFTA court with a binding decision. But the court's task is only to decide if Iceland fulfilled its obligation to implement the relevant EU law into its own legal system. The verdict might be a strong supporting argument for whether Iceland is obligated to repay—but it will not define the conditions of the repayment.

The ICESAVE case illustrates one general aspect regarding the enlargement process as a whole. According to the current understanding of the accession process in EU capitals, bilateral disputes between a member state and a candidate country should not affect an accession negotiation process. However, it is very easy to involve these disputes, and the accession process is one of the last real opportunities for a member state to effectively pressure an accession candidate. Accession and all important negotiation steps fall under the principle of unanimity, which means that each EU member state has the power to delay or to stop the accession process at any time. Accession negotiations touch upon almost all important political, economical, and social areas to an extent that far exceeds the competencies of the EU towards its own members. A combination of these two factors offers EU members a unique opportunity to pressure a candidate and persuade it to make concessions that are not primarily related to the subject of negotiation. Good examples of this are the border dispute between Slovenia and Croatia, the name dispute in the case of FYROM/Macedonia, and the discussion about the so-called Beneš decrees during the progress of negotiations with the Czech Republic.

One can assume that the UK and the Netherlands will also try to use this opportunity during the ongoing accession negotiations. This means that they might attempt to place Iceland in an unfavorable position by focusing on some of the corresponding negotiation chapters. One possibility is to refer to the Letter of formal notice by the ESA stressing the fact that Iceland has not fully implemented the Directive 94/19/EC. This should affect negotiations regarding financial services or the functioning of the banking sector. It would then be relatively easy to draw a connection between the bilateral issue of repayment and the multilateral negotiation process. Before Iceland provides compensation, the UK and the Netherlands could claim that some negotiation chapters are not yet ready to be closed. The UK and the Netherlands could also easily use all other issues regarding Iceland to impede its progress even if they are not directly related to the accession process. The ICESAVE case which is primarily a bilateral topic by all the involved parties will not be a crucial issue of the Icelandic accession process, but it could make things more complicated.

Conclusions

There are still many steps to take for Iceland's accession process to become a success story. Both the EU and Iceland must accept the necessity of two key elements in enlargement negotiations: First, there is a clearly defined negotiation framework and conditions that have to be fulfilled by all accession candidates without exception. Second, the process has to be flexible enough to make it possible for candidates to fulfill the conditions of accession. Indeed, both elements almost sound contradictory and, in the specific case of Iceland, efforts on both sides to reconcile them are needed:

The task of the EU as the creator and definer of the process is to find a balance between the binding framework and the "same for all" conditions and an individual approach which takes into account the particular positions and interests of each candidate. The EU must admit that negotiations with a state whose fishery production is equal to 40 percent of the entire EU's fishery production calls for a special approach. For Iceland, the constellation is perfect for an attempt at innovation: At the same moment when the EU is discussing a fundamental reform of its common fishery policy,

an accession candidate has a well functioning fishery management system and pursues a fishery policy with the same main principles and targets as the EU. To make use of this opportunity, the EU should do two things:

- Iceland should be involved as much as possible in the discussion about the reform.
- The EU should look to the Icelandic fishery system, above all at the way the country manages and controls fishing.

This approach could work in two ways: first, it would be proof for Icelanders that Iceland will not lose control of its key economic sector after accession. Second, it would send a signal that the EU treats Iceland as an equal partner who is not only the recipient of common rules, but also their co-creator. Both signals could have a significant influence on the Icelandic decision in the accession referendum.

At the other end, Iceland has to accept its role as a candidate that wants to enter the club. That is to say, some principles are the same for each candidate and have to be fulfilled. One of these principles is that it is not possible to choose in which areas the candidate would like to cooperate and in which it does not want to during the accession process. The candidate country will either become an EU member with all rights and obligations or it will not. The acceding country can be an inspiration for the EU in some areas, but it cannot expect to get special treatment in every area. For instance, the Icelandic demand to have the ability to limit the investments of foreign parties in Icelandic fisheries is hard to accept for the EU because it touches the core principles of the Union.

EU-Turkey: An (A)symmetric Relationship

by Natasha Wunsch

Turkey occupies a special place in the history of the EU's Enlargement Policy. No other country has been kept in limbo with regards to its accession prospects for such a long time, and in no other case has the legitimacy of a membership bid been discussed so controversially on the EU's side. As several EU member states have spoken out against Turkish accession, and Turkey itself is doing little to keep the train on track, the accession process has reached at least a temporary deadlock. However, to merely ignore this state of play, or to engage in a blame game over who is responsible for the current stalemate, is short-sighted and in the interests of neither Turkey nor of the EU. Instead, both parties should reflect upon mutually beneficial forms of cooperation that could help improve and deepen relations at a time when the political will for a pursuit of full EU integration is lacking.

A long-standing relationship

Turkey is the EU's longest-standing accession candidate. Having launched its membership bid back in 1963, Ankara had to wait until 1999 to obtain candidate status. Accession negotiations were opened in 2005, but have since progressed sluggishly. Out of a total of 35 negotiation chapters, only 13 have been opened, and a single one, on Science and Research, has been closed.[31] Eight chapters are blocked following Turkey's refusal to implement the Ankara Protocol and to grant Cypriot vessels access to its ports. A further four remain closed due to France's opposition to the opening of chapters that may eventually imply full membership, as opposed to a form of "privileged partnership." Six additional chapters remain unopened due to a veiled veto by Cyprus. In total, this leaves only four negotiation chapters that may potentially be opened: public procurement, competition policy, social policy and employment, and other issues.[32] While the latter is usually opened only at the very end of an accession process, the other three are highly complicated negotiations chapters, with the Commission's screening report suggesting significant progress was still required on each of them.[33] The previous Belgian rotating EU presidency was the first since 2005 that failed to open a single chapter during its six months of office, in a move that confirms a steady deceleration of membership negotiations with Ankara.[34] With other priorities topping the EU's agenda, it seems unlikely that Poland, who holds the rotating Presidency in the second half of 2011, will fare better.

While the Turkish side shares its part of responsibility for the current stalemate, the legitimate concerns the EU has formulated with regards to press freedom and freedom of opinion cannot conceal the deeper reservations numerous member states—and not least their populations—have towards Turkish EU membership. The size of the country and its Muslim identity are the two most common concerns that have prevented Turkish accession from being more widely embraced. These particular hesitations are perceived as unfair by the Turkish side, and have led Turkish Prime Minister *Recep Tayyip Erdogan* to repeatedly speak out against the unequal treatment his country is subjected to. The governments of several major EU member states, most prominently Germany and France, however refuse to change their stance on "open-ended accession negotiations," much to the frustration of Ankara. At the same time, the small coalition of member states in favor of Turkish EU accession—essentially made up of Great Britain, Italy, Sweden, and Finland—has so far failed to revitalize the negotiation process.

Growing self-confidence

Emboldened by the country's impressive economic growth—standing at 8.9 percent in 2010, second only to China—Ankara's discourse is becoming increasingly self-confident. Most recently, Erdogan declared in front of parliamentarians gathered at the Council of Europe's Parliamentary Assembly that while Turkey might need the EU, "the EU also needs Turkey."[35] Discontented by the strongly asymmetric set-up of accession talks, where the EU essentially spells out its conditions to any aspirant and links eventual membership to full compliance with them, Turkey expects to be treated according to its actual political and economic weight. With

regards to visa liberalization for instance, Turkey has refused to sign a readmission agreement with the EU—which would oblige it to take back illegal immigrants that went through Turkish territory on their way into the EU—before the EU has made a clear commitment to lifting its visa requirement for Turkish citizens.

More generally, in what can be understood as a reaction to the EU's implicit rejection of Turkish membership, Ankara has begun to pursue a more diversified foreign policy, turning away from an exclusive Western orientation and no longer putting all its eggs into the EU's basket. Instead, Turkey has begun to launch parallel initiatives, engaging actively for example in the ongoing reconciliation process in the Balkans. Although EU member states tend to eye Turkey's engagement in this region with skepticism, with some fearing a "neo-Ottoman revival," Ankara's efforts in the Western Balkans can be considered a welcome complement to the EU's essentially declaratory insistence upon good-neighborly relations. In other cases however, Ankara actually goes against established EU positions. Rapprochement with Iran, which the EU seeks to isolate on the international stage, is the most obvious example of Turkey going its own way; its barely concealed support for the second Gaza flotilla is another.

Moreover, the unresolved dispute with Cyprus represents a major obstacle to further advancements in EU-Turkey relations. Following the Greek Cypriot rejection of the Annan Plan for reunification in April 2004 and the ensuing EU decision to admit only the Greek Cypriot part of the island as an EU member, Cyprus has been using its veto power inside the EU to prevent Turkish accession talks from advancing. In retaliation for Cyprus' uncompromising stance on its EU integration, Turkey is blocking Nicosia's membership in NATO. This mutual blockade is preventing deeper EU-NATO cooperation, a situation which is disadvantageous for the members of both organizations.[36]

In sum, the EU is having difficulties dealing with a candidate that no longer seems to fit the established scheme of accession talks and reacts to conditionality and pressure with evasion and at least a rhetorical search for alternatives to membership. Basically, EU-Turkish relations have reached a dead end. While it is highly unlikely that the EU will at some point explicitly revoke Turkey's membership perspective, it is similarly improbable that accession negotiations will make important progress under the current political constellation on both the Turkish and the EU sides. It is therefore all the more important to develop cooperation at other levels in order to maintain a constructive relationship between Ankara and Brussels.

Overcoming the stalemate

Most EU member states view Turkey exclusively through the accession lens. This biased perspective has hampered the EU's ability to comprehend its largest accession candidate as more than just another petitioner at Brussels' doorstep and to recognize potential areas for deeper cooperation with Turkey. Yet closer cooperation in the fields of foreign policy and energy security would be largely beneficial for both sides.

Turkey's increasingly independent foreign policy and its occasional decisions to act single-handedly and in contradiction with established EU positions have been a source of concern among member states and EU bodies. A closer association of Ankara with internal EU negotiations on foreign policy issues could serve as a basis for more concerted action from the two players. This seems all the more promising in light of the current uprisings in several of Turkey's Arab neighbors. At a time when the EU is seeking to reposition itself towards its Southern Mediterranean neighbors, Turkey could play a crucial role in two ways. First, Ankara could act as a mediator between Brussels policy-makers and a Muslim world which the EU has so far had difficulties grasping. Despite the differences in the democratization processes of Turkey and those triggered by the Arab Spring, Turkey still shares a lot more with Arab countries than the EU does. Second, in light of this background, Turkey could serve as a model for a successful Islamic democracy, at once inspiring the young revolutionaries in North Africa and beyond, and perhaps calling into question some of the prejudices EU member states hold about Ankara's democratic credentials. Finally, such a concrete demonstration of

the hitherto vague notion of Turkey's function as a bridge might provide a suitable narrative to Turkish EU accession, which could in time smooth the path towards full Turkish EU membership.

Recognition of Turkey as a decisive partner for the successful reorientation of the EU's Mediterranean policy could moreover persuade Ankara to clearly position itself and speak out forcefully against Arab strongmen at an early stage. Indeed, Turkey's hesitation in criticizing Egypt's Mubarak, Libya's Gaddafi, and especially Syria's Assad, seems at least in part due to the country's waning certainty as to whether it belongs to the Western sphere. Had Ankara joined its voice with the EU's, the message coming from Brussels would have been reinforced, and an important signal would have been sent to the Muslim populations of these countries. On the contrary, the symbolic exclusion of Turkey from important decisions in the area of foreign policy, as occurred with the non-invitation of Ankara to the Paris Summit preceding NATO air strikes against Libya, can only serve to further alienate Turkey from the EU.

At the institutional level, Turkey recently suggested the establishment of a regular dialogue with the EU's Political and Security Committee (PSC) ambassadors as well as the establishment of informal policy planning talks.[37] Such enshrined mechanisms could help to install a certain regularity in EU-Turkish exchanges on foreign policy issues, while simultaneously tying Ankara closer to EU decisions and thereby avoiding unilateral steps in the future. Moreover, the meetings could function as instances of socialization, through which Turkey would become increasingly familiar with the structures of EU decision-making and the consensual culture that characterizes EU-level cooperation. For Turkey itself, an institutionalized mechanism of cooperation would also offer the opportunity to engage more deeply with skeptical EU member states and to disprove some of the prejudices they may hold against the country.

Besides foreign policy, energy is another area in which closer cooperation with Turkey can be of great benefit to the EU. Located at a crossroads between oil-rich Russia, the Caspian Sea, and the Middle East, Turkey's role as a transit country for fossil energy imports to the EU is likely to become more and more decisive over the coming years.[38] Already today, seven major oil or gas pipelines cross Turkey's territory,[39] and Turkey's engagement is crucial for the EU-designed Nabucco pipeline, through which member states seek to diversify their energy sources. While Ankara has been trying to use its collaboration in the Nabucco project as a bargaining chip to speed up accession negotiations,[40] it is clear that a constructive stance by both parties in this field would set an important model for other forms of enhanced cooperation.

The EU should therefore try to set up energy cooperation with Turkey in a similar framework as it did for visa liberalization with the Western Balkans. By extracting a certain part of the *acquis* from the overall accession process and attaching it to a concrete incentive, namely visa-free travel, the Commission succeeded in having a series of important reforms implemented throughout the Western Balkans. In the case of Turkey, the reward for fully taking over the EU *acquis* in the field of energy could consist of a privileged position for Ankara in EU energy talks. Moreover, a sort of energy community modelled upon the existing set-up in South-Eastern Europe could be conceivable. Once again, this type of deeper engagement would also serve to socialize and enhance the trust hesitant member states might have of Turkey as a reliable partner in sensitive areas, thus foreshadowing a deeper association in the future.

In sum, any attempt to transpose the classical top-down approach of Enlargement Policy to the Turkish case is likely to produce reluctance and irk the EU's partners in Ankara. At the same time, given the size and importance of Turkey, and the extent of outstanding reforms, eventual accession appears as a long-term endeavor. In the meantime, the EU should practice a partnership approach in the sensitive fields of foreign and energy policy. Besides bringing concrete benefits in these two fields, closer cooperation would offer opportunities for the socialization of Turkey into the EU's structures and tie Ankara more closely to the EU's value system. However, the institutionalization of cooperation in the fields of foreign and energy

policy should not be conceived in competition with the membership process. Instead, it should serve as a preparation for Turkey's eventual full integration at a time when this goal seems difficult to achieve. That way, regardless of how accession talks proceed, the EU and Turkey will have succeeded in forging a deep and mutually beneficial relationship that allows both players to complement, rather than rival, each other on the European continent and beyond.

Lessons for the Future of the European Union's Enlargement Policy

by Cornelius Adebahr and Natasha Wunsch

The EU's Enlargement Policy, for a long time a crucial element in the simultaneous and complementary deepening and widening of European cooperation, is at an important crossroads. The historical "big bang" enlargement of 2004 and 2007, which saw twelve new member states join the Union, and practically doubled its membership, was both the highlight and the turning point of the EU's enlargement process. Despite the largely positive assessment of the hitherto unprecedented step forward in terms of the EU's geographical expansion, both member states and EU institutions have since become more skeptical about admitting new members into the EU family. The emerging "enlargement fatigue" has transformed the nature of the enlargement process itself, and is weakening an approach that was long considered to be the EU's most successful foreign policy instrument.

As the three preceding analyses have shown, the enlargement process no longer represents a binding engagement between the EU and a candidate country. In the Western Balkan states, it is the EU's waning commitment to their eventual accession, along with the often-problematic internal situations in many countries of the region that has resulted in a rather sluggish transformation, which frustrates actors on both sides of the negotiating table. In Iceland, the commitment problem is actually located on the candidate's side, with the EU's lack of flexibility making the successful conclusion of accession negotiations doubtful. Finally, in the case of Turkey, both sides appear unsure as to whether they want to go through with a formal commitment to full integration, resulting in a stalemate in accession talks.

The question of commitment therefore appears to lie at the heart of the current difficulties of Enlargement Policy. Indeed, it appears that the enlargement process is losing its binding nature and is instead becoming an open-ended negotiation game, where the full integration of a candidate country is as conceivable as the failure of accession talks. Yet, the credibility of accession prospects, along with the coherence and consistency of the conditions formulated by the EU for each of the candidates, are vital for creating and maintaining a dynamic of reform in aspiring member states. As the euro crisis dominates the political agenda, enlargement has become a secondary concern for the EU and its member states. This development reduces the leverage the EU traditionally wields over aspiring member states through the enlargement promise, thereby diminishing its ability to contribute to the successful transformation of its neighborhood.

Despite the differences between the three case studies, some common characteristics have emerged from the analysis of the current enlargement dossiers:

- On the EU side, enthusiasm for enlargement is waning, with member states preferring to focus on internal consolidation rather than negotiating the admission of new countries. Most importantly, none of the 27 member governments has made an effort to explain to their citizens the benefits of the past and the actual prospects for future enlargement.
- In terms of the accession process, a special focus is put upon real implementation as opposed to merely adopting formal rules, which often sufficed in previous enlargement negotiations. Hence, the integration process as such has become more complex and drawn-out, with the hope of making the actual entry of a country less troublesome. It now seems impossible to turn a blind eye to a country's implementation record for overarching political reasons. In short: the criteria for accession have become much stricter than before.
- Both within the EU and in candidate countries, enlargement remains essentially an elite project, with the majority of the population in both member and applicant states not sufficiently aware of the conditions attached to eventual accession. Many people are therefore prone to manipulation from state-level actors, who put the blame for the slow progress of integration

talks—or for the actual existence of such talks, in the case of enlargement skeptics—upon Brussels.

Overall, the EU is struggling to reconcile a formally technocratic process of rule adoption with the increasingly politicized nature of the enlargement negotiations. While in the Western Balkans, concerns over stability have often led to a softening of initial conditionality and thereby a weakening of the EU's leverage, the strong insistence upon a full adoption of the EU *acquis* by Iceland is likely to result in the Icelandic people rejecting the eventual accession of their country to the EU in a referendum. The debate on Turkey's accession, meanwhile, is mostly dominated by emotional arguments, with the actual difficulties in fulfilling the accession requirements fading into the background. The challenge therefore lies in revitalizing the accession process and in adapting it to new realities in current candidate states.

Strengthening EU Enlargement Policy

Credibility and dialogue are key elements for the success of the EU's Enlargement Policy. In order to counteract the current devaluation of the accession promise, four concrete steps should be undertaken.

1. Communicate enlargement both inside and outside

For a long time, enlargement appeared as a natural complement to the pursuit of closer integration between the existing member states. With skepticism towards the enlargement process growing on both sides of the negotiation table, it is crucial to communicate the benefits and conditions of eventual accession in a transparent and honest way. Only then will Enlargement Policy be able to regain its status as a policy instrument beneficial to both sides involved, and will the EU be able to garner sufficient support, particularly among member states, in order to pursue this process successfully.

2. Enhance the consistency of the EU's messages

The consistency and coherence of EU statements is crucial, especially for candidate countries. Besides clarifying the detailed accession criteria, this encompasses the wider necessity of upholding the idea of a Union open to all European states that fulfill the predefined conditions. This general commitment is vital in order to trigger and maintain a sustainable dynamic of reform in the accession states, and to remain credible more generally as a foreign policy actor that lives up to its promises.

3. Strengthen civil society in the target countries

In recent years, the EU has undertaken significant efforts in order to include civil society in the target countries into the enlargement process. This emphasis is decisive not only to ensure the support of the local population for sometimes painful reform processes and to encourage implementation, but also represents an investment into the long-term transformation of society in accession countries.

4. Shift the accession process from governments to societies

Following up on the enhanced role for civil society in accession countries, the next step should be to broaden these activities to include people-to-people contacts across both member and accession countries. By actively including their own populations in the accession process, the EU and its member states would play less of an activating role and thus reduce their asymmetric relationship with applicant countries' governments and societies. At the same time, they stand to gain a lot from establishing deep trans-societal relations that form the basis of a sustainable and beneficial integration of future member states. Such a comprehensive Enlargement Policy would not only cross geographical borders, but also the institutional borders between governments and societies on both sides of the—increasingly blurred—dividing line of membership.

Chapter II: The Eastern Dimension of the Neighborhood Policy

European Ambitions

by Irene Hahn

The origins of addressing Eastern Europe

The European Neighborhood Policy (ENP), launched in 2004,[41] was developed out of the "Wider Europe" concept of 2003.[42] It is usually seen as a natural consequence of the EU enlargement of 2004/2007 and the need to address new bordering countries. "Wider Europe" was originally conceptualized to target Eastern European countries and only later merged with the Mediterranean frontier and the Barcelona Process through the ENP.[43] Accordingly, it is fair to argue that the "Eastern Partnership" has its origins in the initial idea of "Wider Europe," finally re-emphasizing regional *foci*.

From the beginning, critics of the ENP denounced it for its overarching approach, arguing that it would not take regional differences and strategic impetus into account—let alone varying circumstances in target countries. During its EU Presidency in 2007, Germany produced a non-paper on a "new European Eastern Policy" ("neue EU-Ostpolitik") by conceiving it in terms of three pillars. The first concerned EU-Russia relations. The second pillar was called "ENP-Plus," which aimed for a tailored East European agenda within the ENP and was to offer the respective countries enhanced sectoral cooperation through binding adoption of the *acquis communautaire* with a political upgrading of official relations. Finally, the third pillar related to the EU Central Asia strategy. Poland and Sweden took up the ENP-Plus idea and created a proposal for the creation of an "Eastern Partnership" in May 2008. Moreover, the focus on this region and the political need to frame strategies was enhanced inter alia by the Georgia-Russian crisis over South Ossetia in 2008 and the Russia-Ukrainian gas dispute in 2009.

Consequently, in May 2009 the Eastern Partnership (EaP) was constituted to be a crucial part of the broader framework of the ENP, incorporating Azerbaijan, Armenia, Belarus, Georgia, Moldova, and Ukraine. Taking into account that some of these countries relate their "Europeanness" to the EU (especially Georgia, Moldova, and Ukraine), the debate on whether the ENP was a way to keep them at arm's length or whether they might be granted the prospect of membership is crucial, with Poland and Sweden as leading advocates of the latter and Germany and France preferring the former. Initially, statements on the matter were deliberately neglected. However, the conclusions made by the Foreign Affairs Council on the latest Communication by the European Commission and the High Representative reviewing the ENP[44] read: "The Council acknowledges the European aspirations and the European Choice of some partners."[45]

Association policies within the framework of the ENP, however, follow the same mechanisms as integration policies within the EU enlargement structure, since the former developed its instruments out of the latter. In terms of approach, a strict partition of policies was never in place, with all parties being aware of Art. 49 of the Treaty on European Union (TEU) that offers every European state the opportunity to apply for membership. The official acknowledgment of these aspirations thus remains a symbolic gesture. Accordingly, the central question is how much money the EU is willing to invest in the transformation processes of third-party (European) countries, since the Instrument for Pre-accession Assistance (IPA) offers more aid than the European Neighborhood Policy Instrument (ENPI) (in the financial framework 2007–2013: 11.5 billion euro for 9 states vs. approximately 12 billion euro for 16 states, or 0.6 billion euro being allocated for the EaP-Countries in 2011–2013).[46] New financial instruments have been announced following a recent Polish proposal for

a European Endowment for Democracy (EED) and a Civil Society Facility. Specific details on how these two initiatives are to be organized have yet to be defined.

The EU's objectives for addressing Eastern Europe

With stability, peaceful cooperation, and prosperity being the declared objectives of the EU, the EaP sends a message to partner countries to reinforce their transformation processes through reforms. This should create new impetus for underpinning sustainable political, social, economic, and regional development. It aims at strengthening mutual relations with partner countries that have generally progressed towards democracy over the past decade, including some who have experienced regime changes. The new strategy of the ENP stresses functioning democracy, respect for human rights, and the rule of law as fundamental pillars of the EU's partnership with its neighbors.

Due to lessons learned from recent events regarding the evolution of democracy and re-authoritarianism (such as in Ukraine after the Orange Revolution or in Georgia after the Rose Revolution), the EU expanded democracy promotion with the term "deep democracy," underlining that democracy involves not only official procedures and elections, but also political cultures that are able to fill the rules with life.[47] The region continues to face major economic challenges with significant differences between countries and with a high susceptibility to external factors, which amplifies instability. The promotion of accountable governance, especially in the financial sector, is supposed to support regional development and social cohesion in order to diminish socioeconomic differences in and between countries.

The EU's approach for addressing Eastern Europe

In order to address both individual countries and the region as a whole, the EaP structures cooperation with its eastern neighbors on two levels: bilateral and multilateral. On the bilateral level, the EaP aims to intensify respective contractual relationships. Negotiations follow conditions in target countries and range from country-specific "Action Plans" to "Association Agreements" (AA). Among others, these include agreements on a visa-free regime and a Mobility Partnership, a Deep and Comprehensive Free Trade Area (DFTA), and provide for Comprehensive Institution-Building (CIB) programs. Enhanced sectoral cooperation is supposed to take place in all sectors relevant to the EU's internal market, with a particular focus on knowledge and innovation, climate change and the environment, energy, transport, and technology. The degree to which partners have addressed key elements of the EaP varies. As a result, the EU submitted the "more for more approach," where partnerships are to be more strongly oriented according to neighbors' needs, capacities, and reform objectives. EU support is supposed to be customized accordingly, dependent on progress made in building and consolidating democracy and respect for the rule of law, meaning more aid with more conditionality.

On the multilateral level, four thematic platforms (democracy and good governance, economy, energy, and people-to-people contacts) provide for twice-yearly sessions to identify common projects among partner states and the EU. Until now the EU Commission, or as of late the External Action Service (EAS), has taken the lead in that matter. In line with the renewed ENP to focus on engagement with different stakeholders and links between societies, additional institutions such as the Council of Europe, OSCE, EIB, EBRD, as well as civil society are invited to the dialogue. This has resulted in the creation of EURO-NEST by the European Parliament for parliamentary cooperation in May 2011, regional actors cooperating with the Committee of the Regions, business leaders taking part in the Eastern Partnership Business Forum, and, last but not least, civil society and social partners building on the Eastern Partnership Civil Society Forum (CSF, Brussels 2009/Berlin 2010/Poznan 2011). Every other year, summits between heads of state take place, a practice that began in Prague in 2009. The second summit in September 2011 in Warsaw will involve discussions on differentiation, democratization, sectoral cooperation, increasing the visibility of the EaP, and strengthening civil society.

Remaining challenges for addressing Eastern Europe

Besides local conditions in partner countries, the biggest challenge of the EaP is relations with Russia. Initially, Russia was invited to become involved in ENP structures, but it rejected the idea of being incorporated into a comprehensive approach and claimed a special position in its relationship to the EU as well as to the countries of the Commonwealth of Independent States (CIS). From an EU perspective, Russia is interfering with the EU Partnership process by providing incentives like its recent attempt to constitute a separate Customs Union with the respective countries. To avoid this, it must be convinced of "win-win" constellations. In order to achieve mutual understanding, Poland initiated the informal "Group of Friends of the EaP," now renamed as the "Information and Coordination Group." Interestingly enough, Russia has demonstrated its will to get involved, along with Turkey, the United States, and Japan. But Russia still declares its skepticism officially. How these relations will evolve remains one of the pivotal questions for the Eastern Partnership.

The Eastern Partnership: The Case of Moldova[48]

by Stefan Meister

The change of government in Moldova after the parliamentary elections in July 2009 opened a new window of opportunity for fundamental domestic reforms and integration with the European Union.[49] With its clear pro-EU policy the new government coalition, the Alliance for European Integration, differs from other post-Soviet elites (excluding Georgia) that mostly follow a policy of balancing between the EU and Russia. The main challenges for the Moldovan government are the need for fundamental reforms to change the existing political, social and economic reality and the reintegration of the separatist region of Transnistria. Moldova could be a success story for EU neighborhood policy. It is small, it currently has a pro-EU elite and it has a non-ethnic resolvable conflict with Transnistria. Yet in order to succeed in its neighborhood approach, the EU has to seriously engage in the Transnistrian conflict and it must develop a real partnership for reform with Moldova.

Moldova's post-Soviet transformation path

In contrast to other countries in the post-Soviet space, Moldova lacked strong presidential power in the 1990s and became the only parliamentary republic in the Commonwealth of Independent States (CIS). Nevertheless, the pluralism of the political system in Moldova was not based on democratic values, but was the result of weak political institutions. No player was able to change the rules of the game with the result in a balance of power between the different interest groups. This changed in 2001, when the Party of Communists of the Republic of Moldova (PCRM) won the parliamentary elections. With a majority in parliament, their leader Vladimir Voronin was elected president. Voronin established a political system that attempted to consolidate authoritarian rule by controlling business and the media through an absence of the rule of law and an informal system of rule.[50] This non-transparent and limited competitive political system failed to implement necessary political and economic reforms and polarized society. Despite this, Voronin was not able to consolidate his political rule.

Following increased dissatisfaction among the electorate, the blatant manipulation of the April 2009 parliamentary elections led to mass protests. Voronin had to call for new elections in July because of his inflexibility in reaching a compromise with the opposition. The result was a narrow victory for the coalition of the Liberal Democratic Party of Moldova, the Liberal Party, the Alliance Our Moldova and the Democratic Party of Moldova, the so-called Alliance for European Integration (AEI). But because it lacked a qualified majority, the AEI was not able to elect a president. It had to again call for elections that took place in November 2010 and that confirmed a narrow victory for the coalition and continued the deadlock with the PCRM. The situation in parliament illustrates the split in Moldovan society resulting from a division over three main issues: the model of political power, national identity and the country's geopolitical orientation.[51] Citizens have become frustrated about the failure of the political leadership to reform Moldova and to give its people brighter prospects for the future. Moldova's citizens don't trust political parties or state institutions and there is no functioning legal system in the country. An opinion poll conducted by the Institute for Public Policy (Chisinau) in 2009 found out that more than 50 percent of interviewees felt Moldova was moving in the wrong direction. Political parties, the police and the courts turned out to be the least trusted institutions in the country.[52]

Weak private entrepreneurship and the state's huge influence in the economy hinder market reforms which would lead to more competition and increase of quality of products. An urban-country-divide that leads to a strong influence for the huge rural population, and a disproportionately high percentage of elderly people among the whole population, makes large parts of the Moldovan society open to a paternalistic model of state.[53] These characteristics stand in contrast to the younger generation and the smaller urban population, which see their future in the EU. Many people in this group leave the country for work and better living standards. However, both groups are united in their disbelief

that the political elites will manage a positive transformation of the country.

The main transformation obstacles for Moldova

Without the prospect of fundamental economic transformation, along with its lack of natural resources, Moldova remains one of the poorest countries in Europe. While the CIS as a region recovered to the 1992 GDP level by 2003, Moldova was only able to reach its 1992 output in 2008, and only for a short time. The main driver of Moldova's economic recovery over the last ten years has been remittances from Moldovans who have gone abroad (mostly Russia and the EU), which make up approximately one-third of Moldova's GDP.[54] A lack of economic reforms combined with an inefficient and corrupt system of state control over the economy limit the economic recovery. Moldova has been one of the worst performers in Central and Eastern Europe in attracting foreign direct investment and in doing business.[55] Moldova's very slow and limited economic recovery ended with the financial crisis in 2008.

The main obstacle for the development of Moldova and its further integration in the EU is the conflict over the separatist region of Transnistria. The conflict has both economic and political implications. Since the end of the Moldovan-Transnistrian war in 1992, Transnistria has been ruled by the leadership of the self-proclaimed "Transnistrian Moldova Republic." It has established parallel institutions and managed to function as a state-like entity independent from Moldova. As a so called "captured state," it is led by a business elite that centralizes power in the hands of "President" Igor Smirnov, the head of the main business group. The Transnistrian conflict does not have ethnic roots like other post-Soviet conflicts and is therefore widely considered to be the "easiest" conflict to solve in the whole region. However, over the last 20 years the Moldovan state has been too weak to formulate and implement a viable reintegration policy. Moldova's weak economic performance failed to attract the population of Transnistria. But there have been signs that supporting the Moldovan government might pay off: In November 2005 the EU launched a Border Assistance Mission (EUBAM) at the border between Ukraine and Moldova. The mission helped to fight smuggling and human trafficking along the Transnistrian border and reduced the revenues of the Transnistrian leadership. This helped to pressure the Transnistrian elites to find compromises to transact trade via Moldovan territory.

Competition between Russia and the EU

With their respective political and economic models, both Russia and the EU have influence on the Moldovan leadership. In the "bargaining" typical of post-Soviet states, President Voronin tried to balance between Russia and the EU to gain the most from both without having to implement fundamental reforms. With regard to the EU-Moldova Action Plan signed in 2005, the PCRM government implemented only those reforms that offered clear financial benefits without weakening its political and economic power. Only two of ten priorities listed in the Action Plan were implemented, namely the creation of conditions for the granting of autonomous trade preferences and a re-admission agreement with the EU.[56] In successive ENP progress reports, Brussels criticized Moldova for failing to implement chapters related to human rights, freedom of the media, independence of the judiciary, the fight against corruption, as well as an improvement of the business and investment climate.[57] The EU is partly to blame since it failed to develop a credible mechanism of conditionality that can react to the political situation in Moldova. A lack of clear demands and sanctions as well as the EU's ignorance regarding the political culture in Moldova are the main reasons for this failure from the EU side. Brussels concentrated on introducing new rules and regulations to a political system that is largely defined by informal rules and a lack of functioning institutions. The EU's ambitious goals (such as fundamental reforms of the socio-economic system) also stands in contrast to the modest funds (approximately 40 million euro) Brussels has offered so far.

At the same time, Moldova is much more dependent on Russia than the EU. Moldova gets all of its gas from Russia and the Moldovan economy traditionally exports most of its agricultural products to Russia. Russia is also Transnistria's key partner

for both financial and political support. It currently has around 1200 "peace" troops stationed there.[58] President Voronin tried to cooperate with Russia to resolve the territorial conflict over Transnistria and to negotiate a withdrawal of Russian troops from the separatist region. A resolution of the Transnistrian conflict, however, would limit Russia's influence on Moldova. Therefore, Russia wants Moldova to accept the continued stationing of Russian troops and the federalization of Moldova, which would guarantee a significant impact for Transnistria on Chisinau's policy. Moscow pressured Voronin to sign the Kozak Memorandum in November 2003, which aimed at constructing a confederation between Moldova and Transnistria without giving Chisinau the instruments to influence the domestic situation in Transnistria. The memorandum would have secured Russia's military presence in Transnistria for 20 years.[59]

Aside from the multilateral negotiation format that includes Russia, Ukraine and the OSCE as intermediaries and the EU and the US as observers (the so called 5 plus 2 negotiations), Moscow tried several times to push negotiations in a trilateral framework with President Voronin and the leader of the Transnistrian separatist region. But after resistance from the Moldovan opposition and pressure from both the EU and the US, Voronin decided not to sign the memorandum. In response, Russia closed its market for Moldovan agricultural products and doubled the price for gas to the country in 2005. In March 2006 the embargo was extended to wine. The value of Moldovan exports to Russia reduced by almost 50 percent, from 347 million Dollar in 2005 to 182 million Dollar in 2006, which worsened the economic situation of the country even more. Russia is still Moldova's single most important trading partner, but it is closely followed by Romania, a direct neighbor and Moldova's biggest supporter in the EU. All EU member states together receive a larger amount of Moldovan exports than Russia.[60] Moldova is to a large extent dependent on Russia, which makes it more difficult for the EU to influence the country. On the other hand, if the EU and its member states were to make a serious effort, they could be an attractive alternative for Chisinau. But this requires both a serious effort by Moldovan elites to implement fundamental reforms (introducing of rule of law, transparent privatization and conditions for a competitive political system) and the will of the EU to offer Moldova economic integration, which also means the risk of coming in conflict with Russia.

New approaches for Moldova and the EU

Under its new pro-European coalition, Moldova increased efforts towards a rapprochement with the European Union. After winning the July 2009 elections, the AEI specified its common goals in their government program such as the restoration of the rule of law and the decentralization of power. The AEI started negotiations on an Association Agreement with the EU.[61] The long-term goal of the new coalition is EU membership for Moldova, which the EU has not yet offered. Aiming for EU membership, the AEI gave up the balancing policy between Moscow and Brussels and concentrated its policy towards EU demands. The EU progress report from 2010 noted that dialogue with civil society has improved and that the transparency of the decision-making processes has increased. Progress was also noted in fighting corruption, reforming the judiciary system and with regard to human rights standards.[62] Moldova decided to turn towards the European Union and in return was rewarded with greater financial support. Apart from a 100 million euro credit from the EU, Moldova received 580 million Dollar from the IMF in 2009 as well as a total sum of 1.9 billion euro from several partners (such as the European Commission, the World Bank, the IMF and the United States) for its reform program "Re-Think Moldova."[63]

Implementing reforms, however, within the limited capacities of the bureaucratic apparatus remains a big challenge for the new government. After two years of new rhetoric from the coalition, no fundamental reforms have been implemented. The inability to elect a new president because of the deadlock with the PCRM and diverging interests within the coalition have hindered any real progress. The personal interests of the coalition's leaders should be subordinated to the interests of the country. On the other hand, the country needs more support from the EU in order to be able to modernize its administration. The EU should

therefore put greater emphasis on increasing institutional capacities and help the Moldovan government to understand the ways in which the EU functions.[64] Brussels also has experience in fighting corruption and strengthening the rule of law, and it should offer its expertise in both areas.

Visa-free travel within the EU plays a key role for the Moldovan government in winning over its people for economic and political reforms. The EU should explore this option to create better incentives for the Moldovan government to reform. Visa-free travel could also contribute to the resolution of the Transnistrian conflict because it would make Moldova more attractive to the people of Transnistria.

A German initiative set up in Meseberg in June 2010 that aims at making Transnistria a test case for EU-Russia cooperation is a step in the right direction, but has brought no tangible results so far.[65] Russia does not want progress in the Transnistrian conflict, because then it would lose its tool to influence Moldovan policy. From the EU side, there is a need to take Moldova and the Transnistrian conflict more seriously and to develop a real test case for engagement. Such a step implies that the EU and its members have to be consequent in their negotiations with Russia, even if they risk a confrontation with Moscow. As long as the EU accepts how Russia uses the post-Soviet conflicts to secure the status quo and its own sphere of influence, no breakthrough will be achieved.

Instead of "imitating integration"[66] with its Eastern neighbors, the EU should concentrate on those countries that have a real interest in cooperating with the EU. Moldova is a country in which further engagement is likely to pay off. The EU should further develop its instruments, aiming at producing measurable effects. In the case of Moldova this means starting negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) and rewarding reforms by opening up the European Union's agricultural sector to Moldovan products. Introducing free movement of travel and building privileged institutional relations should also be part of the package. Brussels should finally put greater emphasis on support for civil society by improving access to EU programs like cultural and educational exchanges, voluntary service and assistance with effective civil society organization. On the other hand, Brussels should more clearly sanction countries if they do not fulfill the announced reforms. While there has been progress in Moldova-EU negotiations, there are delays in implementing major reforms by the current Moldovan government coalition.

As Ukraine's change of government in the 2010 elections shows, the main challenge for the current Moldovan government is to stabilize its institutions against an authoritarian roll back and to implement fundamental reforms that actually change the rules of the game. To allow for political competition, increasing the media's independence and strengthening civil society are the main tasks of the government's reform process. The EU should step up its support of this process as well with functioning carrots and sticks. Bringing Moldovan society into this major reform project would mean breaking with the Soviet legacy and allowing Moldova to take a real step in the direction of an open and pluralistic society.

EU-Belarus Relations: Between Political Isolation and Civic Engagement[67]

by Marie-Lena May

Belarus is an exception to the eastern dimension of the European Neighborhood Policy (ENP). Diplomatic activity with the autocratic regime is close to nonexistent, and Belarus is the only country in the Eastern Partnership (EaP) without a Partnership and Cooperation Agreement with the EU. In comparison to the other EaP countries, areas and instruments of cooperation, as well as financial aid, are much more limited. Furthermore, the ruling autocratic elite in Belarus does not aim at entering the EU, but at consolidating an independent Belarus in close cooperation with Russia. Thus, EU accession is neither a long-term goal nor an incentive for change in EU-Belarus relations.

Belarus used to be an island of stability in the post-Soviet area, supported by economic growth and social security that was subsidized by Russia. But this system has been teetering since the global financial crisis. Inflation reached 33 percent (YOY) by May 2011 after the Belarusian ruble was devaluated by over 50 percent.[68] 600,000 people have been temporarily suspended from their jobs[69] and Belarus' foreign currency reserves are now so low that no foreign currency is available for the people. To solve these challenges, the regime relies on loans from Russia and the Eurasian Economic Community (EurAsEC), thereby becoming more dependent on its neighbor to the east.

To develop a new EU strategy towards Belarus, the European Union should take a closer look at structural developments and processes in Belarus and identify new approaches for cooperation. This paper begins with an overview of EU-Belarus relations and then explains the challenges Belarus is facing at the moment. Finally, it will identify two focal groups for a new EU strategy towards Belarus: the young pro-EU society and those parts of the elite that have become disappointed with the lack of reforms.

EU policy towards Belarus over the last 20 years

After gaining independence in 1991, the EU and Belarus started negotiating a Partnership and Cooperation Agreement. The process was halted in 1997, after President Alexander Lukashenko had widened his power by changing the constitution. Since then, EU policy towards Belarus has been based on isolation and minimizing official contacts and diplomacy while at the same time increasing support for civil society.

In 2004 Lukashenko initiated a referendum to change the constitution a second time. Presidential term limits were abolished, allowing Lukashenko to continue to run for president. The presidential elections in 2006 did not meet OSCE standards for democratic elections and were followed by mass protests. After five days, they were violently dissolved and did not lead to a revolution like in neighboring Ukraine.[70] A reason for the failure of the protests was a lack of support from forces within the elite.

Following the elections, the EU adopted an isolation policy, but this failed to influence politics in Belarus. The authoritarian regime succeeded in consolidating its power. Thus, the EU re-thought its policy and began a cautious rapprochement, which led the EU to include Belarus in the Eastern Partnership initiative in 2009. For the Belarusian regime, this offer came at the right time, since Minsk was under pressure from Russia both economically and politically after the global financial crisis. Engaging with the EU offered the possibility to counterbalance its dependency on Russia.[71]

The next benchmark in EU-Belarus relations was the presidential elections of December 2010 and the violent crackdown of mass protests on the evening of election day. The severe violations of

human and civil rights disgraced EU politicians who had advocated for a rapprochement. The events also showed that the European Union still had no influence on internal decisions taken by the Belarusian leadership. In the aftermath of the elections, the EU unanimously condemned the actions of the Belarusian regime, called for the release of all political prisoners, and introduced sanctions targeting the political leadership. The EU issued visa bans for top officials and froze their bank accounts. Additionally, in June 2011, embargos were imposed on three companies owned by one of Lukashenko's main financiers.[72]

The past twenty years have shown that the EU lacks influence and leverage in Belarus. Facing the failed attempt at rapprochement, the EU should think about a new strategy towards Belarus. For this to succeed, it is important to a have a deeper insight into the functioning of the country, to understand the underlying processes, and to then identify new starting points.

Insights into the Belarusian power system

Having consolidated its power in 2004, the authoritarian regime relied on the following three pillars:

Table 1: Pillars of Belarus' power system since 2004 (author's classification)

Pillars of Belarus' power system		
An autocratic system with a strong security apparatus and control of the media	Economic growth and social realocation based on subsidies from Russia: hush-money for Belarusians and the elite	A foreign and security seesaw policy between sovereignty and dependence on Russia

An autocratic system with a strong security apparatus and control of the media

The sustainability of internal power in Belarus is based on autocratic centralism with a clear hierarchy and loyalty towards the President. In addition, Lukashenko constantly reshuffles powerful positions to prevent anyone else from gaining too much power. The last rotation took place right after the December 2010 elections when he replaced the prime minister and other politicians who were considered "pro-European" and "pro-liberalization."

By keeping the economy state-owned and closed from international markets, oligarchies were not able to develop in the transition period after the dissolution of the Soviet Union. Ironically, what has ensured his power for 17 years is now one of his main problems: the non-reformed Soviet-style industry that produces goods, which cannot compete on the global market.

In recent years, Lukashenko has also established a patrimonial system by installing his family in political and economic posts. His son Viktor is one of his closest counselors. His youngest extra-marital son, six-year-old Kolya, seems to be a kind of "mascot" accompanying him to social and political events. Some voices say that Kolya is meant to be his successor one day.

In addition, the Belarusian power system fundamentally relies on a well-functioning security apparatus. The firm crackdown of the protests in December 2010 and the immediate reactions to the metro bombing of April 2011 and to the ongoing silent demonstrations shows the effectiveness of the police and the Belarusian security agency (KGB). The ensuing trials once more revealed the judiciary's lack of independence and violations of human rights in KGB prisons.

Finally, the state-controlled media, which function as an organ of the regime, play an important role in the autocratic system. After the April 2011 metro bombing, two independent newspapers (*Nasha Niva* und *Narodnaya Volya*) were targets of searches and were threatened with closure. Out of 178 countries, Belarus ranks 154 on the Press Freedom Index 2010, the lowest rating in Europe.[73] Essentially, the only source for non-regime-controlled information in Belarus is the Internet. It is widely used by the opposition as well as by the wider public. The security apparatus regularly obstructs opposition web pages or social networks like *vkontakte.ru,* but has not yet found a functioning mechanism against this source.

It is difficult to judge whether there are cracks in the Belarusian power system. But there is an obvious division within the economic elite. Parts of the elite prefer market liberalization to the outdated

state-controlled economy. The regime's hesitant efforts to liberalize the economy in the last two years have disappointed them. These circles could be open to regime change as soon as Lukashenko is no longer able to pay them off. Until now, he has stifled criticism by re-distributing rewards among the elite. Yet if the economic situation continues to worsen, he will not have the means to offer these payoffs any longer.

Economic growth and social stability based on subsidies from Russia: hush-money for Belarusians and the elite

Economic growth has been the most important foundation of Lukashenko's power. Until the global financial crisis, the Belarusian economy performed much better than other former Soviet countries such as neighboring Ukraine (e.g. in 2008, 10.2 percent GDP growth in comparison to 1.9 percent for Ukraine).[74] The system relied on subsidies from Russia in the form of cheap gas and loans, as well as on the open Russian market for Belarusian products. This allowed Lukashenko to guarantee social equality and security and to project an image of being the only warrantor of stability and prosperity for Belarus.

But the global financial crisis has weakened this system. Russia experienced economic troubles and started an "economization" of its foreign policy:[75] It raised gas prices and Belarus had to make concessions in order to avoid an even higher price. As a result, Belarus sold parts of its pipeline system to Russian investors and joined the Customs Union with Russia and Kazakhstan. In addition, demands for Belarusian goods in their main markets, Russia and Ukraine, fell sharply because of the economic decline in both countries. It became clear that Belarusian products are not competitive on the global market. In 2009, Belarusian GDP officially grew by a mere 0.2 percent. But even this low figure might be fabricated in order to project (if only marginal) economic growth.

Belarus has not been able to recover from these hardships. The rating agency Standard & Poors reduced Belarus' credibility rating from B+ to B in March 2011, adding a negative outlook.[76] Economic problems include an increasingly negative trade balance, excessive credit growth and wage increases, and high public spending (which Lukashenko needs to secure the loyalty of the people and especially of the administrative elite and the security apparatus). The International Monetary Fund gave Belarus loans in 2009 and 2010, but now warns that Belarus' net international currency reserves are too small after a 20 percent reduction at the beginning of 2011.[77] As a consequence, the Belarusian ruble was devaluated by over 50 percent, which resulted in an inflation rate of 33 percent (YOY) by May 2011.[78] The shortage of foreign currency forced 600,000 people to temporarily suspend their jobs according to a statement of the head of the National Statistical Committee of the Republic of Belarus, Vladimir Zinovsky.[79] This equals an unemployment rate of 12.7 percent (the official unemployment rate was claimed to be 0.7 percent[80]). In March and April 2011 the prices for fuel, bread, and other vital products increased.[81] People have started to stockpile.

Economic instability will increase widespread weariness among the population and probably lead to more social unrest. A growing number of Belarusians do not see the current regime as being able to secure economic stability. In a public opinion poll conducted by the Independent Institute of Socio-Economic and Political Studies in Vilnius in June 2011, 73.4 percent of respondents stated that their economic situation has worsened. Only 26.9 percent of respondents answered the same in March 2011 and 16.0 percent in December 2010. Trust in Lukashenko dropped to 35.7 percent by June 2011, from 47.9 percent in March 2011 and 55 percent in December 2010.[82] People have started to show their disappointment publicly. There are regular "silent" demonstrations organized via facebook ("Revolution through social networks") in over twelve Belarusian cities. These demonstrations are without any political claims, banners, or leadership, which makes it difficult for the regime to react against them. Thus, the regime has answered the only way it knows: Over 1700 people are estimated to have been detained for simply walking on the street and clapping.[83] The harsh reactions show a growing nervousness and lack of strategy by the regime.

A foreign and security seesaw policy between sovereignty and dependence on Russia

In its foreign and security policy, Belarus is as focused on Russia as it is in the first two pillars of the Belarusian power system. But Minsk tries to balance Moscow's influence to safeguard its sovereignty. This "seesaw" foreign policy combines four strategic measures:

- Integration in multilateral organizations under Russia's influence, like the Collective Security Treaty Organization or the Customs Union with Russia and Kazakhstan;
- Economic cooperation with former Soviet republics, especially Russia and Ukraine;
- Loose cooperation with the European Union, the United States, and international ("Western") organizations like the OSCE and the IMF;
- Pragmatic networks with countries like China, Venezuela, and Cuba.

This balance is now threatened by changes in Russian foreign policy. Russia has clarified the conditions under which it is willing to continue supporting Belarus with loans: Russian investors should have prior access to buy Belarusian pipeline systems and industries and Belarus should adopt the Russian ruble and thus integrate more with Russia.[84] Lukashenko's bargaining position is weak. Economic strains are weighing on him, and his ability to play Russia and the West against each other is limited now that the EU and the US have reinstated an isolation policy toward Minsk while Russia has become more assertive.

Lukashenko cannot look to other partners for help either. In June 2011, Belarus signed contracts on joint projects with the Chinese Exim Bank that are worth one billion Dollar, but cannot be used to cover the current deficits. Venezuela offered oil, but high transport costs make it more expensive than Russian oil. Since Belarus is landlocked, it needs access to either a Ukrainian or a Baltic Sea harbor to receive Venezuelan oil. Other potential partners, such as Cuba or Libya, are struggling with their own serious economic and political problems.

Thus, Belarus still needs the EU and Western institutions to counterbalance Russia's steadily growing influence. Indeed, in June 2011 Belarus started talks with the IMF for new loans.

A new EU policy towards Belarus

In light of the constellation of power in Belarus, the European Union should rethink its strategy. Two societal groups are particularly prone to fueling political change: the pro-European youth (parts of 2c in the table below) and the disappointed economic elites (parts of 1a).

Getting to know Belarusian society

Belarusian society is divided. An opinion poll published in March 2011[85] shows this: 47.7 percent of Belarusians think that the authorities acted correctly on December 19, 2010 when they came down hard on the protesters, whereas 42.4 percent disagree. The question "A. Lukashenko has become president of the country again. Did you personally want it?" was answered "yes" by 46.2 percent of respondents while 43.2 percent responded "no." Belarusian society also disagrees on who is seen as responsible for the metro bombing in April 2011: Regime supporters believe the official interpretation of an opposition attack. Opponents, however, think the inner power circle faked an insurgent terrorist attack in order to discredit the opposition.[86]

Table 2: Division of Belarusian Society (author's classification—amended version)

1) The supporters of the current regime, mainly composed of three subgroups:			2) The opponents of the current regime, mostly pro-European and mainly composed of three subgroups:		
a) Active Supporters	b) Opportunists	c) Passive Supporters	a) Active Opponents	b) The Socially Engaged	c) The Frustrated

These examples illustrate that Belarusian society is split into two camps, supporters and opponents. Each camp consists of subgroups that are worth highlighting:

The supporters enable the stability of the current regime, although not all of them actively support the regime or would be against regime change. Three large groups can be distinguished:

1 a) Active Supporters

The active supporters are the beneficiaries of the system, who gain from financial distributions as well as official and unofficial rules. This group comprises the administrative and economic elite and the security apparatus. If economic decline continues, this group could split due to a lack of payoffs and dissent about the political and economical direction. The disappointed members of the elite are a starting point for the EU.

1 b) The Opportunists

The opportunists benefit from the current situation because they have found their own niche where they can act independently and live comfortably. This group mainly works in state-controlled enterprises that take advantage of unofficial rules, as well as in other state-controlled areas like education and services. They are used to the current system and appreciate the advantages of stability. If the regime changed this group would likely try to adapt to the new rules.

1 c) Passive Supporters

The passive supporters are the neutral, apolitical segments of society that prefer stability and security. It is probably the largest group, and includes workers, farmers, the elderly, and less-educated people without access to independent information.

The opponents of the regime are

2 a) Active Opponents

The active opposition forms a small part of Belarusian society. After the presidential elections, many opponents were detained and some are still in prison. These forces have therefore been weakened and need time to recover. But the brutal actions of the regime could also help to unify and strengthen the opposition in the coming years.

2 b) The Socially Engaged

There is an active and heterogeneous civil society operating in different fields such as the environment, social and health issues, and education. They are not politically active per se. Their goal is to change the situation in a specific area and not to actively overthrow the regime. They are tolerated because they fulfill important functions for society. An important part of this group aims at mitigating the consequences of the Chernobyl catastrophe, which hit Belarus harder than anywhere else.

2 c) The Frustrated

The frustrated are mainly the well-educated members of society that suffer a lack of opportunities due to the country's isolation. The rigged election and the suppression of protests, as well as the dire economic situation, have led to a loss of credibility for the regime. This group wants to end the country's isolation and aims for EU integration. In the first half of 2011, opinion polls showed that the size of this group has grown and can be expected to increase further.

Charming young, pro-European Belarusians

For the European Union, groups 2a) and 2b) were obvious partners for cooperation in the past, and, of course, they will and should remain so in future. But the EU should realize that the frustrated, and especially the young and well-educated Belarusians (group 2c), are an important starting point for additional engagement. The pro-European members of society could form the future ruling elite. Of course, they could just as easily make up future pro-Russian elites. However, currently 50.5 percent of Belarusians would rather join the EU than integrate with Russia (31.5 percent).[87]

The EU would do well to respond to this plea by offering attractive programs and promoting the EU in Belarus. EU member states should start implementing the post-election promise of support for civil society announced at the February 2011 international donor conference in Warsaw. German Foreign Minister *Guido Westerwelle* promised 6.6 million euro for 2011,[88] and the European Commissioner for Enlargement and Neighborhood Policy, *Štefan Füle,* promised 17.3 million euro from 2011–2013.[89] The European Union might lose credibility, if it now directs all of its support efforts toward North Africa and forgets about its promises to Belarus. This includes supporting the EaP's Civil Society Forum with an office of its own, offering more

scholarships for students and young professionals, establishing an independent Belarus Fund for Civil Society Projects, and introducing visa facilitations.

Making contacts within the disappointed elite

The EU should also build reliable networks with disappointed forces among the Belarusian economic and political elite (parts of 1 a). Because of the cautious economic liberalization that started two years ago, new independent elites now have an opportunity to develop and gain influence in the country. Contacts should be made and cooperation should be considered. Excluding Belarus from the Eastern Partnership Initiative would send the wrong signal because the EaP's multilateral dimension offers contacts between executives and experts on a low and medium level.

The EU Delegation in Minsk should play a key role by expanding its activities and fulfilling the role of a lively contact point between Belarus and the EU. Germany, together with Belarus' neighboring EU countries (Poland, Latvia, and Lithuania), should push to keep the Eastern Dimension high on the EU agenda. The upheavals in North Africa painfully revealed how unprepared the EU was as well as its lack of knowledge and contact with non-governmental actors in the region. If it remains inactive and inattentive to Belarus now, the European Union risks once again being caught flat-footed by change in its neighborhood.

Socialization as a Solution to the Conditionality Deadlock with Ukraine?

by Ulrike Stern

When looking at the state of relations between Ukraine and the EU, one thing becomes clear: The incentives at the EU's disposal—most notably the Deep and Comprehensive Free Trade Area (DCFTA) and visa liberalization—are not strong enough to influence Ukraine. This suggests that the Enlargement Policy's conditionality mechanism can only be partially adopted by European Neighborhood Policy (ENP). But how can the EU influence Ukraine without the carrot of membership? Concerning the further development of the Eastern Partnership, the EU should not rely too heavily on its experiences with its Enlargement Policy. Clearly, the EU should not adopt delaying tactics and it should not offer unclear prospects for membership. It should instead openly confess its failures, redefine its aims, and communicate them in a transparent manner. Apart from short-term incentives und benefits, the EU has to take more long-term methods into consideration. This text will show that socialization is a promising instrument for influencing Ukraine's behavior in the long-term.

Socialization

The concept of "rhetorical action" assumes that interests and beliefs can change through interaction between actors. It shows a way to achieve socialization that is primarily focused on informal institutions and describes the strategic use of arguments based on rules and norms and the resulting transformation of the addressees' beliefs.[90] "[I]t postulates that social actors use and exchange arguments based on identities, values, and norms institutionalized in their environment to defend their political claims and to persuade their audience and their opponents to accept these claims and to act accordingly."[91] Consequently, these actors can change their traditional behavior from a rational "logic of consequences" into a "logic of appropriateness."[92] This means attributing an intrinsic advantage to the EU's norms, independent of any material incentive. The adoption of these norms appears as „either the right thing or the smart thing to do,"[93] and is thus legitimate. This cognitive framing-process is called "socialization," "social learning," or "persuasion," and it is the main goal of rhetorical action.

With its rhetorical action, the EU aims at strengthening a "European identity" in the target countries. In theory, as soon as EU norms are established as part of a country's identity, the EU can use these norms as a form of moral leverage because the country has a compulsion to act without alternatives. These cognitive change processes are independent of concurrent changes concerning resources, the type of government, or formal institutions.[94]

Target groups for such socialization processes are national decision-makers and opinion formers, such as those in bureaucracy, politics, and science (top-down approach). In line with bottom-up-development, actors from civil society are even more eligible as change agents, who can themselves activate socialization processes supporting the EU's norms on different hierarchical levels.[95] But how can the European Union apply a smart socialization policy vis-à-vis Ukraine?

What does Ukraine want?

Balancing its interests between the two poles of the EU and Russia—so called "swing politics" or "multi-vector-politics"—has been an integral part of Ukrainian foreign policy, and not just since Victor Yanukovych's return to power. Ukraine does not accept the polarized alternative of "either the EU or Russia." While indicating its will for closer cooperation with Russia, the Ukrainian leadership is also trying to convince the EU to come up with additional offers.

Obviously, relations between the EU and Ukraine cannot be understood without the Russian angle. It is important to note that Ukraine is dependent on both Russia and the EU. The connection with Russia is not only strong with regard to culture and history, but also in terms of economic and energy policies. For post-Soviet Russia, Ukraine is still „the largest imperial temptation."[96] One example of this is the 2010 Russian-Ukrainian agreement that

included a reduction of gas prices for Ukraine in exchange for prolonging the Russian military presence in the Crimea until 2042. Further aims on the Russian side are influence over the Ukrainian pipeline system for gas while the Ukrainians are concerned with preserving their position as the main transit country for Russian gas.

As to the EU, it can offer benefits like free trade and visa liberalization. Trade between Ukraine and the EU amounts to 29.3 percent of Ukrainian exports, with Ukrainian-Russian trade comprising 25.4 percent.[97] In face of the global economic crisis, Ukraine's strategy is clear: Integration into the international economic system, preferably without any exclusive, one-sided dependencies. Ukraine is hoping to advance its own economic situation by signing a DCFTA as part of an Association Agreement (AA) with the EU, which would lead to additional trade and simplified access to European Union credits. In contrast to economic benefits, the normative aspects of EU policy, such as support for democratic structures and rule of law, are nowhere near as attractive, especially for Ukraine's powerful economic elites.

Ukraine's need for reform

Ukraine is far from being a functioning democracy that respects civil rights and the rule of law. But still, due to the advanced negotiations and increased integration with the EU, the country is seen as a prime example of EU cooperation within the group of the Eastern neighbors. However, corruption and the weight of informal structures remain the country's main problems, which also restrains relations with the EU.[98] Additionally, Yanukovych immediately focused on recentralizing his power upon his return. The Ukrainian constitutional court for instance withdrew a reform dating back to 2004 that had transformed a system dominated by the president to a system that balanced the powers of the president with those of the parliament.[99] Freedom of the press has also been restrained step by step.[100] Institutional capacity in the public sector remains low, and the mechanism of checks and balances is unsatisfying, both in terms of application and results. The ruling actors are largely disconnected from the rest of society.

At the moment, it is very unlikely that new, pro-European political forces will come to power. The opposition is discordant and sometimes suffers repression by the government. Still, the main opposition forces see the EU as an important partner, and they expect support. Criticism of the government is also widespread among civil society. Yet, due to a weak standing within the Ukrainian political system and poor revenues from domestic donations and membership fees, most NGOs are dependent on foreign funding. The Ukrainian leadership is skeptical towards the activities of people like George Soros, who is accused of showing too much external support for opposition groups. In addition to civil society, the general public shows a significant potential for protest. The latest opinion polls illustrate diminishing support for Yanukovych's Party of Regions, which is currently only supported by about 15 percent of the Ukrainian population.[101] Small- and medium-sized enterprises (SME) especially are a group to be reckoned with. They were partially successful with their protests against the government's plan to increase taxes in the fall of 2010. These protests showed their growing disillusionment and their readiness to take action.

Diverse social problems and political interests are the reason for Ukrainian swing-politics. The majority of influential economic elites in Ukraine are strongly pragmatic and not very ideological. They always choose to work with the player who offers the most incentives. The economic elites have been described by analysts as "highly competent, well-educated, market-savvy."[102] Although many oligarchs know that the economic system has to be reformed, they do not agree that this should be accompanied by the development of functioning and transparent democratic structures and rules.[103] With juicy carrots, the economic elites might well be tempted to strengthen ties with the EU. Yet they are unlikely to accept the EU's approach which only grants stronger cooperation in return for democratic reforms.

Public opinion also illustrates the "swing" between the EU and Russia. The well-documented divide between rather Russophone Eastern and Southern Ukraine and rather Ukrainophone, pro-European

Western part of the country is still evident.[104] Ukrainian opinion polls display this split, and overall there are slightly more positive attitudes towards Russia than towards the EU. Still, this is mainly due to the quite widespread lack of knowledge about the EU.[105]

What does the EU want? Security through rapprochement

The EU's main interest with respect to Ukraine, the largest Eastern Partnership country, is security in its neighborhood and at its external borders. EU member states Poland, Slovakia, Hungary, and Romania border Ukraine. Among the most important security threats are human trafficking, drugs, and poverty.[106] Perhaps the most important issue is security of energy deliveries. Due to the uncertain conditions pertaining to the transit of Russian gas via Ukraine, the EU wants to establish clear principles like sustainability and competition to put its energy security on stable and predictable grounds. To achieve this, the EU aims to support stability in Ukraine. For the EU, stability can be reached through transformation, i. e. strengthening the rule of law, opening markets, democratization, and ultimately Europeanization—hence, through the adoption of legislations and norms.

Nevertheless, not all EU institutions and member states are equally convinced of Ukraine's relevance for the EU. EU actors are therefore discordant concerning the question of how far integration should go. Austria for instance is opposed to membership for Ukraine; Germany and France—due in large part to their close relationship with Russia—are undecided, while Poland is in favor of membership.[107] Germany, the Netherlands, Belgium, and France are also skeptical towards the issue of visa liberalization.[108] More than any other EU institution, the European Parliament is focused on criticizing violations of democratic norms by the Ukrainian government.[109] The European Commission implicitly treats Ukraine like a membership candidate, although the Council will not agree on the prospect of membership.[110] These disunities are natural in light of the different historical backgrounds and interests of the 27 EU members and its institutions, but they weaken the EU's bargaining position towards Ukraine.

Assessing the EU's Policies: Output differs from outcome

To assess the EU's policies towards Ukraine, one should not only look at the input (the EU's resources and actions) and the output (the formal adoption of norms and rules). The most important assessment criterion is indeed the outcome (the implementation of norms and rules). At the same time, it is important to note that there are intervening variables on the ground, such as the status of democratization, the will to integrate with the EU, or economic dependence on Russia.

The EU has not made an adequate effort regarding input, which means that a basic prerequisite for a satisfying output and, more importantly, for an optimal outcome, goes unfulfilled. The EU claims to have a lot of aims, but does not do enough to achieve these aims, often because EU actors are not united on different topics.[111] Ukraine, on the other hand, engages in even more lip service. "Signing a document is treated as a crowning success and the end of matters. […] One extremely threatening matter in the partner countries is the lack of faith in the ability to carry through reforms that would bring the partner countries into line with the EU. This kind of conviction is present even among people having pro-European attitudes."[112] In terms of concluded agreements and created institutions, the EU seems to be rather successful concerning Ukraine. Unfortunately, the outcome is often quite poor.[113]

One important issue in which the gap between input, output and outcome becomes particularly evident is visa liberalization. The visa liberalization action plan, which was offered by the EU to Ukraine during the last EU-Ukraine-Summit in November 2010, not only contains technical and legal preconditions, but also democratic ones. Still, the implementation of the subsequently adopted national action plan has only proceeded slowly.[114] Additionally, this process has been overshadowed by the increase of refugees from North Africa and the skeptical mood in EU member states concerning continued visa liberalization.

At the moment, the most promising fields of cooperation between the EU and Ukraine are the

Association Agreement (AA) and the DCFTA. The negotiations about the AA (that include the DCFTA) started in 2008 and have recently gathered pace. The DCFTA in particular, which raised potential for conflict in areas such as agricultural economics and special brand-name goods, has been almost entirely negotiated. It is likely that until the end of 2011 the AA negotiations will come to a closure. Of course, it remains to be seen whether the outcome will be as satisfying as the in- and output have been so far.

At the same time, AA and DCFTA negotiations are a good example of Yanukovych's swing-politics, and a reminder that this method cannot succeed in every area. Since April 2011, Russia vehemently offered Ukraine membership in a customs union with Russia, Belarus, and Kazakhstan. Russian president Dmitry Medvedev even stated that Ukraine cannot "sit on two chairs at the same time."[115] Indeed, politically and technically, taking part in both the DCFTA and the customs union is as good as impossible. Nevertheless, Ukraine has named the AA a priority while at the same time promising closer cooperation with Moscow.

A precondition for success: Not "enlargement light," but honesty and socialization

The European Union has to be more honest in its policies vis-à-vis Ukraine. And being honest means also being honest to oneself: An important precondition for the success of the Eastern Partnership is the EU's relationship with Russia. In the post-Soviet space, the EU should not act as a direct opponent of Russia. Instead of aiming for an exclusive partnership with Ukraine, its proximity to Russia should be accepted—despite divergent aims and beliefs, even though this might be challenging. This will help support the EU's own relationship with Russia.

There are other aspects of an honest EU approach towards Ukraine: While the EU's multilateral approach towards the eastern neighbors has been strengthened through the Eastern Partnership, the EU has to be careful not to forget about the individual character of each partner country in this group-to-group-constellation. The EU should also continue to respond to individual achievements and interests. In the case of Ukraine, it should be a partner at eye level. The EU has to understand the relevance of Ukraine being the biggest neighbor to the East by getting better and more detailed knowledge of Ukraine's concerns, interests, and specific challenges. Information about the Ukrainian elites, for instance, is fundamental. One could also imagine establishing different blocs within the Eastern Partnership, that means an "Eastern Partnership of different speeds." This could mean differentiating between the three Southern Caucasus countries and Belarus, Moldova, and Ukraine in line with a geographical divide, or dividing the group among countries who have shown the strongest will to cooperate with the EU, Georgia, Moldova, and Ukraine.

Ukraine should be an equal partner not only regarding the recognition of the legitimacy of its interests, demands, and aims, but also regarding its duties and commitments. A culture of demand assistance should not be encouraged. Ukraine's self-commitment is a precondition for real change. Considering its high structural dependence on the EU (and even more so on Russia), only internal reforms can enable Ukraine to decide freely and independently whether it wants to cooperate with one or both partners. In terms of substance, sophisticated reforms in the areas of social and tax legislation are essential, particularly pertaining to restoring the national budget. Additionally, the fight against corruption should continue to be a top priority. Special emphasis should be put on the implementation of pre-existing laws in this area.

Moreover, the EU should make a more sincere effort in the relationship rather than continuing to pay lip service and build dysfunctional institutions. The mere continuation of negotiations is no guarantee for real success. No one should accept the halfhearted, wavering attitudes on both sides while the aim of the whole process is still not agreed upon.

The EU should use the small incentives it has with its conditionality mechanisms—DCFTA and visa freedom—granting smaller part-incentives more often in exchange for smaller successes on the Ukrainian side. The single benefits might be smaller,

but in the bigger picture they will help build trust and a culture of cooperation. This is already a form of socialization that the EU should focus on.

Furthermore, the EU should invest in changing the spirit of cooperation. There should not be a mere push to adapt norms from the *acquis* (something the European Commission will intuitively focus on). Instead, Ukrainian civil servants and broader society should have the chance to learn more about these rules and adopt and implement them voluntarily. A precondition for this approach is foresight and sustainability concerning both aims as well as instruments. Admittedly, an important precondition for convincing others of the validity of the EU system is to make the EU system perform better (e.g. democracy deficit, euro currency crisis, Schengen crisis).

The fact that the International Monetary Fund (IMF) ties its payments for Ukraine to clear-cut terms is legitimate and goal-oriented. Nevertheless, Ukraine's relationship with the EU is more complex and entangled. The EU not only focuses on economic cooperation, but also on political issues. The EU should thus turn its objective of democratization into an incentive for Ukraine, helping the country to understand that democratization has a high value in itself, independent of the usual EU's external benefits.

In this sense, visa liberalization can be seen as a possible solution of the incentive dilemma. It exhibits a combination of conditionality and socialization because it is a benefit that favors socialization processes. In contrast to the classical mechanism of conditionality, there would be not only a reward for responsiveness, but the reward itself would induce this responsiveness. The EU could make gradual concessions that will still have an impact such as further reducing fees or further simplifying the application procedures. In line with the socialization mechanism, the idea is to help those actors who are most likely to initiate a bottom-up democratic turnaround. Particularly in light of the problems in influencing the economic elites (who benefit from the non-transparent and undemocratic structures), and because such a turnaround will be more sustainable when initiated from the bottom-up, the EU should target the broader civil society. The Yushchenko period that saw an opening of the country towards Europe brought about quite a few young, well-educated Ukrainians who are receptive towards the EU's values. To them, exchange programs are very attractive. The EU should make more of an effort to court this group, as well as other possible addressees such as NGOs, media, educational institutions, and SMEs. The variety of possible target groups also increases the potential EU actors. Cooperation should not be left to the EU's institutions and to the governments of its members. NGOs, parties, cities, and municipalities or investors in the EU should make their own contributions. On the whole, this will decrease the widespread lack of knowledge concerning the EU among Ukrainians and, as a consequence, make them more receptive towards the EU system.

Additionally, Ukrainian officials and civil servants should be familiarized with the idea of democratic reforms as a path to sustainable stability. This also makes it possible to influence socialization in a top-down manner. The successful exchange and learning programs that were established as part of the European Neighborhood Policy Instrument (ENPI) and enhanced through the Comprehensive Institution Building Program (CIB), targeted at civil servants along with well-tried mechanisms like Twinning und TAIEX, are absolutely goal-oriented.[116] Purely adopting norms and rules is not enough. These rules have to be adapted and implemented by the relevant actors, and they have to believe in them.

Admittedly, socialization processes tend not to be clearly visible and need time to develop. But all in all, putting a greater effort on the tools favoring socialization processes will help the EU to overcome the conditionality deadlock with Ukraine and its other partner countries.

Lessons Learned: Recasting the Union's Eastern Neighborhood Policies

by Marie-Lena May and Stefan Meister

The EU launched the Eastern Partnership (EaP) in Prague in May 2009 due to three main reasons: the limited effectiveness of the European Neighborhood Policy, Russia's conflicts with Georgia (2008) and Ukraine (2009), and as a reaction to the Union for the Mediterranean. The Eastern European EaP target countries—which include Belarus, Moldova, and Ukraine[117]—all face enormous challenges to reform and transformation, and the EU needs to reassess its own instruments for these countries to ensure relevance and efficiency. Brussels' Neighborhood Policy can only be successful, if it takes into account the conditions and challenges of the target countries and if it carries out a realistic assessment of its own resources and interests.

As the analyses in this chapter have shown, the EU's relations with Belarus, Moldova, and Ukraine have developed differently and exhibit varying relationship patterns: Belarus does not aspire to join the EU, its diplomatic relations with the EU are minimal, and it greatly depends on Russia. Ukraine has, since presidential elections in 2010, pursued a classic bargaining policy between the EU and Russia with the goal of attaining maximum economic benefits with minimal economic and political reforms. The Republic of Moldova, as the third and smallest state in the region, has re-defined its foreign policy in the last two years: Moldova's goal is EU integration and to disentangle itself from Russia's sphere of influence. There has been progress in negotiations with the EU, but visible steps toward reform have not yet occurred.

Despite the differing foreign policy goals of all three states, they share characteristics that impede reform:

- The political culture is shaped by a joint Soviet history and resembles the Russian system, which has not experienced a fundamental transformation to democracy or to a free market economy.
- All countries lack economic, social, and political reforms. This is a result of the unwillingness of the elites to pursue far-reaching reforms. The elites focus on short-term economic gain rather than long-term development.
- Decision structures are based on informal networks and clientelism. They lack political pluralism and competition and freedom of the press is restricted. All three states show deficits in an independent judiciary.
- Decisions are decoupled from the interests of society, and there is a divide between the elite and the rest of the population. This lack of participation and meager prospects for development have led to growing frustration among the population at large.

These structural characteristics allow Russia to maintain its influence in these states and make it difficult for the EU to gain access. Russia's policy of providing economic incentives without inquiring about democratic standards is consistent with the interests of the ruling elites in EaP states. As an important distributor of gas, a prominent trade partner, and a provider of loans, Moscow has ample opportunities for influence. The effects of the global financial crisis on the three EaP states have only strengthened Russia's influence.

The EU's offers of long-term economic and transformation support are not attractive to the elites of EaP countries, and their effect on tackling the acute economic and social problems in these countries has been limited. Knowledge about the EU and an understanding of the EU's decision-making processes among the elites is low. However, despite these limitations, the EU still has a chance to develop ties with the parts of society in these countries that are open to its policies. The economic and political standards of the EU are attractive to most of the people in these countries.

Identifying partners and addressees for the EU

In addition to a dialogue with the elites of EaP countries, the EU should identify target groups that are open to its approaches and that could be potential cooperation partners for comprehensive social and economic modernization. Four groups could provide such support:

1. Civil Society

The reform gridlock can only be managed with pressure from below. Getting society to participate in the political process, as well as closing the divide between the people and the elites, can only take place through the revaluation and further development of civil society. The Civil Society Facility introduced in the 2011 ENP review by the European Commission[118] could be the right instrument for that. In addition, the EU should further develop the Eastern Partnership's Civil Society Forum (CSF). It should expand the CSF's importance by establishing a CSF Secretariat and by increasing the CSF's participation in decision-making.

Additionally, the current EU system of funding makes it very difficult for non-governmental organizations to participate in the complex and time-consuming application process. Most of the NGOs in EaP countries are very small and have limited resources for bureaucratic demands. In the 2011 ENP review, increasing financial support for NGO is a priority of future EU policy. However, NGOs in EaP countries need small, unbureaucratic grants that allow for a more flexible reaction to current political events. This could be organized by a European Endowment for Democracy, which the EU Commission wants to establish in the second half of 2011.[119]

2. The Youth

Another core group is today's youth, who did not grow up under the Soviet Union. They are increasingly aware of the fact that their path to the West remains closed and that they do not have the same opportunities as their EU neighbors. The EU attracts them due to its standard of living, economic opportunities, and efficient public infrastructure.

In order to appeal more to this group, the EU should ease its visa entry regulations and increase investment in mutual youth exchange programs. Programs like the European Voluntary Service from the European Commission or "Weltwärts" from the German Federal Ministry for Economic Cooperation and Development could establish a new focus on Eastern Partnership countries.

3. Small- and medium-sized enterprises (SMEs)

All three countries lack the type of small- and medium-sized businesses that are integral to forming a solid economic framework. A functioning small business sector that is committed to fair competition and transparent structures could allow for the development of constitutionally mandated structures and a critical society. This is the nucleus of a middle-class, which is an important prerequisite for democratization.

SMEs in these countries suffer especially from a lack of due process, administrative hurdles, and corruption. This group of businesses has an interest in more competition, a transfer of technical know-how, and market access. The EU should strengthen their position by providing incentives to these businesses through small grants provided by development agencies, as well as by promoting advanced training and easier access to EU markets. Although SMEs were the target of an EaP flagship initiative, more has to be done. Programs like East Invest, which was launched in 2010, focus on an exchange of best practices and seminars, but do not offer loans and thus do not offer the financial incentives and flexibility SMEs need. The idea of supporting SMEs in EaP partner countries with the support of the European Investment Fund is a step in the right direction.[120]

4. The population at large

In addition to the three specific target groups, the EU should appeal more to collective populations. All age and population groups have shown increasing frustration with the inept governance of the elites and with their economic situations. Comparisons to their neighbors beyond the EU's border make these differences clear.

The EU should use a stronger presence (offices, seminars, cooperation with universities) to disseminate its ideas and concepts and to make the EU's economic and political models more comprehensible. Increasing people-to-people contacts should be a priority for this approach. This could be accomplished through, for example, an expansion of cultural exchanges and city partnerships.

Instruments and topics for a successful Eastern Neighborhood Policy

In its May 2011 ENP review document, the EU reacted to the criticism and deficits of the ENP and announced the establishment of additional ENP instruments such as the European Endowment for Democracy and enhanced systems of credits for SMEs. Brussels now has to concentrate on the implementation of the new ENP program by defining clear priorities, roadmaps, and, last but not least, political goals. Therefore it needs the support and the will of EU member states to reform the Neighborhood Policy, to make strategic decisions on the implementation of the medium-term strategy and to increase the budget within the EU's next Multiannual Financial Framework (2014–2020). Negotiations over Association Agreements should not take place merely for the sake of going through the process, but should be pursued with clear political goals in mind. In the case of the three EaP countries covered in this chapter, there is a need for a clear message that there is no prospect of membership in the next years, but that stronger economic and political integration is a priority of EU policy.

The EU must be consistent in its actions and cannot apply double standards if it wants to maintain credibility. For example, the EU harshly sanctions the Belarusian leadership for its undemocratic behavior against its own population and at the same time it has close relationship with the Azerbaijani leadership, which also takes strong actions against regime opponents, but has control over natural resources that the EU has an interest in. Short-term economic goals in commercially attractive countries should not take precedence over long-term goals such as open markets, transparency, democracy, and due process.

Ethnic and territorial conflicts are a vital challenge to almost all EaP states. The EU could make important contributions to solving these problems because of its experiences investigating conflicts and its position as a neutral negotiation partner. Therefore, it was the right decision to include EU involvement in conflict resolution in the new ENP strategy. But this key challenge for neighboring countries needs much more engagement. Conflict prevention and management should be closely coordinated with EU's neighborhood policy, because long-term goals of the ENP like democratization, social and economic development are linked to conflict resolution. There is a lack of communication and cooperation between the initiatives of the European Commission and of EU member states in the framework of the Common Foreign and Security Policy. For instance, the German Meseberg initiative to solve the Transnistrian conflict was only communicated to the Commission and other member states after the memorandum was signed with Moscow.

EU policies vis-à-vis EaP countries should be less influenced by the EU's relations with Russia. Russia's goals often contradict the EU's interests, because Moscow has no interest in conflict resolution, economic competition, or transparent political and economic structures. Russia only has limited intentions to solve the conflicts in its neighborhood, because without these conflicts it would lose a main instrument to prevent these countries from integrating with the EU. Thus, the EU cannot avoid conflict with Russia regarding its policies towards EaP states. If the EU makes compromises with Russia at the expense of the EaP states, the EU's policy will not be taken seriously.

Chapter III: The Southern Dimension and the Arab Spring

by Claire Demesmay, Carsten Främke, and Katrin Sold

In view of the mass demonstrations and government overthrows in Tunisia and Egypt, the violent protests in Syria, and the military conflict in Libya, European policy in the Mediterranean region has been faced with new challenges since the spring of 2011. Although the Mediterranean has been an important target region of European foreign policy for a long time, European initiatives there have not been very successful in the past few decades.

In addition to the heterogeneous nature of the MENA (Middle East North Africa) region and its fragmentation and regional conflicts, the reasons for this also include internal EU factors such as the different geographical focuses the member countries set for EU foreign relations. Particularly in the EU member countries that do not border on the Mediterranean, the general population hardly shows any interest in Mediterranean policy. Therefore, the subject has seldom been a point on the public policy agenda until now.

The upheavals in North Africa and the Middle East and the extensive media coverage they have received have pushed a region that "merely" used to be a subject of European Union foreign and security policy into the spotlight of public attention. In reaction to the increasing political and economic integration at its core, the EU's interest in clearly defining its outermost borders and reinforcing their security has grown in the past two decades. Since then, the promotion of a stable, low-conflict neighborhood has emerged as an important issue of the Union's foreign policy. The changes in North Africa are confronting the European Union and its members with a completely new situation: on the one hand, the revolution could lead to the democratization of the region that would open up new prospects for political and economic cooperation with the EU. On the other, North Africa is in a phase of uncertainty that is impacting the neighboring EU and its members. What can the EU do to strengthen its chances for a new quality of cooperation while minimizing its risks?

European Ambitions in the Southern Mediterranean

The goals of European Mediterranean policy

In the past several decades, a number of bilateral agreements have provided the formal framework for cooperation for the relations between individual countries of today's European Union and North Africa—relations that have long histories. But also at EU level the members maintain relations with the states of the southern Mediterranean region that are regulated by cooperation and trade agreements. At the normative level, the EU follows development policy approaches aimed at promoting democracy and the rule of law in the Mediterranean region and improving the socio-economic situation in its partner countries. At the same time, cooperation with the Mediterranean countries is based on the goal of sustainably stabilizing the European Union's Mediterranean neighborhood. The underlying rationale is that economic development and improving the living conditions in the neighboring southern Mediterranean countries will limit the migratory movement from the African and Arab regions toward Europe in the middle to long term. In an effort to fight crime and illegal migration in the Mediterranean region,[121] the EU has relied on cooperation with the governments of the southern Mediterranean countries for years—just like it has done in the energy sector. The significance of these types of "soft risks" has been growing and questions about the future of the energy supply in addition to demographics and migration are becoming more urgent. The EU's Mediterranean policy has become more dynamic since the beginning of the 1990s, which has led to the development of new instruments for EU foreign policy. At the beginning of the upheavals in the MENA region in the spring of 2011, the EU

could rely on its relations to individual countries and a variety of approaches to regional cooperation.[122] It also had two framework concepts available: the multilateral Euro-Mediterranean Partnership (EuroMed Partnership) and the European Neighborhood Policy (ENP), a bilateral instrument.

Multilateral structures: the EuroMed Partnership

With the EuroMed Partnership, also known as the Barcelona Process, the European Union established the first multilateral cooperation framework in Mediterranean policy in 1995.[123] It included all of the countries that were EU members at the time, and 12 Mediterranean partner countries. The intent of EuroMed was to intensify cooperation in the areas of politics and security, business and finance, and society and social welfare: a framework of three "baskets." When measured against the target of creating a region of "peace, stability, and prosperity"[124]—impossibly lofty from the very beginning—the bottom line of the Barcelona Process looked very thin when it reached the 10-year mark in 2005. Despite a few minor successes in the area of economic cooperation, the European Union had not achieved its main goals—especially in the areas of security and the promotion of democracy and the rule of law. At the same time, the Mediterranean partner countries were voicing their fundamental criticism of the concept behind the EuroMed Partnership, which they considered both Euro-centric and asymmetric.

Nicolas Sarkozy, then-candidate for the French presidency, seized on the demands for change and called for new drive for Europe's Mediterranean policy in reaction to the weaknesses of the Barcelona Process. With his initiative for a "Mediterranean Union," the former Minister of the Interior Sarkozy probably wanted to position himself as a statesman with ambitions in foreign affairs for the French presidential election. At the same time, Sarkozy was attempting to counter the shift in the ENP's focus toward the East that especially the southern EU member countries feared might result from the EU enlargements in 2004 and 2007. Other countries, in particular Germany, protested loudly against the initial French concept of a union limited to the Mediterranean countries. The idea was then modified in favor of a cooperation framework encompassing all of the 27 EU member countries and 16 Mediterranean countries —among them EU accession candidates Croatia and Turkey. By means of several structural changes, including the establishment of a new institutional framework and the installation of a co-presidency, the new Union for the Mediterranean (UfM) tried to accommodate the Mediterranean partner states' criticism that the Barcelona Process is too asymmetric. Unlike the Barcelona Process, the UfM was to be consciously designed as a "union of projects," the aim which was to strengthen regional cooperation by initiating concrete, joint projects that would trigger long-term reform processes in the MEAN region. Since the UfM was established, the members have come up with initiatives for cleaning up the Mediterranean Sea and developing shipping lanes, and for cooperating in the renewable energy sector.

Bilateral structures: the European Neighborhood Policy

In addition to the Union for the Mediterranean, which was officially established as the successor to the Barcelona Process on July 13, 2008, the European Union has developed one other instrument for Mediterranean cooperation: the European Neighborhood Policy launched in 2004. In addition to six Eastern European countries, this bilateral mechanism for cooperation between the European Union and each respective partner country encompasses ten MENA-region countries. Unlike the multilateral initiatives that are part of the EuroMed Partnership, its Action Plans are custom designed for the respective partner country and typically develop existing partnership and cooperation agreements further. The bilateral agreements exist parallel to the association agreements which are concluded with countries of the same country group as part of the EuroMed Partnership.[125]

Does the parallel nature of multilateral and bilateral instruments lead to overlaps or even contradictions between the EU initiatives in the region[126] or, on the contrary, does the complementary nature of the two approaches represent significant added value for Euro-Mediterranean cooperation?

Is There an Opportunity in Diversity? Complementary Multilateralism and Bilateralism in the Southern Neighborhood

Mediterranean partner country heterogeneity

The southern dimension of the European Union's neighborhood policy includes the countries of the southern and southeastern Mediterranean area, which are extremely heterogeneous when it comes to geography and politics. The entire region is characterized by far-reaching fragmentation. MENA countries have significant areas of difference ranging from their form of government—the region has monarchies like Morocco, authoritarian regimes like Syria and Libya, and countries with democratic components like Lebanon—and economic performance to their levels of industrialization and education. In Jordan, an illiteracy rate of 7.8 percent clearly differentiates it from Yemen, where the rate is 39.1 percent.[127] Unlike the multilateral approach, bilateral cooperation instruments facilitate the individual adaptation of European aid programs to the needs and circumstances in each individual country. They are therefore better suited to take the political and economic context of the respective partner country into consideration. In this way, the existing sensitive areas and special cultural features of individual countries can be added to the equation. The principle of multilateral cooperation within the framework of the EuroMed Partnership, on the other hand, underestimates the fragmentation of the region and the existence of international conflicts, which has led to blockades in cooperation time and time again.

Regional conflicts

The developments in Lebanon, the Western Sahara, Cyprus, and above all, the conflict between Israel and the Palestinians are all charged with a potential for political conflict that is preventing sustainable political cooperation and that leads to weak intra-regional cooperation. And now add the regional shifts caused by the upheavals in North Africa, which not only bring prospects for democratization, but also the potential for new regional conflicts, to the list. While the EU's bilateral approach is hardly able to take this regional context into consideration, the multilateral approach provides the opportunity to establish a forum for dialog in a region in which the revolutionary process in the spring of 2011 created even more divergence. At the same time, the conflict-laden and increasingly heterogeneous surroundings of the region provide fertile ground for the threat of recurring and (probably) more frequent blockades during multilateral negotiations. The cumbersome process of answering organizational and institutional questions within the framework of the UfM is to a great extent a result of inadequate south-south integration. For example, in 2010 a planned UfM summit was initially rescheduled and later cancelled, because the Arab countries threatened to boycott it, if Israeli foreign minister *Avigdor Liebermann* participated in the meeting in Barcelona. Appointing the managing board of the UfM also proved to be a difficult process. A Palestinian and an Israeli were jointly nominated as deputies to the secretary general, which, if it did not shut them down entirely, clearly hampered cooperation in the areas of security and defence. The resignation of Secretary General Ahmed Massade in February 2011 can be interpreted as another setback for a possible dialog forum in the region and an indication of continuous friction within the UfM's structures.[128]

Intra-regional cooperation in the southern Mediterranean

Despite the existing regionalization initiatives, which include the Arab League, the Arab Maghreb Union, and the trade cooperation resulting from the Agadir Agreement between Morocco, Tunisia, Egypt and Jordan, regional integration in the MENA region remains weak at the political and economic level.[129] While the neighboring southern countries' business dealings with the EU amount to more than half of their total trade volume, the share of intra-regional trade ends up being less than 15 percent.[130] The creation of a multilateral cooperation framework that includes the southern Mediterranean region would counter this situation. On this note, the inclusion of the Arab League as an observer in the Union for the Mediterranean should be viewed as a chance for the realization of

political and economic integration at the regional level. In contrast, the bilateral approach makes a very small contribution to strengthening intra-regional cooperation.

Relations between the EU and its Mediterranean partner countries

Euro-Mediterranean cooperation is a Euro-centric project based on the EU's interests and its grasp of geopolitics. It was initiated by the European Union and is still financed with EU funds. As a result, the bilateral and multilateral approaches both harbor the same basic weakness: a potential asymmetry between the EU and the partner country or the group of partner countries in the southern Mediterranean region. In reaction to the deficits of the Barcelona Process—marked by a strong European Commission position that dominated the agenda setting and the negotiations on the institutional framework—the design process for the Union for the Mediterranean set out to include new options for cooperation between the countries of the north and the south. For example, the UfM created stronger options for Mediterranean partner country participation in the framework of new institutions, including a "North/South tandem" to head the board and a co-presidency that mirrors the parity between the Mediterranean neighbors in the north and the south. Despite these structural differences to the Barcelona Process, the Union for the Mediterranean has not been able to achieve cooperation in which the northern and southern Mediterranean neighbors stand eye to eye.

Varied geographical focuses within the EU

The EU member countries have different geographical focuses. This impacts both the UfM and the ENP approach and makes it difficult to set up effective cooperation in the Union's neighborhood. A more or less openly fought contest between its eastern and southern dimensions has marked the neighborhood policy since its inception. Established international relations and traditional reflexes inclined to protect national trade flows play roles in the contest, as do conflicts over the distribution of limited EU budgets and the personal ambitions of the respective heads of state and government involved. Especially within the framework of the bilateral ENP approach, different historical and political relations between individual EU countries and partner countries have a significant influence—highlighting possible divergences of interest within the EU as a result. These different geographical focuses also play a significant role when it comes to medium-term strategy decisions. An example of this from the energy policy sector: long-term competitors DESERTEC and Transgreen, the German and French initiatives for obtaining solar electricity from the Sahara region.[131]

But the organization of the multilateral EuroMed Partnership is also a source of conflicts like the one between Germany and France prior to the establishment of the UfM. In times of crisis, a similar pattern emerges and the EU countries' split over the approach to Libya is one recent example. At a special summit meeting in Brussels in March 2011, the French and British heads of state and government declared their countries willing to take military action to support the rebels in the Libyan civil war. The German government reacted with skepticism. Furthermore, in regard to the question of whether or not the rebels should be recognized as representatives of the Libyan people, there was no sign of a unified position after EU member country France took the initiative. One day before the EU summit, a representative from the French president's office declared that France would dispatch an ambassador to rebel stronghold Benghazi and receive an envoy from the rebel national council.

How can the EU and its members avoid these types of solitary actions in the future and create synergies for a more efficient Mediterranean policy? In view of the heterogeneity and further fragmentation of the MENA region, which measures are required for the future of the ENP neighborhood policy in the Mediterranean region? And what significance do the upheavals in the Arab region have for the further development of this cooperation?

Lessons Learned: Recommendations for the Future of the European Neighborhood Policy in the Mediterranean Region

A new framework for Euro-Mediterranean cooperation

The upheavals in the Arab region have brought significant changes to the basic conditions for Euro-Mediterranean cooperation. With the changing of the guard in several MENA-region countries new expectations are raised toward the European Union, and at the same time, the efficiency of the European Union's existing instruments and strategies is under scrutiny. The arrival of the first migrants from Tunisia in Europe in April 2011 revealed the frustration of many young people from the region—as well as the perplexity of the EU member countries when faced with the new challenges. The EU has to respond quickly to the historic changes in its southern neighborhood. The medium-term adaptation of the ENP and the development of new options for cooperation are coming, but it seems that some short-term measures are desperately required now.

Agreeing that the political changes would require financial support, at the end of May 2011 the European Commission added 1.2 billion euro to the ENP funds for the affected regions for the period.[132] Yet qualitative support is just as essential as quantitative EU support for the region. The EU is attempting to meet this challenge with the re-orientation strategy for its neighborhood policy that was outlined in a joint Communication of the European Commission and Catherine Ashton, High Representative of the Union for Foreign Affairs and Security Policy, at the end of May 2011.[133] The main cause of suffering in the diverse societies of the southern Mediterranean region is mass unemployment,[134] therefore, political stabilization there depends heavily upon shoring up the economies. The development of infrastructure and the support of small- and medium-sized enterprises should be given top priority.[135] If the industrialized countries do not increase their investment in this area, sustainable socio-economic growth as a precondition for political stability will be almost impossible to achieve. And a solution must also be found to the issue of work visas. In addition to direct and indirect financial support, the further development of a common EU migration policy and increased trade integration in the Euro-Mediterranean area play central roles.

For decades, the heads of state and government of the EU countries have ignored the social and political situation of the Arab countries. This is why the upheavals found them unprepared. Now they are sitting down with completely new representatives from the opposition movements, and the urgent questions of the increased involvement of civil societies in the southern countries as well as the (re-)establishment of Euro-Mediterranean networks are on the table. In reality, platforms for international dialog from civil society make an important contribution to exchanges on issues involving a common future—including how to deal with religion in public—and to clearing up misunderstandings and defusing hostilities. Furthermore, they provide an opportunity for European NGOs and bodies of experts to apply their competencies in supporting democracy and market economies in the region. A variety of formats are ideal for this type of exchange, including training courses for journalists, Erasmus programs for students in the Euro-Mediterranean region, or, as the French foreign minister proposed,[136] a "Mediterranean Youth Office" similar to the successful Franco-German Youth Office established in 1963.

From competition to complementarity

The framework conditions of EuroMed cooperation are not the only aspect that has dramatically changed since the beginning of 2011—the way the EU countries perceive their southern neighborhood policy has also been affected. The transformation processes in the MENA region have made the weaknesses and contradictions in the EU's Mediterranean policy, which experts have been pointing out since the 1990s, even more obvious. In addition to a short term reaction to the upheavals, adjustments and reforms to the existing neighborhood instruments are required in the medium term. The Arab Spring provides an opportunity to

re-think the southern dimension of the Union's neighborhood policies in favor of more coherence and efficiency.

From the very beginning, the Union's neighborhood policies have been marked by competition in the south. The MENA region countries are rivals for power, territory and funding—and the EU members also compete among themselves to a certain extent; above all when it comes to retaining their national influence in the partner countries. These conflicts of interests among the actors are accompanied by competition at the instrument level. All too often, the multilateral and bilateral approaches of the European Neighborhood Policy are applied parallel to each other in order to achieve the same or similar aims. On the one hand, this adds a certain degree of complexity to the measures being carried out; on the other, it can lead to mutual impediment. But the range of national interests and instruments can also be applied as complements to each other. In such a complex region as the MENA, conflicts and tensions will not disappear quickly. On the contrary, the Arab Spring might make the region even more prone to conflict. Nevertheless, because of the common goals the EU members set out in their neighborhood policy and their culture of compromise, at the very least they should be able to improve the coordination of their respective initiatives and make sure the funds at their disposal work together.

This is why the diversity of interests and networks of EU countries in the MENA region should be considered a chance rather than a hindrance. Having the EU speak with one voice on the international stage is desirable, but will take years to achieve. Until that day—and parallel to the expansion of the European External Action Service—the European Union and its members should use their differences to their own advantage. Several EU countries have their own networks targeting different groups in the neighboring countries, for example the political foundations from Germany and the local French communities or the Arab diaspora in France. The point is not to unite these relatively independent communication networks, but instead to link them in order to reach the right population groups and/or to make it easier for the EU to present a united front. And as regards their own traditions and political cultures, EU members could complement each other and end up with a global EU approach—to military deployment or energy policy, for example. The Libya mission could have been a case of division of labor with simultaneous coordination at EU level, but quickly became a counter-example: in order to be efficient, this type of complementarity requires precise coordination between the participants and above all, the will to override national egoism.

When multilateralism and bilateralism cooperate

Applying the principle of complementarity would lead to the development of a more coherent and efficient Mediterranean policy—not only in regard to cooperation between the different EU actors, but also to the use of existing instruments. Since both the multilateral and bilateral approaches have their specific, individual strengths, the answer is not an either/or choice. But in order to avoid creating the same counterproductive, competitive situation between the two framework concepts that exist today, a needs-oriented, targeted application of each individual approach is needed.

Multilateral instruments should be preferred for promoting economic policy cooperation and joint measures against "soft security risks" in the entire region. In view of the weak nature of the intra-regional cooperation in the southern Mediterranean region and the difficulties inherent in the exchange between the northern and southern Mediterranean neighboring countries—especially when it comes to trade issues—a multilateral approach is the best way to nurture interdependency and support the convergence of societies at the same time. A joint discussion of global themes such as migration and energy policy would also advance this development because all of the countries involved perceive themes like these as common challenges. This could make a real contribution to the emergence of a community based on mutual solidarity.

However: the international conflicts in the MENA region, which could become more pointed as a result of the heightened differentiation in the

region resulting from the upheavals in the spring of 2011, set definite limits to multilateralism. This is why a bilateral, country-related approach (as implemented within the framework of the ENP) is preferable in the area of political cooperation. This is the only way to avoid blockades arising from regional conflicts. At the same time, bilateral cooperation should focus more on civil society because the relationships between societies are deeply anchored in the history of the individual countries. They also exhibit a clearly political dimension, as the Arab Spring has demonstrated: Movements in civil society in the southern Mediterranean can have a major impact on political developments in the respective countries.

There are certain areas in which multilateralism and bilateralism must work together much better than in the past. Priority should be given as regards the design and implementation of financing mechanisms. The Mediterranean policy of the European Union has long been accused of having too little conditionality.[137] The criteria for EU aid programs to partner countries as part of the bilateral ENP are ambiguous and also vary from country to country, which only serves to fuel a certain degree of clientelism. In order to regain credibility—which should be an urgent priority in view of the way Europe has reacted to the events in North Africa until now—the EU will instead have to specify transparent conditions for cooperation within a multilateral framework. On this note, the European Commission announced in May 2011 that it intends to make its aid criteria more precise while reducing the number of priorities for cooperation. Parallel to this, however, it should also implement stronger control mechanisms in order to guarantee that the agreed reforms are implemented and the flow of funds is transparent. These points are barely touched upon or only mentioned vaguely in the Commission's Communication. At the same time, the diverse economic profiles and political developments in the partner countries will have to be taken into account within the framework of the ENP. To be able to meet these divergences head on and react quickly to reforms, the Europeans will have to be able to design the options and intensity of cooperation individually, depending on the progress or spirit of cooperation of the individual countries, and adjust them quickly.

Since the joint Communication of the European Commission and the High Representative in May 2011, concrete signs of a re-orientation of the neighborhood policy that satisfy these aims have become visible—although they exhibit an obvious preference for bilateral instruments. As early as March 2011, the European Commission and the High Representative also presented first ideas on a new "Partnership for Democracy and Joint Prosperity" with Mediterranean region countries. The main element of the new strategy is a performance-related approach ("more for more"). The EU is promising more political and financial support to the southern neighboring countries that progress more rapidly on the path to economic and social reforms. Democracy, the rule of law, and growth benefiting to North African societies as a whole are the criteria for evaluation and for stronger cooperation. This is the right approach for accompanying the shifting power structures in the Arab region. By asking the new governments to take responsibility, the EU is implementing a process that could finally lead to "eye to eye" cooperation. Whether or not this chance becomes a reality depends not only on the will and influence of the European Union and its members, but just as much on the progress of the political developments in North Africa and the Middle East.

Chapter IV: Recommendations for Strengthening the Union's Neighborhood Policies

by Cornelius Adebahr and Almut Möller

Despite the euro currency regime taking most of the attention in the European Union at the moment, 2011 also brought the neighborhood policies back on the agenda. This is only in part due to an ambitious Polish EU Presidency that wants to give the wilting Eastern Partnership a boost in the second half of 2011. The process is indeed less driven from the inside, but from the outside, making the Union react rather than act: The European Union and its members are being confronted with historic shifts of power in its southern neighborhood that will bring about a new political landscape in the MENA region. This development clearly challenges the EU's approach towards the MENA of the past, and it requires a strategic answer by the EU to what is likely to become a region—at least in the short- to medium-term—of even greater insecurity.

The European Union's neighborhood is therefore becoming even more complex. So too are the instruments and policies that the Union and its member states have developed since the mid-1990s, starting with the Barcelona Process in the south and followed by the neighborhood policy responding to the eastern and south-eastern enlargements of 2004/2007. In an ideal world, one answer to the challenge of complexity might be to reduce it: "Keep it simple, give your policies focus, and put the money where your priorities are." Needless to say, a Union of 27 members—as the authors of these papers showed both with regard to the southern and eastern dimensions—has a level of complexity that makes it difficult to come up with some kind of "magic bullet." In that sense, the neighborhood policies are as much a reflection of the state of the European Union as they are a reaction to what are often challenging neighbors.

To pour more water in the wine: The Arab Spring has just revealed the failure of the EU's lofty idea of promoting democratic change in its southern neighborhood. The eastern dimension also looks bleak in terms of EU achievements, with EaP countries currently facing setbacks with regard to democratization (Moldova is a notable exception). Even the hitherto successful Enlargement Policy seems to be losing its clout. Against this background it is fair to get back to a very simple question: Why cooperate at all, and to what end? Should the EU now admit the limits of its transformative power in the neighborhood and follow a more realistic, short-term, and interest-driven policy (as it does, for instance, with regard to Azerbaijan and its natural resources)—or on the contrary, should it take the bull by the horns, choose its priorities and take an active, targeted approach of democracy promotion vis-à-vis Tunisia and Egypt to help the countries become more like EU member countries (forgetting for a moment the other neighbors)?

While the answers to such a question in reality will never be a choice of black or white, it is still worth rethinking the objectives of the EU's neighborhood approaches from time to time. Objectives may indeed shift over time, the enlargement discourse over Turkey being a good example. Today, it makes greater sense to discuss Turkey as a potential powerhouse for the EU's internal market and its aging populations as much as for the EU's broader foreign policy or its energy needs—something unthinkable a decade ago, when Turkey's economy was developing more modestly and the idea of creating a "real" political Union was still a much stronger argument in the enlargement debate (and in this case, an argument made against Turkish EU accession). Today, it is fair to discuss why the main focus of the EU's neighborhood policies should not be first and foremost about expanding the European Union's internal market in reaction to the pressure felt by the EU from emerging economies. This argument that can be made vis-à-vis

both the eastern and the southern neighborhoods. Such economic enlargement could support the ongoing democratic transitions, which are faced with the enormous challenge of creating jobs for growing numbers of young Tunisians and Egyptians: jobs that the EU might have. Because of the EU's demography, it faces the prospect of a growing lack of a skilled workforce.

As the first years of neighborhood policies have shown, their success also depends on the neighbors behaving like partners. But what if a country chooses to violate the custom of good neighborliness? Does this mean that the European Union must wait for a behavioral change in order for its policies to succeed? The last decade of neighborhood policies proved that there are countries that actually do cooperate when faced with a reward, and some are even willing to pursue fundamental reform. The prospect of accession helps—as the case of Croatia shows—, but the example of Turkey shows it is no longer a guarantee. On the other hand, a country like Moldova that finds itself under the ENP umbrella has shown a strong interest in getting more involved with the Union, but has apparently not adequately implemented the EU's legal rules, and is struggling with the EU's technocratic approach to modernization. Does this really mean that the Union is failing in Moldova? Apart from failures on the Moldovan side, it might also suggest that the EU's instruments have not been well calibrated so far.

The EU and its members have often taken a narrow approach in the past, focusing on ENP and its *acquis* driven approach. A major reason for adopting this narrow focus is the institutional set-up of the ENP: It is carried forward by the European Commission, which until now always had an eye to the enlargement model and its focus on the *acquis;* and this approach has a path dependency. In the absence of a distinctly political approach to flank either the ENP or enlargement negotiations, EU neighborhood policies tend to look like mere bureaucratic number crunching. Turkey again is an example here: for many years, the European Union gave the impression that Enlargement Policy was the only game in town with Turkey—and suddenly found itself "without" a Turkey policy when the enlargement process with its increasingly confident neighbor started to stutter. In the meantime, this problem has been addressed and the European Union and Turkey are discussing other forms of cooperation. In that regard, one lesson the neighborhood policies have shown so far is: "Provide for alternative instruments beyond the *acquis* approach if you do not want to lose your neighbor."

Taking this argument further, the EU has to reconsider its understanding of "borders," both in the geographical and the politico-institutional sense. Through enlargement and integration, its external borders have become more and more difficult to permeate—the hurdles for Croatia, expected to join in 2013, are immensely higher than they were for Greece, which the EU welcomed to the club in 1981. On a different note, with Croatia joining, the now porous border between it and neighboring Bosnia will become solid, making it even more difficult for the latter to prosper—another reason why, at least looking towards the Southeast, there are no reasonable prospects for enlargement within the coming years. There are also borders to be overcome with regard to the EU's institutional setting, be it between different Commission directorates or between the Commission as a whole (being responsible for both Enlargement and ENP) and the new European External Action Service (EEAS). Lastly, member states have to shed the traditional thinking of enlargement as merely foreign policy, given the effects that expansion and the ongoing processes of Europeanization have on various domestic policies.

While the historic shifts following the Arab Spring suggest that there is a need for a fundamental rethinking of the EU's neighborhood policies, the ongoing review of the ENP with the European Commission's Communications dating from March and May 2011 is likely to produce only moderate reform. Priorities simply lie elsewhere at the moment (the future of the euro and of EU countries that struggle to be economically competitive). But even without a more fundamental overhaul of its neighborhood policies, the European Union should seize the opportunity to rethink the underlying rationale of external relations with its neighbors and further develop the 2005 European Commission concept of the "Three Cs for enlargement"

(Consolidation, Conditionality, and Communication) into a new concept for the whole neighborhood. Drawing on the findings of the wide range of papers in this publication, the three Cs for the 2011 neighborhood reform should thus be: (1) Conception; (2) Communication; and (3) Cooperation.

1) Conception

Fundamentally, the EU has to decide what kind of vision will inspire future cooperation with its neighbors. The Arab Spring has created a new situation in the southern Mediterranean that urges the EU and its members to come up with new strategic answers. If the EU's strategic answer to the fall of the Iron Curtain was Enlargement Policy, what then is the European Union's strategic response to the Arab Spring? This claim does not imply that the events in 1989 and 2011 can be easily compared, nor does it mean that the EU comes up with new accession promises—a prospect that would simply be unrealistic at the moment. Rather, it means that the EU needs to develop a response of similar strategic depth as Enlargement Policy, following the historic changes in its eastern neighborhood two decades ago.

In a nutshell, the Union and its members will have to decide whether to embrace their neighbors, trying to amplify change both in its southern and eastern neighborhoods while contributing to making their neighbors more "European," or whether they want to keep the neighboring countries at arms' length. The ways the EU and its members have reacted so far to the changes in the southern Mediterranean suggest that the EU chooses to do the latter for now: The hysteric reaction of EU members to a few thousand people fleeing North Africa towards the northern shores of the Mediterranean ending up on Lampedusa island or the modest reform proposals of the European Commission and the High Representative for the ENP of March and May 2011 are signs that the EU is neither willing nor internally able to formulate great responses to its changing neighborhood. Yet this will not be enough.

Because of its geography, the EU has to live and cooperate with its neighbors. The "fortress of Europe" is not a sustainable model for the European Union in the longer term. Regional as well as global trends suggest that the future for the Union in a more interconnected and more competitive world lies in continuing to tear down borders, or at least to make them more permeable. This is a difficult message for the European Union's citizens, as they see many EU countries struggling in the global economic, financial, and sovereign debt crises and their human reflex is to close up rather than to be open towards greater engagement with their neighbors. Forces within EU countries that advocate nationalistic and anti-EU views are on the rise, and the handling of the debt crisis in some of the members of the euro zone has shown over the past year and a half that, despite so many decades of working with each other, cooperation in the EU cannot be taken for granted. It will require a great deal of foresight and leadership to convince the Union's citizens that some of the solutions to its current problems might well lie beyond its current borders and even in its immediate neighborhood. Increased labor migration or better access to the EU's often protectionist internal market could be helpful measures that many EU citizens would currently object to.

However, the kind of leadership needed to cross borders and build bridges is certainly not something to be expected in European capitals at the moment, as it would also require that the EU and its members develop a different idea of "themselves." As *Marcel Viëtor* pointed out in his chapter, the EU has long attempted to create a clear cut identity of "us" and "them" reflected in the notion of the "*acquis communautaire,*" an idea that simply does not reflect the state of today's EU: The EU is much less a monolithic bloc, with the euro currency being one example of the "differentiated EU" and the Schengen Agreement another. Indeed, the Union of 27 members is likely to adopt even more differentiated focal points in the future, as the first cases of "enhanced cooperation" have recently demonstrated. This means that in dealing with its neighbourhood, the EU and its members should re-think their own understanding of what it means to be "in" or "out." Or more precisely: how non-members can be "in" without taking over the full *acquis*. This exercise might entail some refreshing new perspectives.

Let us assume for a moment there was something between Enlargement and ENP, as *Lucas Lypp* is suggesting in his chapter, something for which we would have to find better—less denigrating—expressions than "membership light" or "privileged partnership" (which is not a negative phrase per se, but the debate within Germany and the EU on the concept gave it a negative twist). Out of the existing 35 negotiation chapters, the EU could carve out distinct policy fields, as it did with visa liberalization in the Western Balkans. In exchange—be it in the sphere of economic integration, energy policy, justice and home affairs, CFSP, or human rights and the rule of law—the participating countries would gain access to the EU: to its respective funds and instruments, its market, or even some of its institutions. Moreover, the EU could use these partnerships to promote new or stronger forms of regional cooperation by making the agreements conditional on multilateral arrangements among the countries of the Western Balkans, Eastern Europe, the South Caucasus, the Middle East, or the Maghreb. A more daring approach of selective areas of functional and regional integration with its neighbors might be the key to overcome the challenges the EU is facing in its neighborhood and the stalemate of the approaches it has developed so far.

On a less ambitious note, the authors acknowledge that while the EU's toolbox for its neighborhood has become quite complex, it is possible to continue working to simplify it, and to make the different strands of neighborhood, enlargement, foreign, and security policies complement each other better. The Western Balkans holds lessons for better cooperation between the EU's pre-accession instruments and CFSP, a nexus that will also become more relevant to the ENP and its southern dimension, where the EU should prepare for more CSFP engagement. The EU should also avoid confusing the purpose of its tools, as the Western Balkans again demonstrated: As *Natasha Wunsch* points out, "both in the cases of Macedonia and Serbia an SAA was signed not because the two countries had met the pre-established criteria, but in order to defuse a politically sensitive situation," using an enlargement tool to compensate for a lack of political clout. If CFSP "borrows" from Enlargement Policy as in this case and criteria are watered down, Enlargement Policy loses its credibility.

As *Claire Demesmay, Carsten Främke,* and *Katrin Sold* demonstrated in their chapter on the southern dimension, the EU can also achieve more to make multilateralism and bilateralism work together better. They suggest the EU uses multilateral frameworks when it comes to economic cooperation, while political cooperation should be reserved to bilateral frameworks for now. In the southern Mediterranean, it certainly makes sense to keep up a level of ambition for multilateral forums that perhaps does not always respond with the results—but while the region is becoming more diverse, and bilateral components will be strengthened as a result, there is still an enormous value in keeping up channels for cross- and intra-regional cooperation. The EU should therefore not abandon its ambition. Yet multilateral cooperation in the Mediterranean should not focus exclusively on the Union for the Mediterranean; it can also mean that the EU decides to work with a limited group of partners in the south (for example by creating a multilateral working relationship with reforming countries in North Africa to strengthen regional cooperation regarding the rule of law). As the ENP has in the meantime become the umbrella for both the Eastern Partnership and the UfM, the UfM can become the umbrella for different sub-types of intensified multilateral cooperation between the EU and a group of selected partner countries. It goes without saying that for such cooperation mechanisms to succeed, the EU and its members will have to increasingly speak with one voice.

2) Communication

Working together as neighbors means being able to communicate with each other. It is at this very basic level that both the EU and its neighbors can improve. Even amongst EU members, these last months have shown that communication is essential yet tricky, even between long-standing members of the club—with the German government getting a lot of criticism by its EU partners for not communicating enough about its handling of the debt crises in EU member states and the German energy transition. It is thus not surprising that communication with third countries in the EU's neighborhood, many of which are not democratic, is indeed challenging. The asymmetry between the EU and its neighbors is a real problem

here, as is the EU's very distinct set-up: A particularity of both Enlargement Policy and the ENP is that they speak an "*acquis* language," a language that is quite foreign to third countries. This is especially the case for political systems, as *Stefan Meister* illustrated in his chapter on Moldova, that are "largely defined by informal rules and a lack of functioning institutions." In the southern neighborhood, this aspect is also very relevant.

Proper communication also means being clear in one's promises and expectations as well as demands. This of course goes both ways: In the case of the EU, it is not helpful, if the Union gives a country the prospect of accession without really meaning it, as has always been the question regarding Turkey. Giving clear accession prospects by granting candidate status creates expectations that, if not fulfilled in a reasonable amount of time, will become an obstacle to cooperation. On the other hand, credible accession prospects can become a real incentive for change, if they are communicated well. For instance, as *Natasha Wunsch* suggested, by granting candidate status to each country in the Western Balkans "the EU would achieve much by doing little. Although candidate status opens up new areas for EU funding, it does not imply an increase of overall funding made available to the candidate. But the symbolic value of such a step would be huge, as it reaffirms the EU's commitment to accession and thus reinforces the credibility and leverage of the EU in the region."

Still, proper communication does not stop at reaffirming the commitment of membership; it also extends to the negotiation process itself. The EU can work on the way it communicates with aspiring countries in its screening reports and Action Plans, whose quality leaves a lot of room for improvement. Clear to-do lists and comprehensive lists of priorities with guiding principles for implementation can help countries aspiring to EU membership or to partial integration into the *acquis* to respond better to the EU's demands and make it easier for civil society to hold their governments accountable. The progress reports drafted by the Commission in both Enlargement Policy and ENP should also follow this example. In its contribution to the ENP review, the German Foreign Office suggested that the Foreign Affairs Council regularly discusses progress reports—a measure that can help make member state governments more accountable for their promises for integration or cooperation with neighboring countries.

Hence, the EU should use its screening reports as a transparent communication measure—to the governments and civil society actors in both member and applicant countries—of where in the enlargement process a particular country stands, how far it has to go, and what benefits it can expect on the way. In this way, the EU could also tackle the tricky question of the date, i. e. the year by which it expects a candidate country to be ready to join the club. Given the experiences of Bulgaria and Romania, which where manifestly unfit for membership on the date of their entry into the Union, the EU has—understandably—shied away from "giving a date," thereby suggesting that the date itself was the cause for Romania and Bulgaria's reform lag and not the overall process.

This way, the date becomes less of an obsession (or fear) and more of a useful reference point. By clearly communicating that any date for the potential closure of negotiations is preliminary—"based on the current assessment, we expect country XYZ to be ready for membership by, say, 2018"—the EU should revise this given year with each progress report moving it up or back, if necessary. After all, accession is a moving target, not least because the EU that accession countries want to enter is likely to be a different one on the day of application than on the day of eventual entry—a lesson that Turkey has been learning the hard way over the past few decades. What the "ins" have to understand is, naturally, that the Turkey of tomorrow will be very different from the one we see today—or that we think we know from the past.

On the other hand, the ball is also in the neighbors' court: They should be clearer in communicating to the EU what their expectations and fields of interest are and what they wish the EU to bring to the table, be it in the form of membership or close inter-regional cooperation. In the case of the transition countries of the southern Mediterranean, Tunisia and Egypt for instance, it is crucial that

apart from the new leadership, other stakeholders start communicating with the EU about what they think the EU can contribute to the transition processes their countries and societies are facing.

Communication is particularly difficult when it involves conflict, as the conflict between Israel and the Palestinians, which too often prevented communication from even starting, has demonstrated. To the frustration of both the EU and partner countries, this problem was not addressed when France decided to give the moribund Barcelona Process a new boost with the Union for the Mediterranean in 2008. Instead, the blocking potential of the Israeli-Palestinian-Arab confrontation continued, which impeded progress in the multilateral dimension of ENP. As *Claire Demesmay, Carsten Främke,* and *Katrin Sold* pointed out in their chapter, the EU has to confront this problem with greater determination if it wants to succeed with its multilateral forums, which are needed now more than ever. With the procedures and routines that the EU and its members have developed over time to get on with their internal blockades as well as with previous accession countries, it is hard to believe that the EU cannot come up with more creative solutions to address this problem.

It is in these very basic areas of communication and information that the EU and its members, as well as neighbors that want to be partners with the EU, can succeed in boosting their credibility and commitment.

3) Cooperation

The notion of "cooperation" has proven to be a very challenging concept for the Union's neighborhood policies so far. Obviously, the EU's relations with its neighbors depend on the goodwill of the neighbors to engage with the Union. Ideally, for the EU this has meant so far that the neighbors meet the EU's expectations. Quite naturally, there is an inherent asymmetry in both Enlargement Policy and ENP, as described by *Lucas Lypp,* as it is the EU that sets the (*acquis*-driven) framework for cooperation. The EU demands a lot from its neighboring governments, many of which are neither able nor willing to respond to the EU's demands the way the EU and its members expect.

Over the last few years, the EU tried to level out these asymmetries, such as by setting up the Union for the Mediterranean, which aimed at creating a joint framework for cooperation at eye-level by setting up a co-presidency and joint institutions. This, however, can only paint over the persisting differences both in terms of political weight, structural cohesion, and unity of purpose. Not that these are abundant within the EU, but compared with the typically loose and diverse settings on the other side, it must appear as the monolithic block that some feared and others hoped for. In addition, while the idea of "positive conditionality," reframed as" mutual accountability" in the Commission's May 2011 ENP review, has not quite worked out yet, the EU is now also being confronted with the criticism that it has chosen the wrong partners to work with: "Partners" whose autocratic rule the EU hitherto helped to solidify.

From the beginning of its neighborhood policies, the EU understood this problem and decided to work with different kinds of partners. Apart from governments, and having identified civil society as an "agent of change," the European Union aimed at cooperating with civil society in its neighborhood. As the Arab Spring demonstrated—much to the surprise of foreign observers—, civil society in the southern Mediterranean only recently had a major impact on the internal political developments of the respective countries, a lesson that should encourage the EU to foster its civil society engagement. However, the EU has not always been efficient in cooperating with civil society in the past, and indeed has contributed to excluding it in some areas, for instance in the Union for the Mediterranean, which has a strong focus on state executives.

The authors of this publication suggested that the EU intensify its engagement with civil society for both the eastern and the southern dimensions—an approach that has become common sense in theory. In practice, however, the authors point out that there are still many obstacles to cooperation. Fundamentally, governments or quasi-state institutions like the EU are not natural partners for civil society anyway, as their intuition is to work with partners that are more like itself. And even the

notion of civil society can be quite different in the EU's neighborhood. In the southern Mediterranean, for instance, "civil society" means something different than on its northern shores—but the EU has mostly worked with the (smaller) parts of civil society that are English-speaking, educated in EU countries or the United States, and secular. Now the EU and its members have to overcome their fear of contact with religious groups that often play a pivotal role in MENA civil societies. And they have to show they are willing to learn some very basic things about their neighbors, something they often failed to do in the past. The EU has to identify and establish relations with new partners—a process that will take time and trust. But the EU does not have to start from scratch. In organizing a more systematic exchange with civil society in the MENA region, for instance, the EU can make use of its experience with the Civil Society Forum of the Eastern Partnership.

Another area for improvement is funding mechanisms. As *Marie-Lena May* and *Stefan Meister* pointed out, "the current system of funding makes it very difficult for non-governmental organizations to participate in the European Commission's complex and time-consuming application processes. Looking at the EaP countries, most NGOs are very small and have limited resources for bureaucratic demands. […] NGOs in EaP countries need small, unbureaucratic grants that allow for a more flexible reaction to current political events." And finally, visa liberalization that is focused on civil society and the youth will entail benefits, as all authors argue in their papers, to strengthen people-to-people contacts and socialization.

In addition, the EU should not only look abroad when it thinks of civil society, but also aim at its domestic audiences. The enlargement debate in particular (which can potentially extend to countries like Ukraine anyway), as well as discussions about how to react to the Arab Spring, deserve to be led by EU citizens themselves. That is why—beyond more clearly communicating its own policies to its people—the EU and its member states should encourage transnational and trans-regional debates and a stronger role for the Union's citizens.

In terms of cooperating with governments, the European Union should have a particular focus—as *Stefan Meister* suggested in his chapter on Moldova—on those countries that are willing to be partners and that demonstrate a real interest in cooperating with the EU. In the southern neighborhood, the EU could for instance explore the impact that focusing on Tunisia and Egypt—rather than on the entire region—can have: A more democratic and socially sustainable Tunisia would not only be a success story of the EU's transformative power, it might also serve as an incentive and a beacon for other countries in the region and make them more open and active vis-à-vis the EU. Having said that, the ball is as much in the court of the EU's neighbors as it is with the EU, and there is a hope that more open societies in Tunisia and Egypt will be better at formulating their own intentions with regard to the neighboring EU.

"More for more," the new formula crafted by the European Commission and the High Representative in the May 2011 neighborhood review, is a promising start in this regard, as is the German Foreign Office's suggestion to the High Representative to allocate only half of the ENPI budget according to country quotas, a system that rewards cooperation and might even trigger more competitiveness among recipients of EU funding. *Claire Demesmay, Carsten Främke,* and *Katrin Sold* pointed out another problem in this context: "The criteria for EU aid programs to partner countries as part of the bilateral ENP are ambiguous and also vary from country to country, which only serves to fuel a certain degree of clientelism." The European Commission's May 2011 announcement to make its criteria more precise, to reduce the number of priorities for cooperation, and to be more transparent in its funding is an important task that the EU still has to do.

Finally, what about countries that do not want to be partners with the EU? The assessments on how to deal with Russia, for instance, differ in this publication. *Marie-Lena May, Stefan Meister,* and *Irene Hahn* suggest that the EU needs to be more hard-nosed regarding Russia, risking conflict over what Russia quite naturally considers "her" neighborhood and sphere of influence, while *Ulrike Stern*

takes a more cautious approach in her chapter on Ukraine. The EU should accept Ukraine's proximity to Russia instead of aiming for an exclusive partnership with Ukraine, as this will help support the EU's own relationship with Russia. Nevertheless, the door for cooperation should never be entirely shut for any of the EU's neighbors, not even for Belarus, as *Marie-Lena May* argues. The EU should consider cooperation a value in itself and continue to keep up channels of communication even with its most challenging neighbors.

Together with new ways of communicating with each other, a new approach to cooperation might indeed evolve from the EU's proven willingness to learn about its (new) partners, to acknowledge their views, and to accept that not every potential partner is actually willing to become a real partner of the EU—a case in which the EU should not shy away from confrontation. There is still a lot of work to be done in the sense of a new overall concept as described above. Strategically speaking, the European Union will lose its clout if it decides to cement clear cut boundaries between the "ins" and the "outs," as it currently does. In an increasingly interconnected world, the European Union will be a lot more successful if it manages to blur the boundaries on the European continent by creating overlapping spheres of partial integration with its neighbors. By "crossing borders"—as the title of this publication suggests—the Union will strengthen its ability to function as a network; a quality that will be a major asset in an interconnected and competitive world.

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Notes

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19 Art. 17/5 of the Treaty on European Union.

20 This is an estimation based on projected Gross National Income (GNI) of Iceland in the next years. Yet it is important to emphasize that the performance of a member state is influenced also by other factors than just the GNI. That means in the case of Iceland, without knowing the results of the accession negotiations in areas such as agriculture policy or regional policy, one cannot fully assess the future Icelandic budgetary position as an EU member yet.

21 The last election in Iceland took place in April 2009. The SDA won with 29.79 percent (which means 20 out of 63 seats in the Althingi), the Independence Party was second with 23.70 percent (16 seats), the Left-Green Movement (LGM) was third with 21.68 percent (14 seats), the fourth one, the Progressive Party, got 14.80 percent (9 seats) and the Citizen's Movement ended up with 7.22 percent (4 seats). The ruling coalition of the SDA and the LGM is supported by 34 Members of Parliament.

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