

The outsiders: the European neighbourhood policy

KAREN E. SMITH*

In May 2004 the European Union acquired not just ten new member states but also several new neighbours. At about the same time, it began to flesh out a 'European neighbourhood policy', to bring some order to the EU's relations with its old and new neighbours and ensure that the newly enlarged Union would be surrounded by a 'ring of friends'. The European neighbourhood policy (ENP) does not resolve the basic dilemma facing the EU—how large should it become?—but it does provide the EU with additional tools for fostering friendly neighbours. The challenges associated with the neighbourhood are daunting, however, and it is not clear either that the extra tools are sufficient or that they will be used effectively to promote fundamental political and economic reform in the neighbours and to tackle the perceived problems posed by their geographical proximity to the enlarged EU.

Ever since the end of the Cold War, the EU has faced the essential dilemma of where its final borders should be set. According to the Treaty of Rome (truly of a different era), any European country can join the EU. But when the geographical definition of 'Europe' has become as fuzzy as it now is, setting limits to EU membership is consequently problematic. Inclusion means bridging the old Cold War divide and uniting a continent, but could end up shredding the carefully woven fabric of the Union itself. Exclusion means isolating countries that can ill afford isolation, and making a mockery of the very term 'European union'.

The history of post-Cold War relations between the EU and its non-EU European neighbours can be read largely as a history of the EU coping with the exclusion/inclusion dilemma by eventually choosing inclusion. After enlarging to include three west European countries in 1995, the EU promised inclusion to twelve more applicant countries but threatened (temporary) exclusion if they did not meet the EU's membership conditions. In 2004 a 'big bang' enlargement ended up excluding very few applicants indeed. Inclusion won out over exclusion.

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The story does not end there, of course: the queue of candidates, and potential candidates, just keeps on growing. The EU has an inclusive position on eight of them: Bulgaria and Romania can join in 2007; Croatia and Turkey could begin membership negotiations in 2005; the remaining countries of the 'western Balkans' (Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, and Serbia–Montenegro—which might, of course, break up into its two constituent parts plus Kosovo) have been promised membership when they meet the conditions. But even an EU of 33 (or 35) member states still leaves out other 'European' countries, notably in the rest of the former Soviet Union, several of which have declared their wish to join. And here the inclusion/exclusion dilemma is still unresolved.

Until quite recently, relations with those outsiders to the east—with the possible exception of Russia—were not a major priority for EU policy. The 2004 enlargement, however, brought the EU closer to them, and thus created an immediate need to ensure that the wider neighbourhood was stable, to avoid the risk of instability spilling over into the larger EU. As Christopher Hill has argued, the extension of the EU's border is 'the most important of all the foreign policy implications of enlargement'.¹ It creates new dividing lines between insiders and outsiders, lines which themselves create formidable problems for the countries on either side of them, as the European Commission has noted:

Existing differences in living standards across the Union's borders with its neighbours may be accentuated as a result of faster growth in the new Member States than in their external neighbours; common challenges in fields such as the environment, public health, and the prevention of and fight against organised crime will have to be addressed; efficient and secure border management will be essential both to protect our shared borders and to facilitate legitimate trade and passage.²

Furthermore, 'enlargement fatigue' was setting in and the EU wanted to stave off yet another round of enlargement. The ENP was launched to address all of these challenges.

The ENP also embraces the countries of the southern Mediterranean, though the dividing line between the EU and these countries has not shifted very far with the 2004 enlargement, and the problems posed by those borders have long been a concern. The southern Mediterranean countries were included in the ENP to balance the EU's southern and eastern 'dimensions' (and thus respond to concerns of southern member and non-member states), though given many of the ENP's objectives this is in any case arguably rather

¹ Christopher Hill, 'The geopolitical implications of enlargement', in Jan Zielonka, ed., *Europe unbound: enlarging and reshaping the boundaries of the European Union* (London: Routledge, 2002), p. 97.

² European Commission, 'Paving the way for a new neighbourhood instrument', COM (2003) 393 final, 1 July 2003, p. 4. Most notably, enlargement means the eventual extension of the Schengen rules, which create a 'hard' border. In particular, the new member states must impose visa requirements on nationals from neighbouring countries. Heather Grabbe notes that 'erecting Schengen borders with difficult neighbours like Ukraine, Kaliningrad (part of Russia) and Croatia could upset delicately balanced relationships and stall cross-border economic integration': Heather Grabbe, 'The sharp edges of Europe: extending Schengen eastwards', *International Affairs* 76: 3, 2000, p. 528.

logical. The two dimensions inside the ENP, however, make awkward bed-fellows, especially given that the east European countries are (reluctantly) seen as potential member states, while the Mediterranean countries have not been considered eligible for EU membership.

This article first traces briefly the history of the ENP and compares it to previous attempts to offer neighbours some kind of association with the EU that falls short of actual membership. It then analyses the substance of the ENP. The last part asks whether the ENP provides the appropriate framework for dealing with major challenges facing the EU in its relations with the neighbours.

History of the ENP

The origins of the ENP date only to early 2002, when the UK in particular pushed for a substantive 'wider Europe' initiative,³ to be aimed at Belarus, Moldova, Russia and Ukraine, but not the south-east European countries (already involved in the stabilization and association process) or the more distant western former Soviet republics, Armenia, Azerbaijan and Georgia. In December 2002 the Copenhagen European Council approved the idea, but included the southern Mediterranean countries in the initiative, on the insistence of southern member states. In June 2004, after lobbying by the Caucasian republics (and a peaceful 'rose revolution' in Georgia), the Council extended it still further to Armenia, Azerbaijan and Georgia. Russia has declined participation, preferring to develop cooperation with the EU on a more 'equal' basis, developing four 'common spaces' (economic; freedom, security and justice; external security; and research and education). The 16 participants in ENP are listed in table 1.

The ENP stretches over a very large geographical area, and encompasses a wide diversity of countries. It also supplements, though it does not replace, other frameworks for relations with the Union's neighbours: the Euro-Mediterranean partnership (and related Euro-Mediterranean agreements and the MEDA assistance programme which is the principal financial instrument of the EU for the implementation of the Euro-Mediterranean partnership), and the Partnership and Cooperation Agreements (PCAs) and TACIS assistance programme with the former Soviet republics. Two ENP countries, Belarus and Libya, are not formally linked to the EU by an agreement and have in fact been the subject of EU sanctions.

The self-exclusion of Russia relieves some awkward problems and poses new ones. Arguably relations with this very large and rather touchy neighbour are on a different plane from those with the other countries. But Russia's relations with its 'near abroad' are particularly sensitive, and the absence of Russia from the framework that is supposed to address difficult cross-border issues leaves a large hole in the middle of the policy. Russia was also the one eastern neighbour that the EU could confidently exclude from potential membership, which

³ The name of the initiative has been changed as many times as the list of neighbours included in it: from 'wider Europe' to 'proximity policy' to 'new neighbourhood policy', and finally to 'European neighbourhood policy'.

Table 1: ENP partners and their current contractual links with the EU

Country	Agreement and date
Algeria	Euro-Med association agreement signed, April 2002
Armenia	Partnership and Cooperation agreement in force, July 1999
Azerbaijan	Partnership and Cooperation agreement in force, July 1999
Belarus	Partnership and Cooperation agreement signed, March 1995 ^a
Egypt	Euro-Med association agreement in force, June 2004
Georgia	Partnership and Cooperation agreement in force, July 1999
Israel	Euro-Med association agreement in force, June 2000
Jordan	Euro-Med association agreement in force, May 2002
Lebanon	Euro-Med association agreement signed, April 2002
Libya	none in force
Moldova	Partnership and Cooperation agreement in force, July 1998
Morocco	Euro-Med association agreement in force, March 2000
Palestinian Authority	Interim Euro-Med association agreement in force, July 1997
Syria	Euro-Med association agreement signed, October 2004
Tunisia	Euro-Med association agreement in force, March 1998
Ukraine	Partnership and Cooperation agreement in force, March 1998

^a The ratification process was then frozen due to the lack of democracy in Belarus.

means the ENP is now even more starkly an attempt to handle the membership aspirations of east European states. The pursuit of closer relations with those states also risks upsetting the EU's relations with Russia, yet these two sets of relationships will now be addressed in different frameworks.

The importance of the neighbourhood for EU policy-making has been reiterated at the highest levels. The December 2003 European Security Strategy declared that 'building security in our neighbourhood' is one of three strategic objectives for the EU: 'Our task is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.'⁴ The draft constitutional treaty contains an entirely new provision, article I-57 on the 'Union and its neighbours'. According to this, the Union 'shall' develop a special relationship with neighbouring countries, 'aiming to establish an area of prosperity and good neighbourliness', and may conclude specific agreements with them. This marks out the neighbourhood policy as a special—and separate—area for external policy-making, and the neighbours as special partners.⁵

⁴ European Council, 'A secure Europe in a better world: European Security Strategy', Brussels, 12 Dec. 2003, p. 8.

⁵ Since the early 1990s the growing importance of the EU's 'periphery' has been obvious. In addition to enlargement and the Euro-Mediterranean partnership, this is evident in the June 1992 agreement by foreign ministers that there were three priority areas for CFSP Joint Actions, all neighbouring regions (Central and Eastern Europe; the Mediterranean; the Middle East); in the first (and only) CFSP Common Strategies being directed at neighbours (Russia, Ukraine and the Mediterranean); and in neighbours having become the EU's top aid recipients.

The ENP is not the first ever attempt by the EU to design a strategy for relating to European neighbours without letting them in. In 1989 the European Community tried to postpone membership applications from European Free Trade Area member countries ('EFTAns'), by creating the European Economic Area (EEA). The EEA extends the single European market to the EFTAns, but not formal participation in the relevant law-making process. Some EFTAns (Austria, Finland, Sweden) were not satisfied with this early policy of 'all but institutions', and chose to join the EU in 1995; many of the rest are considering the possibility of fully joining the EU one day.

Other proposals were less successful. In January 1990 the French President, François Mitterrand, called for a European Confederation linking all European states. The proposal went nowhere and was replaced by a concentric circles policy, which offered special 'Europe' association agreements to the Central and East European countries in an attempt to distract them from their membership demands. In April 1991 Commissioner Frans Andriessen suggested that the Community create an affiliate membership category. Affiliate members would have 'a seat at the Council table on a par with full members in specified areas, together with appropriate representation in other institutions, such as the Parliament'.⁶ The 'specified areas' were foreign policy, monetary affairs, transport, environment, research and energy. The affiliate membership idea also went nowhere, dismissed as unworkable by many within the Community and as an unacceptable offer of 'second-class' membership by the Central and East European countries.

In June 1992 the Commission suggested creating a 'European Political Area', within which European leaders would meet regularly, and Central and East European countries could be associated with specific EC policies and participate in meetings on trans-European issues. The June 1993 Copenhagen European Council transformed the idea into the 'structured relationship', a framework for discussions on all areas of EU business with the Central and East European countries—but this was after those countries had been told that they could apply for EU membership. Cooperation would prepare them for membership, not keep them on the outside. There was nonetheless considerable frustration with the structured relationship, and in 1997 it was replaced halfheartedly by the 'European Conference'.

The European Conference was created in December 1997 by the Luxembourg European Council as a means of linking the EU and the then 13 applicant countries, above all Turkey. The EU had just launched the 'accession process' with twelve of the applicants, and the European Conference was an attempt to maintain relations with Turkey, which, much to its dismay, was not included in the accession process. The European Conference entailed periodic meetings of the heads of state or government, or foreign ministers, to discuss

⁶ Frans Andriessen, 'Towards a Community of twenty-four', speech to the 69th Plenary Assembly of Eurochambers, Brussels, 19 April 1991, Rapid Database Speech/91/41.

foreign policy problems and issues such as immigration or transnational crime. Turkey in fact refused to participate in it for several years.

An early stab at a European neighbourhood policy took the form of a boost to the European Conference. In June 2001 the Göteborg European Council suggested inviting Moldova and Ukraine to the next meeting. In October 2001 the European Conference was expanded to 40 participants, including EFTAs, the south-east European countries, Moldova, Russia and Ukraine. But it has never been anything more than a large and unwieldy talking shop: with no decision-making capacity, it not only offers neighbours little of substance but also has never produced much of substance itself.

All of these schemes have two things in common: they involved regular meetings at high levels on political issues; and they did not set up decision-making frameworks, but at best frameworks for consultation. Given extensive interdependence in Europe, regular consultation is certainly desirable. But concrete benefits for participants were few: after all, many of the non-EU countries to which these schemes were offered were—or were about to become—full members (with voting rights) in other, wider European organizations that discuss political issues: the Council of Europe, the Organization for Security and Cooperation in Europe, even NATO. The EU schemes did not represent an example of ‘effective multilateralism’, a core strategic objective for EU foreign policy in the 2003 European Security Strategy.⁷

Separate from the above schemes is the Euro-Mediterranean partnership, launched in 1995 in Barcelona. This combines bilateralism (the conclusion of Euro-Med agreements with individual countries), multilateralism (regular meetings among the partners, at many levels and on numerous issues) and EU encouragement for regionalism (such as the formation of a Mediterranean free trade area). It was not designed principally to stall enlargement or mollify disappointed membership candidates, since most of the partners have not been considered potential EU members (with the exception of Cyprus, Malta and—eventually—Turkey), but was seen as a way to foster conflict resolution and, to a lesser extent, domestic reform in the southern neighbours.

The ENP departs from these precedents in that it does not set up an overarching framework or conference that entails regular meetings of all the neighbours at any level. The EU has jettisoned a grand, multilateral approach in favour of bilateralism: the ENP concentrates on developing bilateral relations between the EU and individual countries, in an attempt to influence their internal and external policies. Change in the direction desired by the EU is seen to be more likely to come about by the use of EU leverage on its

⁷ ‘Effective multilateralism’ in the Security Strategy seems to imply making international organizations and agreements more effective. Another definition can be found in the academic literature. John Ruggie has argued that multilateralism is an institutional form that coordinates relations among three or more states on the basis of generalized principles of conduct, and that successful cases of multilateralism generate expectations of diffuse reciprocity among the members (that is, aggregate benefits are equal over time). See John Gerard Ruggie, ‘Multilateralism: the anatomy of an institution’, *International Organization* 46: 3, 1992.

neighbours separately rather than in multilateral discussions. Will this different strategy be longer-lasting and more effective than previous attempts to deal with the neighbours?

The content of the ENP

In December 2002 the Commission President, Romano Prodi, declared: 'We have to be prepared to offer more than partnership and less than membership, without precluding the latter.'⁸ In March 2003 the Commission specified that the neighbours 'should be offered the prospect of a stake in the EU's Internal Market'.⁹ The EU will offer 'all but institutions' to the neighbours: as much as it can do without actually enlarging. Increased economic integration and closer political cooperation will be conditional. Clear benchmarks, set out in action plans, will spell out 'the actions the EU expects of its partners', and will be used to evaluate progress towards reform. New benefits will be offered only to reflect progress made.¹⁰ In early 2004 the Commission began preparing action plans for the most advanced neighbours.

The ENP is primarily an attempt to create good neighbours: namely, the kind who conform not only to 'EU values' generally speaking, but also to EU standards and laws in specific economic and social areas. The process of growing closer to the EU by 'approximating' its values and standards is expected to help increase prosperity and security in the neighbourhood, though observers have questioned whether the *acquis communautaire* is an appropriate framework for countries struggling with basic economic reforms.¹¹ A secondary aspect of the ENP is to prevent the emergence of new dividing lines, through a variety of means including more cross-border cooperation.

In the action plans the EU will set out the values and standards that the neighbours should adopt, with detailed objectives and 'precise' priorities for action.¹² These are not new legal agreements; the PCAs and Euro-Med agreements will remain the key framework for bilateral relations. They are supposed to be differentiated according to the various neighbours' specific circumstances, and drawn up after talks held with each neighbour. Promoting 'joint ownership' of the plans should better ensure that the neighbours will meet the objectives set out in them. EU aid will support their implementation. Progress in meeting the objectives is to be monitored in the association or partnership councils established by the existing agreements, and the Commission will issue

⁸ Romano Prodi, 'A wider Europe: a proximity policy as the key to stability', speech to the Sixth ECSA-World Conference, Brussels, 5–6 Dec. 2002, SPEECH/02/619, p. 3.

⁹ European Commission, 'Wider Europe—neighbourhood: a new framework for relations with our eastern and southern neighbours', COM (2003) 104 final, 11 March 2003, p. 4.

¹⁰ European Commission, 'Wider Europe—neighbourhood', p. 16.

¹¹ See Judy Batt, *The EU's new borderlands*, working paper (London: Centre for European Reform, Oct. 2003), pp. 34–5.

¹² The action plans are cross-pillar, containing political and economic objectives relating to issues spanning all three pillars; in writing them, the Commission has to coordinate with member states, presidencies and the CFSP High Representative.

regular progress reports. On the basis of those reports, the EU could decide to offer a neighbour a more wide-ranging contractual framework, a 'European Neighbourhood Agreement' (the content and scope of which has yet to be defined).¹³

In December 2004 the Commission published draft action plans for seven countries that already had agreements with the EU in force: Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine.¹⁴ Although the PCAs with Armenia, Azerbaijan and Georgia have already entered into force, these countries were included in the ENP at a relatively late stage so their action plans were delayed. Euro-Med agreements with Egypt and Lebanon entered into force in 2004, so they will be next in the queue for action plans.

According to the Council, 'action plans should be comprehensive but at the same time identify clearly a limited number of key priorities and offer real incentives for reform'.¹⁵ The draft action plans are certainly comprehensive, containing very long lists of 'priorities for action' (for example, in the case of Ukraine, there are almost 300 such priorities; in the case of the Palestinian Authority, almost 100) across a wide variety of issue areas from political cooperation to implementing single market legislation.¹⁶ The most important priorities are listed at the start of each action plan (14 in the case of Ukraine, eight in the case of the Palestinian Authority); nonetheless the sheer number of 'things to do' is striking. Significantly, the benefits on offer from the ENP are only vaguely summarized at the start of the action plans, and they are not directly connected to fulfilment of the huge number of objectives or even the most important priorities. It is hard to see how these action plans provide a 'real incentive for reform'.

Assessing each neighbour's progress in taking the actions laid out is less than straightforward, for three reasons. First, sometimes it is not clear who (the EU or the neighbour) is supposed to be carrying out the action. For example, in the action plan for Ukraine, the exhortation to 'develop possibilities for enhanced EU-Ukraine consultations on crisis management' presumably applies to both sides. But who is to 'undertake first assessment of the impact of EU enlargement on trade between the EU and Ukraine during 2005 and regularly thereafter as appropriate'?

Second, even when it is clear that the neighbour should be taking the action, it is not always equally clear how progress will be judged. Scattered throughout many action plans is much about how neighbours must 'enhance institutional or administrative capacity' in particular areas. What that entails is not specified.

¹³ European Commission, 'Communication on the Commission proposals for action plans under the European Neighbourhood Policy (ENP)', COM (2004) 795 final, 9 Dec. 2004; and 'European Neighbourhood Policy strategy paper', COM (2004) 373 final, 12 May 2004.

¹⁴ They are available on the European Commission's ENP website: http://europa.eu.int/comm/world/enp/document_en.htm (accessed 28 Jan. 2005).

¹⁵ General Affairs and External Relations Council, 'European Neighbourhood Policy—Council conclusions', 14 June 2004, press release 10189/04 (presse 195).

¹⁶ The ENP action plans thus resemble other EU initiatives: the Common Strategies, for example, were criticized for simply listing, and not prioritizing, numerous policy objectives.

Third, no time span for meeting particular objectives is given. The action plans are for three years, but it is not clear how many of the myriad priorities are to be met within that time frame, or to what extent. Clear benchmarks these are not.

The action plans are striking for at least two other reasons. The first is the prominence within them of political objectives, including—most notably—respect for specific human rights and democratic principles. Insistence upon these could herald a new era in the EU's relations with its Mediterranean neighbours in particular, in which human rights and democracy have not usually been an important aspect.¹⁷ This seems to reflect the new zeitgeist, apparent also in the US administration's greater Middle East initiative and the current discourse about spreading democracy in the region. But pressing governments to implement democratic reforms is extremely difficult if those same governments view such reforms as threatening their own hold on power. Whether the EU is offering enough to entice them to do so is debatable, but surely the imprecise way in which incentives have been set out in the action plans is not a helpful start.

Other political objectives prominent in the action plans are cooperation in the fight against terrorism and on non-proliferation of weapons of mass destruction,¹⁸ and ensuring international justice through support for the International Criminal Court. Their inclusion highlights not only the cross-pillar nature of the ENP, but also the increased prominence of political objectives—including those relating to the EU's internal security agenda¹⁹—in the EU's external policies.

The second striking aspect of the action plans is that, with one exception, they reflect a rather ample dose of EU self-interest. For example, four action plans, those with Moldova, Morocco, Tunisia and Ukraine, insist that the neighbours must conclude readmission agreements with the EU.²⁰ In another example, Ukraine's action plan contains the objective: 'continue consultations on the possible EU use of Ukraine's long haul air transport capacities'—capacities which the EU desperately needs if its European Security and Defence Policy is to carry much punch. The exception is Israel's action plan, which is

¹⁷ See Richard Youngs, *The European Union and the promotion of democracy: Europe's Mediterranean and Asian policies* (Oxford: Oxford University Press, 2001); Stefania Panebianco, 'Constraints to the EU as a "norm exporter" in the Mediterranean', *CFSP Forum* 2: 2004 (www.fornet.info); and the revealingly titled European Commission communication, 'Reinvigorating EU actions on human rights and democratisation with Mediterranean partners: strategic guidelines', COM (2003) 294 final, 21 May 2003.

¹⁸ In fact, the EU's insistence on including this objective caused tensions with Israel (which possesses nuclear weapons), and a delay even in the publication of the action plan. Khaled Diab, 'Commission wants closer EU-Israeli ties', *European Voice*, 16 Dec. 2004–12 Jan. 2005.

¹⁹ Roland Dannreuther, 'Introduction: setting the framework', in Roland Dannreuther, ed., *European Union foreign and security policy: towards a neighbourhood strategy* (London: Routledge, 2004), p. 3.

²⁰ In these, a third country must agree to readmit not only its own nationals expelled from member states but the nationals of other countries who have passed through its territory on their way to the EU. They firmly place the onus on third countries to control movements of their own and other countries' nationals towards the EU. Not surprisingly, they have not been warmly welcomed by third countries, many of which (notably Morocco) did not consider the financial incentives offered by the EU to be enough to prompt them to sign. Now the EU has effectively made future relations conditional on acceptance of a readmission agreement.

less a list of things for Israel to do, and more a list of things for the EU and Israel to do together: for some, a clear indication of the more equal standing of the two sides; for others, another sign of the EU offering Israel too much of a carrot and not using enough of a stick.²¹ The action plans with the other neighbours are certainly much, much more commanding—and perceived inconsistency in the EU's treatment of its neighbours may reduce its credibility and legitimacy.

In attempting to prevent the emergence of new dividing lines in Europe, the Commission has two broad approaches. The first is to encourage (and support financially) the inclusion of the neighbours in European networks of all kinds: transport, research and education, energy, environment, culture and so on (this can also entail approximating to EU standards first). The second is to foster cross-border cooperation, and specifically concrete projects to link neighbouring regions across the EU's new border. The Commission is streamlining and simplifying the funding of such programmes, which has long been complicated by a profusion of different regulations and procedures. The Commission has estimated that total funding available for these programmes for 2004–06 would be a substantial €955 million (drawn from the existing aid programmes).²²

Other ways of diminishing the importance of borders, however, are much less easily realized by EU action. The Commission has suggested, so far unsuccessfully, visa facilitation and the establishment of local border traffic regimes, to allow border area populations to maintain traditional contacts. Member states still hesitate to go that far in blurring the EU's outer border. Furthermore, the measures to foster cross-border cooperation go hand in hand with strong pressure on the neighbours to manage their borders and reform their customs services. This may help to speed up traffic across borders where new regulations on visas have just been imposed, but it will also address the EU's concerns about trafficking (of illegal immigrants, drugs, weapons and so on) across those borders. The dilemma, of course, is that when countries try to 'harden' borders—particularly where cross-border travel has boomed since the end of the Cold War (as between Poland and Ukraine)—they may end up fostering even more illegal cross-border activity, as people try to circumvent controls.²³

The Commission has proposed increasing the resources available to the ENP for the 2007–13 financial perspective. In a radically simplified structure for financing the EU's external action, a European Neighbourhood and Partnership Instrument (ENPI) would replace existing geographical and thematic programmes with the 16 ENP partners plus Russia.²⁴ The ENPI will

²¹ Diab, 'Commission wants closer EU–Israeli ties'.

²² European Commission, 'Paving the way', pp. 10–11.

²³ See Batt, *The EU's new borderlands*, chapter 3, and Jan Zielonka, 'How new enlarged borders will reshape the European Union', *Journal of Common Market Studies* 39: 3, 2001, pp. 522–6.

²⁴ European Commission, 'Proposal for a regulation of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument', COM (2004) 628 final, 29 Sept. 2004.

Table 2: Proposed appropriations for commitments for the European Neighbourhood and Partnership Instrument

								Total
Year	2007	2008	2009	2010	2011	2012	2013	2007–2013
€million (2004 prices)	1,433	1,569	1,877	2,083	2,322	2,642	3,003	14,929

encourage economic integration and political cooperation between the EU and the neighbours, promote sustainable development and poverty reduction, and address security and stability challenges posed by geographical proximity to the EU. It would support the implementation of the ENP action plans. The proposed expenditure would increase over the seven-year period (see table 2), but total expenditure on the ENPI would still be just over 15 per cent of spending on external action (a proposed figure of €95,590 million), and the external action budget itself accounts for less than 10 per cent of the EU's total budget.²⁵

Negotiations on the financial perspectives are in their infancy. Six net contributor countries (Austria, France, Germany, the Netherlands, Sweden and the UK) have declared that the budget ceiling should be capped at 1 per cent of annual EU gross national income or GNI (the Commission has proposed budgets of an average of 1.14 per cent of annual GNI), which could reduce proposed spending significantly.

Challenges remaining in the neighbourhood

The ENP is shaping up to be an ambitious cross-pillar and possibly well-funded foreign policy initiative, though the goal of providing neighbours with clear benchmarks for reform connected to clear incentives cannot be said to have been achieved yet. But three other serious challenges for the EU remain. The first is that of confronting the ghost of enlargement, which haunts EU relations with its neighbours; the second is the challenge of influencing positively the serious problems afflicting several of those neighbours; the third is that of building a neighbourhood with some degree of cohesiveness.

Three observers have argued that ‘no matter how frequently NATO and EU officials reiterate that they have no intention of redividing Europe, irrespective of how many “partnerships” they offer to non-members, the inevitable consequences of admitting some countries to full membership of the

²⁵ Comparing the ENPI budget with current spending is problematic. In 2004 the budget for the Mediterranean and East European countries totalled €1,420 million (€467 million for Eastern Europe, Caucasus and Central Asia, and €953 million for the Middle East and southern Mediterranean), but the ENPI includes parts of other current budget lines as well.

organizations and excluding others is to produce “insiders” and “outsiders”.”²⁶ And the problem for the EU is that those outsiders object, vociferously, to being on the outside. Just as the EEA did not stave off for long the accession of three EFTAns, so the ENP is lagging behind aspirations in Eastern Europe. The debate about Ukraine crystallizes the dilemma. Ukraine has been stating its intention to join the EU since the mid-1990s. Its intention may have been far removed from the reality of conditions within the country, in terms of its actual preparation for moving closer to the EU and compliance with membership conditions, but it was nonetheless declared persistently.²⁷ The ENP can in fact be interpreted as being a policy partly designed to handle this ‘Ukrainian problem’ in the short term.

It is patently failing to do so. The dramatic public protests over the conduct of the Ukrainian presidential elections in the autumn of 2004, the agreement to rerun the second round of those elections in accordance with OSCE/EU election standards, and opposition candidate Viktor Yushchenko’s victory in the rerun have been described as an ‘orange revolution’. It was accompanied by demands from Yushchenko himself, some member states (above all Poland), the European Parliament and numerous commentators for the EU to respond to these remarkable events by offering Ukraine the clear prospect of membership.²⁸ The EU’s refusal to do so was apparently contributing to a ‘widening split between Kiev and Brussels’; but splits were also appearing in Brussels.²⁹ The pressure on the EU to move Ukraine from the ENP to the ‘pre-accession’ policy is intense, even though doing so might have a negative impact on the EU’s relations with Russia. Can the EU continue *not* to offer entry to this importunate would-be member?

In 2002, Prodi stated: ‘The goal of accession is certainly the most powerful stimulus for reform we can think of. But why should a less ambitious goal not have some effect? A substantive and workable concept of proximity would have a positive effect.’³⁰ The problem is that the ‘less ambitious goal’ does not seem to be enough for Ukraine. Does this mean that the EU’s only way of influencing Ukraine (and other neighbours) is to offer membership? Andrei Zagorski has argued that ‘conditionality will not be the efficient tool for dealing with Ukraine unless the EU decides to grant Kiev a prospective membership option’.³¹ But

²⁶ Margot Light, Stephen White and John Lowenhardt, ‘A wider Europe: the view from Moscow and Kyiv’, *International Affairs* 76: 1, 2000, p. 77.

²⁷ Ukraine’s policy seemed to be one of ‘integration by declaration’: Light et al., ‘A wider Europe’, p. 85.

²⁸ See ‘Yushchenko seeks EU membership’, *BBC News Online*, 25 Jan. 2005; Jacek Pawlicki and Robert Soltyk, ‘Time to offer more to Ukraine during “birth of a new European nation”’, *European Voice*, 16 Dec. 2004–12 Jan. 2005; ‘A region transfixed’ and ‘Ukraine on the brink’, *The Economist*, 27 Nov. 2004; Jonathan Steele, ‘Ukraine’s postmodern coup d’etat’, *Guardian*, 26 Nov. 2004. On 13 January 2005 the European Parliament voted by 467 to 19 in favour of a non-binding resolution calling for Ukraine to be given the prospect of EU membership.

²⁹ Andrew Beatty, ‘Yushchenko seeks to heal split with EU’, *European Voice*, 27 Jan.–2 Feb. 2005; Honor Mahony, ‘European Commission sends contradictory messages on Ukraine’, *euobserver.com*, 28 Feb. 2005.

³⁰ Prodi, ‘A wider Europe’, p. 3.

³¹ Andrei Zagorski, ‘Policies towards Russia, Ukraine, Moldova and Belarus’, in Dannreuther, ed., *European Union foreign and security policy*, p. 94.

Zagorski's recommendation that the EU instead engage Ukraine in a dialogue on shared values and cooperation, addressing shared security threats, looks unlikely to work either, given the extent to which the stakes have now been raised on membership. It will require much careful diplomacy and a more precise offer of incentives to lower those stakes—if the EU can agree to do so in lieu of a membership promise.

While Ukraine poses the immediate problem, the membership issue will surely arise also with respect to the other East European countries in the ENP—particularly if they too should launch profound political and economic reforms. Arguably, the membership issue will not end even there. The inclusion of potential EU members and outsiders in the ENP has not diluted the membership aspirations of the East European countries and might raise the aspirations of the Mediterranean countries. After all, Morocco first made its case for joining the Community back in 1987. Geographically, the southern Mediterranean will be that much 'closer' after Turkish accession (should that happen), and historically, of course, the Roman empire joined the northern and southern shores of the Mediterranean sea. A southern enlargement is not beyond the realms of imagination, particularly of the imagination of those in the south. And how will the EU react if Lebanon or Morocco moves rapidly towards liberal democracy? The pressures to expand beyond the ENP could well increase.

The problem here is the inherent ambiguity in the definition of 'Europe'—and therefore of the membership and identity of the EU. So far, the EU has never dashed membership expectations (Morocco excepted) with a definite, permanent 'no'; and accepting the implications of such a decision does not come easily to the EU. Yet ambiguity is not boosting the EU's leverage: in fact, it is forcing it into a reactive and defensive rather than a strategic mode. Thus a policy based on ambiguity may not produce the effects the EU expects—and will therefore probably not last very long.

The second challenge facing the EU is how to deal with 'countries of concern' and serious conflicts in and between the neighbours. Countries of concern include Belarus and Libya, but several other neighbours (Syria in particular) are also problematic, both in terms of their lack of respect for human rights and democratic principles,³² and because of security concerns. The list of sites of conflict is tragically long: the Middle East, primarily between Israel and the Palestinian Authority; Moldova; Armenia and Azerbaijan; and Georgia. Does the ENP give the EU more leverage, more possibilities to exercise influence, in these cases than it had before?

Neither Belarus nor Libya is currently linked to the EU by a formal agreement, and the 'conditional' carrots so far offered by the EU—conclusion of the PCA for Belarus, inclusion in the Euro-Med framework for Libya—have had some effect arguably only with respect to Libya (though it is not clear

³² None of the neighbours can be considered to behave as a good example in this respect, but the question is one of degree. Some are clearly worse than others.

how much the latent threat of force by the US played a role in nudging Libya towards accepting western demands). The lifting of UN sanctions on Libya in 1999, its closing down of WMD programmes and its announcement that it was ready to be a full member of the Euro-Med process are all extremely positive steps. Still, the EU is insisting that Libya fully accept the 'Barcelona *acquis*' and resolve outstanding issues in relations with member states before it can be fully integrated into the Euro-Med process and therefore into the ENP. The signals are promising, but the carrots may not prove appetizing enough if Libya perceives the ENP as merely providing a long list of things to do for few concrete rewards in return.

Optimism comes much less easily in the case of Belarus. The EU has made it clear that only when the conditions for free and fair elections have been achieved can Belarus be integrated into the ENP.³³ Whether the additional carrots on offer under the ENP will make a difference to politics within Belarus can be doubted. In the meantime, the Commission has proposed that the EU give more aid to support civil society and democratization in Belarus, hoping that a 'bottom-up' approach will eventually work.

Belarus represents an extreme case of an authoritarian regime apparently little enticed by the EU's carrots and little disturbed by the EU's sticks (no aid programme, no agreement). But in other non-democratic regimes around the Mediterranean, the EU's attempts to influence politics seem just as ineffectual. The EU has generally not applied political conditionality, and political dialogue has tended not to dwell on democracy or human rights; the fear of giving too much political space to Islamic fundamentalists has acted as a powerful deterrent, and the EU does not want to destabilize countries whose support for a Middle East peace agreement and action against terrorism and illegal immigration are so crucial.³⁴ Those regimes are now under considerable pressure from the US (now bent on spreading freedom around the world), so that there might be more space for the EU to get tough, *should* the member states so agree. But will offering more of the same—more (though vaguely stated) integration with the EU, more aid—be enough to make a difference, to persuade those countries to reform? Here the absence of clear benchmarks linked to clear benefits is particularly disturbing.

Then there are the conflicts in the neighbourhood. The EU has not been engaged in several of these—in Moldova, Georgia, or Armenia and Azerbaijan—instead supporting the conflict resolution efforts primarily of the OSCE. In fact, the EU has generally not engaged with those neighbours at all, which means that the 'EU's rhetorical reach exceeds its grasp': its occasional pronouncements go unheeded.³⁵ The action plans with Moldova and Ukraine call on both to participate constructively in OSCE negotiations for settling the

³³ European Commission, 'European Neighbourhood Policy strategy paper', p. 11.

³⁴ Gordon Crawford, *Foreign aid and political reform: a comparative analysis of democracy assistance and political conditionality* (Basingstoke: Palgrave, 2001), pp. 221–3.

³⁵ S. Neil MacFarlane, 'The Caucasus and Central Asia: towards a non-strategy', in Dannreuther, ed., *European Union foreign and security policy*, p. 131.

Transnistria conflict.³⁶ The ENP may give the EU more leverage, because its instruments are more numerous than in the past, but its capacity to make a significant impact on such countries and conflicts could be dwarfed by the scale of the problems and the involvement of other actors—notably Russia.

The biggest conflict is, of course, the Israeli–Palestinian one, which also has pernicious effects on security in the wider Mediterranean. The Euro-Mediterranean process was an attempt to foster interdependence and therefore mutual trust that might ease security concerns in the Middle East; but so far it has not succeeded in doing so, and in fact it has often been stymied because of the very lack of progress in the peace process. Indeed, the 2000 Common Strategy on the Mediterranean admitted that cooperation within the Euro-Mediterranean framework was ‘providing a foundation on which to build once peace has been achieved’—in other words, not before.³⁷

The action plans for Israel and the Palestinian Authority urge progress towards a comprehensive settlement of their conflict, and expect Israel to work with the EU to that end (in an attempt to prevent the EU from being sidelined in negotiations). But rather than dwelling on the negotiating process itself (much less using its leverage to compel both parties to negotiate), the EU is instead urging fundamental domestic reforms in Palestine—thus appearing to respond assiduously to Israeli concerns about terrorism, financial fraud and the lack of respect for democratic principles in the Palestinian Authority. Whether this will work remains to be seen, but again the absence of a clear incentive structure does not help the EU’s cause much.

The third challenge for the EU is how to connect the disparate countries and regions included in the ENP. The EU has not inserted a strong regional, much less multilateral, component in the ENP. It is a policy based on strengthening the bilateral links between the EU and each neighbour—a policy for neighbours rather than a neighbourhood policy. As noted above, there is no overarching framework providing for regular meetings or contacts among all of the neighbours. This may logically reflect the geographical extent of the neighbourhood, and the fact that the two parts of it, Eastern Europe and the Mediterranean, are not coterminous and differ quite markedly in many of the challenges faced by the countries within them. It also reflects the difficulties inherent in constructing a meaningful and effective multilateral dialogue among so many different countries. But there is also remarkably little on regional cooperation in the ENP, compared to the emphasis on domestic reforms and building ties with the EU. The EU has evidently concluded that the way to foster peace and prosperity in the neighbourhood is to foster reform in each neighbour first.

³⁶ The Council recently appointed a special envoy to Moldova to contribute to peacemaking, which sparked bureaucratic wrangling as the Commission insisted that the envoy have limited involvement in implementing the ENP action plan. ‘Dutchman set to be EU’s man in Moldova’, *European Voice*, 10–16 March 2005.

³⁷ ‘Common Strategy of the European Council of 19 June 2000 on the Mediterranean region (2000/458/CFSP)’, in OJ L 183, 22 July 2000.

The action plans do encourage cross-border cooperation (between neighbours, and between each neighbour and its bordering EU member state or states); they do encourage political dialogue (between the EU and each neighbour) on 'regional issues'; and those with Mediterranean countries do mention both the Euro-Mediterranean process in general and the need for those neighbours to free up their trade with one another. Yet such priority actions are still vastly outnumbered by the actions relating to domestic reforms. The emphasis is plainly on encouraging each neighbour to undertake economic and political reforms, in accordance with the 'guidance' provided by the EU.

Strikingly, the Commission has stated that the EU will 'strongly encourage' regional integration in the Mediterranean, but will only 'consider' new initiatives to encourage regional cooperation between the former Soviet republics, a genuinely touchy issue because of the risk of legitimizing Russian dominance.³⁸ It has also made clear that the EU will not establish new regional bodies, but will rather support existing entities (thus fostering local ownership of regionalism).³⁹ If the financial resources devoted to supporting such initiatives increase, then the ENP may indeed encourage regional cooperation. But it still creates a 'hub and spoke' model for its relations with the neighbours, similar to the one that it developed with the Central European countries—which has been criticized as not encouraging the mutual identification that would ease their integration into the EU.⁴⁰ Furthermore, the EU is clearly the dominant actor in the relationship, with no multilateral framework that might balance the partners. Yet the EU is the world's foremost example of regional integration, has prided itself on boosting regionalism elsewhere in the world, and now claims to be supporting effective multilateralism everywhere. Not doing so in its own backyard seems a rather curious paradox.

Conclusion

Is the ENP adequate to deal with the outsiders? Will it foster a friendly neighbourhood and a 'ring of friends'? The challenge is enormous, given the problems faced by the neighbours, and requires an ambitious policy response. That the ENP certainly is. But the ENP requires much of the neighbours, and offers only vague incentives in return. The hovering ghost of enlargement will not vanish if 'all but institutions' proves to be meaningless, and fostering reform—much less conflict resolution—will be an uphill struggle. The member states will need to be more serious about setting clear benchmarks (and standing by them consistently) and offering concrete incentives (even when they perceive these to be costly to themselves) if the ENP is to meet its core objectives.

³⁸ European Commission, 'Wider Europe—neighbourhood', p. 8.

³⁹ European Commission, 'European Neighbourhood Policy strategy paper', p. 21.

⁴⁰ See Pál Dunay, 'Strategy with fast-moving targets: East-Central Europe', in Dannreuther, ed., *European Union foreign and security policy*, p. 40.

A clearer incentive structure, attached to clearer and well-ordered priorities, would give the EU better tools for fostering fundamental reform in the neighbours. And while there is an undeniable need for reform in the neighbours, there is also an undeniable need for all the neighbours to cooperate with one another. Strengthening the multilateral and/or regional elements in the ENP would help to tackle not just the cross-border problems that affect the EU but also those that affect all of the neighbours. Most importantly, the EU should try to resolve the hardest dilemma of all: where its borders will stop moving outwards. Ambiguity is not working. Either the EU should say 'no' to further enlargement, so that the ENP (preferably revamped and improved) becomes the framework for relations with the neighbours for the foreseeable future; or it should say 'yes' to letting in (eventually) a specified number of neighbours, which then move out of the ENP, but no one else. But it will not be easy for a consensual body, in which compromise is a necessity and ambiguity of purpose traditionally a virtue, to make such a definitive statement about the EU's identity.

