
Injecting More Differentiation in European Neighbourhood Policy: What Consequences for Ukraine?



Kerry Longhurst

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Summary

The European Neighbourhood Policy (ENP) is at a crossroads. Over the course of France's EU Presidency the Union of the Mediterranean will be launched and the Polish-Swedish proposal for an "Eastern Partnership" will be elaborated upon. These initiatives challenge the ENP and cast doubt over the EU's ability to keep the southern and eastern neighbourhoods together under one roof. This paper argues that whilst the EU should maintain its "balanced approach" to its neighbourhood, it should at the same time develop more differentiation within ENP, which will strengthen the policy. To this end, the EU should recognise, more sincerely and practically, the European aspirations of the eastern neighbours by stating explicitly that ENP is not an end in itself, but rather a route to possible membership.

Introduction

The European Union (EU) wants to surround itself by “a ring of friendly, well governed states”.¹ The method it adopts is to draw neighbouring states closer to the EU’s orbit to make them more reliable, stable and prosperous partners. At the same time, to limit the effects on internal coherence, the EU remains mute on the question of membership. Since 2003, the European Neighbourhood Policy (ENP) has been the principal policy framework to achieve these ends. ENP brings under one roof the EU’s Mediterranean neighbours and those at the eastern flank of the EU, a diverse range of states stretching from Morocco and Israel in the South to Ukraine and Georgia in the East. The rationale for this “balanced approach” is that both neighbourhoods present comparable challenges, which the EU sees are best met with similar solutions and common methods. Indeed both sets of neighbours are “less-like” EU member states. Apart from Israel, all the EU’s neighbours are poor, the majority have political regimes that are either overtly authoritarian or democratically fragile, replete with tendencies for political or religious extremism. The Eastern Neighbourhood is plagued by a number of unresolved or “frozen” conflicts, which bring to centre stage the EU’s delicate relations with Russia; in the South, the EU’s endeavours are also strongly shaped by dyads of conflict, most notably by the Israel-Palestine question, but also by the territorial conflict between Morocco and Algeria over the Western Sahara.

The ENP has hit a critical juncture. The EU’s professed “balanced approach” is under stress and one of the central questions is whether the eastern and southern neighbourhoods should remain in the same framework and be financed from the same purse, or whether they should be split in two.² With this point in mind this paper examines first the idea of “balance” in the EU’s Neighbourhood policies and asks whether a reorganisation is indeed the way to go. The second point addressed will focus more squarely on the East. The new Barcelona Process—“Union of the Mediterranean” which is scheduled to be launched in Paris in July 2008, brings into sharp focus important questions about the Eastern

¹ “A Secure Europe in a Better World,” The European Security Strategy, 12 December 2003, available at: <www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>.

² For recent commentary see “Neighborhood Policy Should be Made to Measure,” *European Voice*, 6 September 2007; M. Emerson and N. Tocci, “A Little Clarification, Please, on the ‘Union of the Mediterranean’,” *CEPS Commentary*, June 2007; A. Missiroli, “The ENP in Future Perspective,” *Global Europe Papers*, 2008/12.

Neighbourhood. Should the EU also opt to consolidate its position in the East, and if so how? The revitalisation of the Barcelona Process actually puts the EU in a prime position to further consolidate its objectives in the East and to upgrade its role in the Eastern Neighbourhood and in Ukraine, in particular.

Of course this will further expose the mounting divergences between the EU's (and those of the West, more generally) visions of the neighbourhood and that of Russia. The complex task of manoeuvring Ukraine closer to the EU is also of course inextricably linked to Turkey's candidacy. Put simply, if the EU is to proceed with the accession process with Ankara and assume that full membership will one day happen, then the EU cannot continue to sidestep the question of Ukraine's membership.

This paper argues that a complete geographical division of ENP is neither inevitable nor desirable. Instead, the paper argues in favour of a differentiated or "tiered" approach and one that takes into greater account the "European aspirations and perspectives" of the eastern neighbours, beginning with Ukraine. The time is clearly ripe for this. External Relations Commissioner Benita Ferrero-Waldner has recently called for deeper ties with four of the EU's neighbours (Morocco, Israel, Ukraine and Moldova) in recognition of their "progress and ambitions" *vis-à-vis* working with the EU.³ This is certainly a positive move, but the outstanding question remains as to whether the EU's proposals for "deeper ties" and "fuller partnerships" will satisfy the eastern neighbours' European ambitions. Probably not.

³ Quoted in E. Vucheva, "EU Wants Targeted Deepening of Relations with Neighbors," *Euobserver*, 3 April 2008, <www.euobserver.com/9/25918?rss_rk=1>.

What's Been Going on in the Neighbourhood? An Overview

Why has the ENP hit a critical juncture? What are the main factors that are shaping the current debate on the eve of France's EU Presidency? First, Nicolas Sarkozy's attempt to bolster the Southern domain of the neighbourhood, by proposing a new regional institution put the cat amongst the pigeons. Whilst it was not controversial to argue that Europe's relations with the states of the Mediterranean were not working as they should, the alternative that Sarkozy was proposing and the unilateral manner in which it was announced caused serious ructions within the EU, feeding the debate about whether the EU should keep all of its neighbours under one (ENP) roof.⁴ As we know, Sarkozy's initial ideas have since been substantially scaled back, the new Union will be "owned" by the EU as a whole as a means to revitalise the Barcelona Process. Moreover it will not serve Sarkozy's original ambition to create an institutional alternative to membership for Turkey. Despite this, the fact that such a direct challenge to EU Neighbourhood policy was made demonstrates the divergent regional interests of EU member states and the potential strains they place on the ENP's global approach.

Second, the deepening and widening of the EU's *Ostpolitik* has elevated the prominence of the Eastern Neighbourhood as well as the potential for Russia-EU discord. The forthcoming new "enhanced" agreement (NEA) between the EU and Ukraine will consolidate the EU's role in the East. This new agreement will be the most advanced the EU has with any of its neighbours and is set to establish a free trade zone between the EU and Ukraine. The new Central Asian Strategy (CAS), created under the German EU Presidency in 2007 is also rendering the EU a more influential player in this geopolitically important region. Meanwhile, the West's relations with Russia appear to have become trapped in a vector of confrontation with a clash of interests in the Eastern Neighbourhood emerging as a key facet. Russia and the EU clashed over the question of Kosovo's independence and when it comes to Georgia and Ukraine's North Atlantic Treaty Organization (NATO) membership, Russian President Dmitry Medvedev has warned of its potential "destabilising" effects for European security. Such statements helped to fracture Europe's policies on the issue along familiar Old Europe/New Europe lines and exposed the

⁴ For an excellent and lively discussion on the Mediterranean Union see the special issue of *Politique Etrangère*, No. 1, 2008.

EU's lack of joined-up thinking about Russia. Having said this, it is vital not to lose sight of the fact that EU-Russia economic relations are buoyant and trade has reached unprecedented levels over the course of the past eight years. Because of this and the EU's ongoing high dependency on Russia's energy sources member states are manifestly aware that the new Partnership and Cooperation Agreement (PCA) with Russia, which will have cooperation on energy security as a central feature, has to succeed this time and not founder as it did in 2007. Thus, although relations between the West and Russia will be fraught on a range of international issues, including the neighbourhood, the EU is compelled to take a pragmatic, business-like approach to the PCA.

Third, with the release of the Bulgarian nurses in July 2007 France has spear-headed a normalisation of relations between the EU and Libya as an integral part of Tripoli's international rehabilitation.⁵ The EU is now committed to creating "solid and long lasting relations" with Libya,⁶ which is a sea change in the relationship which was frozen for years. This relationship will basically start from scratch since the EU has virtually no institutionalised contact with Libya. Relations are set to go fast-forward after the European Commission proposed a free trade agreement. At the crux of this pragmatic friendship is the EU's desire to reduce its energy dependency on Russia by expanding its oil imports from Libya and to enhance coordination with Tripoli in the Mediterranean to stem illegal immigration from sub-Saharan Africa. The case of Libya is a prime example of the new "Realist" agenda that the EU is pursuing in the South.

Fourth, the knotty question of Turkey's EU membership brings into focus EU member states' contrasting positions on the subject of enlargement, Neighbourhood Policy and the limits of Europe. Although ENP is "enlargement neutral" it is intimately linked to the question of enlargement in the sense that for some EU members (especially France and Austria) Turkey should remain a neighbour, albeit a "strategic" one replete with a privileged partnership as opposed to full-membership (as was proposed by Sarkozy's Mediterranean Union). As already noted, the Turkish issue also brings into the spotlight general questions about Ukraine and perhaps also Moldova. Crucially, the outstanding question, which will grow in urgency, is if and how Neighbourhood Policy and the enlargement dynamic can be reconciled in a way to satisfy member states divergent perspectives, but also the hopes of those neighbouring states that want more than ENP. How "fit" is the EU for the tasks in hand? What policies and instruments does the EU have towards its neighbours in the two geographical domains and how does it spend its money in the pursuit of these policies?

⁵ See "Libya Frees Bulgarian Nurses in AIDS Case," *New York Times*, 24 July 2007, <www.nytimes.com/2007/07/24/world/africa/24france.html>. France has also concluded deals with Libya on the transfer of nuclear energy technology for civilian use in return for enhanced access to gas supplies.

⁶ The Commission mandate to negotiate with Libya of 27 February 2008 has to be approved by the European Council, <www.ec.europa.eu/external_relations/libya/index_en.htm>.

A Suite of Policies and Instruments for the Neighbourhood

Table 1 lays out the various tools the EU has at its collective disposal. In some cases, the EU uses the same tool in both neighbourhoods (i.e. the ENP, European Security and Defence Policy [ESDP] missions), the same tool but with a different structure (i.e. the *regional* Common Strategy for the Mediterranean and the *bilateral* Common Strategies for Ukraine and Russia), but in other instances some policy tools are strictly region or country specific (i.e. the multilateral Barcelona Process in the Mediterranean, the sub-regional Black Sea Synergy in the East launched in 2007 and the European Union Special Representatives [EUSRs] for Moldova, the South Caucasus and Central Asia).

Table 1. The EU's Instruments in the Neighbourhood

European Neighbourhood Policy (ENP)	<ul style="list-style-type: none"> – The EU's principal response to the challenges in the new eastern and southern neighbourhoods; – The new funding mechanism, the European Neighbourhood and Partnership Instrument (ENPI), has replaced MEDA and TACIS (ENPI incorporates Russia—but the latter is not part of the ENP).
Common Strategies	<ul style="list-style-type: none"> – The EU has common strategies for: <ul style="list-style-type: none"> – Ukraine (1999), – Russia (1999), – The Mediterranean (2000).
New Relationships	<ul style="list-style-type: none"> – Cultivating relations with the states of Central Asia, ideas for which have been outlined recently in a strategy paper put forward by the German EU Presidency; – France's proposed extra-EU "Union for the Mediterranean".
EU Special Representatives (EUSR)	<ul style="list-style-type: none"> – The EU has Special Representatives for: <ul style="list-style-type: none"> – The Middle East Peace Process (2003), – The South Caucasus (2006), – Central Asia (2006), – Moldova (2007).
ESDP/CFSP	<ul style="list-style-type: none"> – EU border assistance mission "EUBAM Moldova/Ukraine"; – EUBAM RAFAH between Israel and Gaza; – EUPOL COPPS Police Mission in Palestinian Territories; – Civilian Rule of Law mission EUJUST Themis in Georgia.
Regional Forums	<ul style="list-style-type: none"> – The Black Sea Synergy; – The Euro-Mediterranean Agreements (Barcelona

	Process).
Conflicts	<ul style="list-style-type: none"> - The EU is an observer in the 5+2 talks aimed at resolving the Transdnestria problem; - Israel/Palestine: The EU is a member of the Quartet alongside the US, Russia and the UN, represented by special envoy Tony Blair.

Source: Author's own compilation of information.

In terms of budgets (2007-2010) and the distribution of ENPI funds the southern neighbours gain proportionately more than those in the east, the rough formula is two thirds for the South and one third for the East. Looking at the figures on a per capita basis, the top three recipients are the Palestinian Authority, Moldova and Lebanon.

Table 2. European Neighbourhood and Partnership Instrument (ENPI) Funding 2007-2010.

ENPI funding in the South			ENPI funding in the East		
Country	Total, in million euros	Per capita, in euros ⁷	Country	Total, in million euros	Per capita, in euros
Algeria	220	6.5	Armenia	98.4	33
Egypt	558	7	Azerbaijan	92	11
Israel	8	1	Belarus	20	2
Jordan	265	43	Georgia	120.4	26
Lebanon	187	47	Moldova	209.7	48
Libya	8 (proposed)	1	Russian Federation	120	8.5
Morocco	654	19	Ukraine	494	11
Palestinian Authority	632	152 ⁸			
Syria	130	6.5			
Tunisia	300	29			

Source : *European Neighbourhood and Partnership Instrument (ENPI) Funding 2007-2013*, available at : <www.ec.europa.eu/world/enp/pdf/country/0703_enpi_figures_en.pdf>.

One neighbourhood... Two approaches

How does the EU “do” Neighbourhood Policy? Despite its professed global approach to its two sets of neighbours, crucial differences do exist.

Whilst the European Economic Community/European Community (EEC/EC) has had contractual agreements with the Southern neighbours since the 1970's, the 1990's saw a step-change in relations. As the EU

⁷ The per capita calculations are the author's own with population figures taken from the CIA World Fact Book <www.cia.gov/library/publications/the-world-factbook/>.

⁸ This figure is derived by adding together the populations of the Gaza Strip and the West Bank.

turned its attention to the East after the end of the Cold War, southern member states sought to augment relations with the Mediterranean as a counter-balance to the eastward drift. Crucially, the EU's relations with the South were never about enlarging the EU nor were they about providing a road map or pre-accession strategy, a very different situation to what was transpiring at this time in East Central Europe. After Morocco's application to join the EC in 1987 was knocked back on the grounds that it was not European, the notion of a North African state becoming an EU member has died a death. Instead, what shaped the contours of the EU-South relationship in the 1990s was a desire to capitalise on the positive momentum of the Middle East Peace Process, to bring about regional political stability, encourage democratisation and promote economic growth through regional free trade.

With these goals in mind the Euro-Mediterranean Partnership, or Barcelona Process, a multilateral policy which encompassed the EU in its entirety, together with 12 partners was established in 1995.⁹ The Barcelona Process was the EU's largest financial foreign policy commitment at its inception and with its strongly normative agenda was regarded as a template for how the EU could develop relations with other regions.

Some 13 years since its inception, an aura of under-achievement surrounds the Barcelona Process. Core objectives have not been met and the credibility of the EU in the region remains low. The growing economic and "values gap" between the EU and Mediterranean partners, escalation of the Israeli-Palestinian problem and lack of progress on the Euro-Mediterranean Free Trade Area are seen as its chief failings (which of course fed into Sarkozy's Mediterranean Union idea).¹⁰ However, despite a derisory score-sheet the EU has hung onto the Barcelona Process and its region-building agenda as an organising principle—as confirmed at the March 2008 EU summit.

As a result of the 9/11 terrorist attacks the EU's relations in the South became concerned with security, which joined the original political, economic and cultural objectives set out in the Barcelona Process.¹¹ A more hard-nosed "Realist" agenda came to the force, which has concentrated on energy security, stemming illegal migration, cooperation

⁹ Originally it was 12 partners, until Cyprus and Malta became EU members. There are now 10 Mediterranean partners Algeria, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria, Egypt and Tunisia. Libya is an observer.

¹⁰ See F. Halliday "The 'Barcelona Process': Ten Years on," November 2005, available at: <www.opendemocracy.net/globalization/barcelona_3019.jsp>; M. Mantonari, "The Barcelona Process and the Political Economy of Euro-Mediterranean Trade Integration," *Journal of Common Market Studies*, Vol. 45, No. 5, December 2007, p. 1011-1040; R. Youngs, "How Europe's Mediterranean Policies Went So Wrong," *Europe's World*, April 2008, available at: <www.europesworld.org/EWSettings/Article/tabid/78/Id/49f2d364-1ebc-4541-b97f-087f756ade7d/Default.aspx?language=en-US>.

¹¹ See European Neighbourhood and Partnership Instrument (ENPI), Regional Strategy Paper (2007-2013) and Régional Indicative Programme (2007-2010) for the Euro-Mediterranean Partnership, EUROMED, available at: <www.ec.europa.eu/world/enp/pdf/country/enpi_euromed_rsp_en.pdf>.

on combating terrorism, and improving internal security, as demonstrated by the tenor of EU-Libya relations recently. To some degree, this has tended to refocus the Barcelona Process' original normative agenda, which appealed to democratisation and has seen a change in EU strategy towards the prioritisation of stability and maintenance of the status quo.

In contrast to the impulses behind the EU's Mediterranean relations, the content and dynamics of the relationship between the EU and the Eastern Neighbourhood were conditioned by enlargement, which remains an important factor shaping the EU's approach in this domain. ENP was, after all, originally conceived of as an idea for the Eastern Neighbourhood in the run up to the 2004 enlargement and was advocated particularly strongly by Poland.¹²

A crucial point to note is that ENP was and remains almost exclusively bilateral in organisation when it comes to the East. There is not a regional equivalent to the Barcelona Process in the East, nor are there concerted efforts on the part of the EU and its member states to stimulate inter-regionalism or a regional free trade area. Whereas the EU adopted a Common Strategy for the Mediterranean as a whole, in the East the EU currently has a strategy just for Ukraine (and for Russia). Similarly, whilst in the South the EU readily hooks up with sub-regional bodies, such as the Union of the Arab Maghreb and eagerly promotes the Agadir Agreement on Free Trade, the EU's non-engagement with such initiatives in the East, such as GUAM,¹³ has been conspicuous. In fact the neglect of inter-regionalism in the East is a purposeful strategy on the part of the EU. Early ENP documents stressed that whilst the EU strongly encouraged regional integration in the South, in the East it would not seek to build new regional bodies, but perhaps support those that may already exist—in reality the EU has done even less than this. That being said the EU's recent Black Sea initiative provides an example of the type of sub-regional "project-focused" approach that the EU might begin to encourage in the East—though this will have its limitations. The ENPI regional strategy paper of 2006, also stresses the importance of "cooperation between ENP partners to be an important political objective."¹⁴ Crucially, however, this nascent effort at sub-regionalism is not on a par with the bloc-to-bloc inter-regionalism that the EU pursues in the South. The key point to stress here is that the EU supports regional cooperation and efforts at integration everywhere, except in the CIS region principally because of the overbearing Russia factor.

¹² See K. Longhurst and M. Zaborowski, *The New Atlanticist: Poland's New Foreign and Security Policy Priorities*, Oxford, Blackwell, Chatham House Papers, 2007.

¹³ GUAM was created during a summit in Yalta in June 2001 by the four current members (Georgia, Ukraine, Azerbaijan, Moldova) and Uzbekistan, which withdrew in 2005. At its May 2006 summit meeting the group was transformed into GUAM—Organization for Democracy and Economic Development.

¹⁴ See European Neighbourhood and Partnership Instrument, Eastern Regional Programme, Strategy paper, 2007-2013, adopted 2006 available at: <www.ec.europa.eu/world/enp/pdf/country/enpi_eastern_rsp_en.pdf>.

Despite this, Brussels still has ambitions to transform the East and following recent meetings between Ferrero-Waldner and leaders of Central Asian states it appears that the EU's transformative agenda keeps edging further Eastwards, even beyond the Caucasus. This agenda in the East, which is to a huge degree driven by the EU's energy needs, seeks to anchor Western-friendly democratic regimes and market economies in the East and is a contrast with the EU's growing resignation in the South that its support for full democratisation might not always be in the EU's interest nor in the interests of ensuring regional stability, the key word being extremist political Islam.¹⁵

Why does the EU pursue its interests in its southern and eastern neighbourhoods in different ways?

As mentioned above, states in the Eastern Neighbourhood have their relations with the EU caught up in the *context of enlargement*. Mirroring the enlargement process, the EU pushes conditionality hard and is very strict about implementation and monitoring. The EU does, to greater or lesser extents, recognise the European identities of these neighbours, especially Ukraine, and thus sets an agenda for transforming the states of the region, nurturing democracy and establishing market economies—to make them more like the EU. Of course the EU's transformative agenda is shaped and conditioned by the extent to which there is a robust and positive domestic consensus about getting closer to the EU and an understanding of and commitment to the types of domestic reforms needed. The *context of enlargement* argument also explains the lack of region-building apparent in the EU's approach, since the enlargement method was premised on bilateral relationships between the EU on the one side and the candidate state on the other.

The EU's shyness for region-building in the East can equally be attributed to *the role of Russia*. In this respect the EU is (increasingly) struggling to balance its relations with Russia—a “strategic partner” (and key energy supplier¹⁶) which has its own mode of neighbourhood relations within the CIS—whilst at the same time developing and widening the scope of ENP.

In the South, the EU's approach was premised on an understanding that the states on the south of the Mediterranean *already constituted a region* and that there was a willingness from their side to integrate on a

¹⁵ This dilemma came to the fore after Hamas came to power in Palestine through a democratic election.

¹⁶ At present around 60% of Russia's oil exports and 50% of its natural gas exports come to the EU. Thus there is a very strong interdependent relationship between the EU and Russia in this field.

regional basis. The Barcelona Process also assumed that a wide membership bringing Israel together with its Arab neighbours into an inclusive package would serve to enhance regional security. In practice what has happened is that, more often than not, Israel and the Arab states have not been prepared to sit at the same table when it comes to talking about political/security issues.

The EU's transformative agenda in the East, as described above, contrasts with that as the EU looks south at its non-European neighbours. A *prism of conflict*, namely seeing the region as a source of insecurity, explains the EU's current approach in this domain. But the EU's agenda and approach are also increasingly shaped by the exigencies of guaranteeing energy security. As already mentioned, the priorities of the new relations between the EU and Libya as well as the EU and Algeria are energy and immigration, subsequently human rights and democracy have slipped down the agenda and as a consequence of this the EU tends to favour stability and the maintenance of the status quo in the region rather than "transformation".

Table 3. Organising the Neighbourhood

	THE SOUTH	THE EAST
EU's Principal Method	<ul style="list-style-type: none"> -Barcelona Process regional approach, supplemented by bilateral ENP; -A Common Strategy for the Mediterranean in its entirety; -Economic integration will lead to regional stability and democracy; -Security issues privileged. 	<ul style="list-style-type: none"> -ENP bilateral approach with small elements of sub-regionalism (Black Sea Synergy); -Common Strategies for Ukraine (and Russia); -Attempts at transforming states into Western-looking democracies and market economies.
EU's Longer-term Vision of the Relationship	<ul style="list-style-type: none"> -A well-governed region and partner for EU; -Stability and security; -Economic prosperity and regional integration; -Deeper economic relations with the EU and amongst states in the region; -Resolution of regional conflicts; -Inter-regionalism between the EU and Barcelona Process states. 	<ul style="list-style-type: none"> -Well-governed states, resembling Europe; -Stability, security and democracy; -Resolution of conflicts; -Towards deep free trade with EU on bilateral basis; -Closer relations with EU—but not membership; -“Carrot” of membership, currently not available, but not impossible to conceive of.

Source: Author's own compilation of information.

Balancing the neighbourhood: is it still possible?

Despite the differences highlighted above, striking a balance between Eastern and Southern domains is the ENP's main innovation. This has, according to President of the European Commission José Manuel Barroso, been a source of strength: "by focusing attention on the wider European and Mediterranean area, the ENP has leveraged more support from the EU's member states than when we looked at each of our neighbours in isolation. No longer is the level of attention paid to one country or region dependent on the special interest of whichever EU member state happens to be holding the Council Presidency at the time".¹⁷ Whilst this paper does not totally dispute this notion, it is clear that national preferences persist and will steer ENP in different directions at different times. This paper proposes that ENP is ripe for some reorganisation, beginning with an elevation of the status of those neighbours that have gone the furthest in meeting the EU's expectations.

Will "the Union of the Mediterranean" make a difference?

Sarkozy's "Mediterranean Union" idea caused huge amounts of friction between France and Germany.¹⁸ First, one of the key problems with it was to do with presentation—the idea seemed to come out of the blue and was not subjected to the usual consultation processes that occur between Paris and Berlin on European issues. Second, in its first outing the proposed Mediterranean Union was to be based on variable geometry, a design that went against the grain of the EU's ongoing efforts to bring greater coherence to its foreign policies. However, although badly conceptualised and poorly presented at first, the initiative did strike a chord and has subsequently become the impulse behind a broader EU effort to revitalise its Mediterranean policy.

At the European Spring Council in March 2008 the EU as a whole took ownership of the project when member states agreed to turn the Barcelona Process into the "Barcelona Process: Union for the Mediterranean."¹⁹ Underlying this was the key compromise struck between Sarkozy and German Chancellor Angela Merkel, crucial to which was that it involve the EU as a whole, (as opposed to Sarkozy's original vision of an exclusive regional sub-grouping with only a toe inside EU institutions), no extra funding be made available, and a general scaling-back of Sarkozy's

¹⁷ J. M. Barroso, "Shared Challenges, Shared Futures: Taking the Neighborhood Policy Forward," *European Neighbourhood Policy Conference*, Brussels, 3 September 2007.

¹⁸ "Berlin s'empote contre le projet français d'Union de la Méditerranée" [Berlin Loses its Temper over French Project on the Mediterranean Union], *Le Figaro*, 8 February 2008.

¹⁹ Presidency Conclusions of the Brussels European Council, 13-14 March 2008, available at: <www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/99410.pdf>.

institutional ambitions take place.²⁰ So far, we know that it will have a small permanent Secretariat, probably based in Marseilles, that there will be biannual Mediterranean Summits and that it will be steered by a co-presidency of one EU member and one partner state.²¹

Most member states now seem satisfied with the compromise, taking an unflustered “wait and see” attitude. For Britain the EU initiative is acceptable. Unsurprisingly, the tone in Ankara was also positive not least because the formula will not cordon off Turkey’s EU candidacy or offer it a second-rate alternative to membership. Amongst the smaller member states, though, there is a fear that such an initiative might set a groundswell for other “regional clubs” led by the EU’s big players.

As for the prospective Mediterranean partners it is far from certain that there will be widespread commitment to the project. A number of Arab states are very concerned that by joining the new initiative they will be essentially “normalising” their relations with Israel. There is also the fear, across North Africa, that the Union will be a one-sided affair, with the EU dictating the terms and pace of developments, rather than it being a project based on equality and co-ownership. Such views were dramatically articulated at a regional summit hosted by Libya in June 2008, which was attended by the leaders of Algeria, Morocco, Syria, Tunisia and Mauritania. On this occasion Muammar Al Qadhafi charged the EU with trying to undermine the Arab League and African Union, declaring that the new Union was doomed to fail.²²

Meanwhile, Polish Prime Minister Donald Tusk is attempting to use the current momentum to ignite debate to draw Ukraine closer to the EU. His outline plan drawn up with Sweden for an “Eastern Partnership” was presented to EU Foreign Ministers on May 26th, 2008. Though the document does not mention EU membership, the initiative strongly reflects the Polish vision of an enlarged EU with Ukraine, Moldova, Belarus, Azerbaijan, Georgia and Armenia as potential future members.²³

²⁰ The key priorities of the new Union are listed as improving energy supplies, fighting pollution in the Mediterranean, strengthening the surveillance of maritime traffic and “civil security cooperation,” setting up a Mediterranean Erasmus exchange program for students, and creating a scientific community between Europe and its southern neighbors. For more details see <www.euractiv.com/en/enlargement/summit-approves-union-mediterranean/article-170976>.

²¹ In terms of partners, the Commission’s communication of 20th May 2008 lists the following 17 states as being involved: Mauritania, Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, Palestinian Authority, Israel, Lebanon, Syria, Turkey, Albania and the other Mediterranean coastal states Croatia, Bosnia and Herzegovina, Montenegro and Monaco. Communication from the Commission to the European Parliament and the Council, “Barcelona Process: Union for the Mediterranean Brussels,” 20 May 2008, COM(2008) 319 (Final).

²² “Libya Hosts Mini-Summit on Proposed Mediterranean Union,” VOA News, 10 June 2008, <www.voanews.com/english/2008-06-10-voa57.cfm>.

²³ Polish-Swedish Proposal for an “Eastern Partnership,” 23 May 2008. For press commentary on the proposal see “‘Eastern Partnership’ Could Lead to Enlargement, Poland Says,” *Euobserver*, 27 May 2008, available at: <www.euobserver.com/9/26211>; “EU:

What are the implications for the East?

To be sure, there are no voices favouring a break-away Eastern Union separated from the ENP. Germany, the UK and the Central European member states have no appetite for this. Instead there are calls, like that from Poland, for the EU to deepen its relations in the East inside the ENP, to recognise these neighbours' European identities and make unambiguous and positive statements about EU membership prospects, or at least to indicate what comes next, after ENP. As these discussions play-out, focus will be on Ukraine, which is already on the cusp of agreeing the most advanced of the EU's neighbourhood partnerships. The debate about Ukraine and the EU will be heavily tinged by the more troublesome issue of NATO membership and the controversy this causes with Russia and within the Alliance itself. Of course eyes will also be on Georgia, whose Euro-Atlantic aspirations have become a serious point of discord between Russia and the West.

The EU has long since acknowledged Ukraine's "European aspirations and pro-European choice,"²⁴ but the relationship continues to be characterised by a miss-match of visions: the EU remains mute on membership, whilst Kiev is increasingly dissatisfied with the "silver carrot" of ENP.²⁵

As the EU works up the configurations of the new Barcelona Process there is arguably also a window of opportunity for the East. This could provide a platform for ENP to loosen its "enlargement-neutral" character and for the EU to be a bit clearer on the issue of its absorption capacity, stating at what point the EU might be able to think about further enlargements. By stating that one day Ukraine could join the EU and that the EU might be ready to have it, the paralysis that could result from leaving this important question in limbo can be avoided.²⁶

Will the EU become clearer on this question? It is certainly the right moment for a decision. Arguably the question of Ukraine's EU membership is less contentious now than it once was; in Kiev both President and Prime Minister are singing from the same hymn sheet. The Polish-Swedish Eastern Partnership idea is also not too controversial and has been well received in Berlin, London and of course in East Central Europe. Even Nicolas Sarkozy has stated that the EU should think about giving Ukraine something like an Association Agreement. With the EU-Ukraine summit

Poland, Sweden Breathe New Life into Eastern Neighborhood," *Radio Free Europe / Radio Liberty*, 26 May 2008.

²⁴ See European Council Common Strategy of 11 December 1999 on Ukraine, 1999/877/CFSP, <www.ec.europa.eu/external_relations/ceeca/com_strat/ukraine_99.pdf>.

²⁵ See for example, the Ukrainian response to the Polish-Swedish paper, which whilst positive, argued that unless the real prospect of membership was offered, the new Eastern Partnership would not work. "Statement of the Ministry of Foreign Affairs of Ukraine Regarding the Development of the Eastern Dimension of the European Union Foreign Policy," Embassy News, 26 May 2008, available at: <www.ukraine-eu.mfa.gov.ua/eu/en/news/detail/13105.htm>.

²⁶ R. Dannreuther, "The European Security Strategy's Regional Objective" in S. Biscop and J. J. Andersson (eds), *The EU and the European Security Strategy*, Routledge, 2008, p. 77.

taking place during the French EU Presidency, might we expect to see more tangible recognition from the EU of Ukraine's pro-European choice?²⁷

After progress reports on ENP Action Plans were published in April 2008, Commissioner Ferrero-Waldner called for "targeted deeper relations" with Ukraine (along with Moldova, Morocco and Israel).²⁸ Whilst she also declared that when it came to the question of actual membership "nothing is ruled out and nothing is ruled in, [and that the EU] door is neither open nor closed,"²⁹ Kiev responded with vitriol that the EU was still side-stepping the question of membership and that for Ukraine, ENP and deeper partnership are not "alternatives to actual membership."³⁰

What shapes the EU's approach to Ukraine? First, there is the domestic argument. The EU has doubts that democracy is anchored firmly enough in Ukraine. As Javier Solana, Secretary-General of the Council of the EU and EU High Representative for the Common Foreign and Security Policy, recently argued, Ukraine's difficulty in integrating with the West has much to do with its political system, internal discord and lack of maturity.³¹ Second, more fundamentally, it will be the EU's relations with Russia that will bear heavily on neighbourhood policy and the EU's room for manoeuvre. Moscow remains chiefly preoccupied with the question of NATO enlargement to Ukraine and Georgia and views the EU as a benign power and political pygmy. But President Medvedev has already stated that he will continue the same foreign policy track as his predecessor, Vladimir Putin,³² which presumably means holding a tight grip on the integrity of the CIS and preventing the westward swing of Georgia in the first instance. In the context of a more active, possibly interventionist Russian policy in its "near abroad" the European Union may well have to stick its neck out.³³ Should the EU opt to do this, it may find itself at odds with Russian policy over Georgia in the very near future.

²⁷ "France Gives Backing to Ukraine's EU Ambitions," *Business Ukraine*, 25 February 2008, available at: <www.businessukraine.com.ua/france-gives-backing-to-ukraine>; "The Awkward Partners," *The Economist*, 13 March 2008, available at: <www.economist.com/world/europe/displaystory.cfm?story_id=10853775>.

²⁸ "EU Deepens Ties with its Neighbours and Supports their Reforms," Press Release, 3 April 2008, available at: <www.europa.eu/rapid/pressReleasesAction.do?reference=IP/08/509&format=HTML&aged=0&language=EN&guiLanguage=en>.

²⁹ Quoted in E. Vucheva, *op. cit.* [3].

³⁰ "Ring of Friends—Ukraine Blasts Dream of Good Neighborly Relations," *New Europe*, 7 April 2008.

³¹ Quoted by *Radio Free Europe / Radio Liberty*, 8 April 2008.

³² "Laying Down the Law: Medvedev Vows War on Russia's 'Legal Nihilism'," *Financial Times*, 24 March 2008.

³³ R. Lyne, "Russia and the West: is Confrontation Inevitable?" *Russia in Global Affairs*, No. 1, 2008, available at: <www.eng.globalaffairs.ru/numbers/22/1177.html>.

Conclusions: Differentiation and a Reinforced Eastern Policy

The option of splitting the ENP into two geographical domains has some appeal, not least since, as discussed earlier, there is already differentiation in the EU's Eastern and Southern approaches. Though reality shows that overall, centrifugal forces, i.e. those that might push the ENP apart are weaker than those that keep ENP as the framework for the East and the South together. Why is this? The explanation is quite straightforward: member states do have different interests in the neighbourhood, but the distances between these interests should not be overestimated. Moreover, it is not the case that southern EU member states only have an interest in the Mediterranean, nor that northern EU members are solely interested in the East. Next, despite recent events ENP itself has not been brought into question and the ultimate outcome of France's Mediterranean Union idea promises to be a strengthening of EU policy. Similarly, the Polish-Swedish Eastern Partnership proposal begs, in the first instance, for a speedy and far reaching strengthening of ENP, rather than for a new non-EU policy framework. In conclusion, the EU will continue to pursue a balanced approach to its neighbourhood, but to sustain this balance, the EU will need to maintain and indeed enhance its "differentiated approach" to its eastern and southern neighbours.

On this basis this paper advocates the following:

– First, that greater differentiation in the EU's approach needs to emerge along an axis of European neighbours/non-European neighbours, thus paving the way for a deepening of the EU's relations in the East. This should form the basis of a "tiered" arrangement. Essentially, the EU needs to address more squarely the European aspirations of Ukraine and other eastern neighbours, including the states of the South Caucasus. Ferrero-Waldner's proposed "deeper relations" initiative goes some way, but it still keeps Ukraine and Moldova on the same footing as the non-European southern neighbours and of course with lower status than Turkey. This will continue to be a major bone of contention and will cause a rift in relations if the EU does not bring to the table a new dedicated political formula sooner, rather than later. ENP has to be seen as a means to an end, as opposed to an end in itself when it comes to the Eastern Neighbourhood. With this idea in mind, the Eastern Partnership should be seen as a serious starting point towards the creation of a deeper and more dynamic relationship with the eastern neighbours within ENP.

– Second, the EU needs to stop being so vague about enlargement. EU enlargement proved to be a highly effective tool in transforming and stabilising East Central Europe in the 1990's. The positive effects of accession prospects can also be seen in the Balkans and Turkey. Keeping the current eastern neighbours out but at the same time affirming that if they want to join, and have the staying power to continue on the rocky reform path, they will one day become members, is the best possible way for the EU to achieve its foreign and security policy objectives. The ENP's current lack of a "finalité" is where the problem lies.

– Third, the EU should become more coherent in the East. This needs to begin with serious thinking about what EU policy should be towards Russia and how this can be accomplished at the same time as having a more rounded and ambitious foreign policy towards the eastern neighbours. Crucially, the EU needs to have a plan and a vision for the neighbourhood and be prepared to articulate and defend it—even in the case of the region's frozen conflicts. The EU's fuzziness and hard-to-define soft power qualities may actually be a problem, rather than an asset, especially when dealing with Russia.

– Fourth, the EU needs to be more geopolitical on energy questions. As Europe confronts the reality of rising dependency on imports for its non-renewable energy sources, the EU's neighbourhood policies both in the South and the East will be increasingly guided by the need to secure a diversity of supplies as well as safe transit routes. Crucially, as the EU pursues diversification and develops energy relations with an ever wider range of states—such as Turkmenistan, Libya, Iraq and Iran—the geopolitical stakes and potential for regional competition with other global players will only get higher and arguably irresistible. With this in mind, it is essential that ENP becomes both practically and conceptually linked up to EU energy policy.

ANNEXE 1

European Union Relations with its Neighbourhood

COUNTRY	Contract with EU PCA or AA ¹	ENP Action Plan adopted by EU	ENP Action Plan adopted by Partner	EU Financing 2007-2010, million euros
ENP PARTNERS				
Armenia	PCA 1999	November 2006	November 2006	98
Azerbaijan	PCA 2006	November 2006	November 2006	92
Egypt	AA June 2004	March 2007	March 2007	558
Georgia	PCA 1999	November 2006	November 2006	120
Israel	AA June 2000	November 2005	November 2005	8
Jordan	AA May 2002	February 2005	January 2005	265
Lebanon	AA April 2006	October 2006	January 2007	187
Moldova	PCA July 1998	February 2005	February 2005	209
Morocco	AA March 2000	February 2005	July 2005	654
Palestinian Authority	Interim AA July 1997	February 2005	May 2005	632
Tunisia	AA March 1998	February 2005	July 2005	300
Ukraine	PCA March 1998	February 2005	February 2005	494

¹ AA—Association Agreement; PCA—Partnership and Cooperation Agreement. For a discussion of the different legal bases of AAs and PCAs see C. Flaesch-Mougin, "Differentiation and Association within the PEMA" in M. Maresceau and E. Lannon (eds), *The EU's Enlargement and Mediterranean Strategies*, Basingstoke, Palgrave, 2001, p. 63-96.

THE OUTLIERS ²		
Algeria	AA—pending	Algeria is a full member in the Barcelona Process. Algeria's association agreement is awaiting ratification.
Belarus	None	The EU Commission has recently opened a delegation in Minsk. ³
Libya	None	Libya has been an observer in the Barcelona Process. Discussions are underway for closer EU-Libya relations.
Syria	None	Syria is a full member in the Barcelona Process. Syria's Association Agreement is awaiting final approval by the EU Council.

Source: For data on the eastern neighbours see Partnership and Co-operation Agreements (PCAs), available at: <www.ec.europa.eu/external_relations/ceeca/pca/index.htm>. For data on the southern neighbours see Association Agreements, available at: <www.ec.europa.eu/external_relations/euromed/med_ass_agreemnts.htm>.

² The “outliers” are participants in the ENPI and thus will receive funds.

³ For the EU's strategy towards Belarus and ENP see the ‘non paper’ “What the EU could bring to Belarus?” available at: <www.ec.europa.eu/external_relations/belarus/intro/non_paper_1106.pdf>.

ANNEXE 2

Comparison of Gross Domestic Product (GDP) of EU states and their Neighbours

Country	GDP per capita (US dollars) ¹	Country	GDP per capita (US dollars)
EU		THE NEIGHBOURS	
EU-27	32900	Algeria	8264
Austria	37536	Armenia	5143
Belgium	35693	Azerbaijan	7895
Bulgaria	10677	Belarus	9503
Cyprus	31052	Egypt	5108
Czech Republic	24679	Georgia	3890
Denmark	38072	Israel	31767
Estonia	20115	Jordan	5789
Finland	36325	Lebanon	5772
France	31872	Moldova	2962
Germany	32179	Morocco	5175
Greece	27360	Palestinian Auth.	1100
Hungary	20700	Syria	4242
Ireland	46786	Tunisia	9500
Italy	31694	Ukraine	8060
Latvia	17364		
Lithuania	16862		
Luxembourg	84507		
Malta	21061		
Netherlands	36240		
Poland	15894		
Portugal	23464		
Romania	10661		
Slovakia	19171		
Slovenia	25266		
Spain	28445		
Sweden	35729		
United Kingdom	35568		

Source: International Monetary Fund, World Economic Outlook Database, IMF, April 2007.

¹ Based on purchasing power parity.