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# European Neighbourhood Policy



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## Introduction

The EU's expansion from 15 to 27 members has led to the development during the last five years of a new framework for closer links with the countries of Eastern Europe and the Mediterranean. The aim of this 'Neighbourhood Policy' is to create a 'ring of friends' around the EU and to extend Europe's prosperity and stability. Can it succeed in this ambition? How can a single policy apply to such diverse situations, including countries in the neighbourhood between Russia and the EU, and others on the Southern and Eastern shores of the Mediterranean? Are the Commission's new proposals to develop an 'Eastern Partnership' satisfactory?

## Origins of the policy

The disappearance of the Iron Curtain and the subsequent inclusion in the EU of Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Malta, Cyprus, Romania and Bulgaria raised a series of difficult new questions.

The accession of the Central and East European countries shifted the EU's external frontiers 500 kilometres to the East, and the accession of Malta & Cyprus extended its reach in the Mediterranean. Because of historic, economic and social links between countries on either side of the EU's new frontiers (for example between Poland and Ukraine) it was undesirable for the enlargement to lead to the creation of new barriers. It became evident too that the enlarged EU has an interest to promote stability and prosperity among its 'new neighbours' and that some of them aspire in the long term to EU membership.

Before its expansion in 2004 & 2007 the EU already had a framework of close relations with Mediterranean countries – the Barcelona Process, launched in 1995, which brought EU members together with Mediterranean states in a system of dialogue and co-operation. With its enlargement, the EU decided to create a comprehensive new policy framework covering both the East European neighbours and the Mediterranean.

The declared aims of the policy are ambitious:

It offers a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy and sustainable development). It goes beyond existing relationships to offer a deeper political relationship and economic integration. The level of ambition of the relationship will depend on the extent to which these values are shared. It remains distinct from the 2 process of enlargement, although it does not prejudge, for the European neighbours, how their relationship with the EU may develop in future.

In 2002 Romano Prodi, President of the Commission, even declared “we will share everything but institutions” implying that the policy would be almost equivalent to membership of the EU.

### **Countries covered**

The coverage of the European Neighbourhood Policy includes the following states (the Annex has a list of the countries and their population):

- on the Southern shore of the Mediterranean: Morocco, Algeria, Tunisia, Libya, Egypt;
- on its Eastern shore: Jordan, Israel, Palestinian Authority, Lebanon, Syria;
- in Eastern Europe: Azerbaijan, Armenia, Georgia, Moldova, Ukraine, Belarus.

Among these, Belarus is not yet fully covered by the policy, because its standards of democracy are inadequate, and the Palestinian Authority is not a state but an ‘entity’. The European Neighbourhood Policy does not cover the following European neighbours, who have other kinds of relationship with the EU:

- Turkey, which applied for EU membership in 1987 and opened negotiations in 2005.
- Croatia, Serbia, Montenegro, Bosnia & Herzegovina, Macedonia, Albania. These countries of the Western Balkans, which were offered the prospect of membership by the EU at Thessaloniki in 2003, are at different stages on the way: Croatia opened negotiations for membership in 2005, Macedonia applied for membership in 2004 but has not yet opened negotiations, Montenegro applied in December 2008, and others may apply soon. Kosovo, although its independence is not yet recognised by all EU members, also has the long-term prospect of membership.
- Norway, Iceland, Switzerland, Liechtenstein. These countries of the European Free Trade Area are not applicants for EU membership, although Norway and Switzerland made applications in the past, and the possibility is under discussion in Iceland. Switzerland has a series of bilateral agreements with the EU, and the other three countries are in the European Economic Area: this involves participation in the Single Market and other EU policies, and is the EU’s closest form of relationship with neighbours.

Initially the EU proposed to include Russia in the neighbourhood policy, but the Russians rejected this approach, arguing that their status requires a more important relationship – a strategic partnership. The EU already had a long frontier with Russia as a result of Finland’s accession in 1995, and enlargement to EU-27 extended it only to a limited extent with the accession of the Baltic states. But the enlarged EU has new frontiers with several states that were previously in the Soviet Union (Ukraine, Belarus, Moldova) which Russia traditionally considers as its own neighbourhood or ‘near abroad’.

### **Instruments of the Neighbourhood Policy**

The framework which has been developed since 2004 includes:

- Action Plans negotiated with each country defining an agenda of political and economic reforms with short and medium-term priorities. These plans cover political dialogue, economic and social cooperation, trade-related issues, market and regulatory reform, cooperation in justice and home affairs, individual economic sectors (transport, energy, 4 information society, environment, research & development) and the human dimension (people-to-people contacts, civil society, education, public health).
- Financial support and technical assistance of various kinds, including those used by the EU for supporting reforms in the accession process, but also new instruments such as a Neighbourhood Investment Facility and Governance Facility.
- Country reports published regularly by the Commission to monitor progress and recommend improvements.

Although the policy is 'accession-neutral' its instruments are based on those employed for enlargement, including alignment with EU regulations (the *acquis*). Like the enlargement process, the neighbourhood policy is also based on 'conditionality' (progress under the Action Plans is supposed to be rewarded in financial or political terms) and 'European values' (democracy, human rights, rule of law, good governance, market economy).

### **Problems of the Neighbourhood Policy**

In practice, conditionality has played a minor role in the neighbourhood policy, because the incentives offered by the EU have been of limited interest to the countries concerned. For example, it has not been willing to give concessions in agricultural trade which many of them want, nor to allow access to the EU's labour market. Although the level of financial assistance has been increased, the reforms demanded of the countries in the short and medium term are hardly compensated by the political and economic benefits offered in the longer term.

Critics have also argued that the policy is based more on European interests than on European values, and that the pursuit of economic cooperation takes priority over the support of democracy or human rights. For example, it is clear that energy supply is a crucial factor for the EU in its relations with the Mediterranean region and Eastern Europe. The neighbourhood lying between the EU and Russia, with transit pipelines from the Caucasus and Central Asia, is of key importance. The risk of instability, the fact that the pipelines transit Russia and the fact that most of the pipelines are close to zones of conflict, threatens the energy security of Europe as a whole. The EU and its Member States, critics argue, have been prepared to play down issues of human rights and democracy in Eastern Europe and the Caucasus in order to secure energy supplies.

For the East European countries, and in particular Ukraine, the absence of a prospect of EU membership, even in the long term, is a source of criticism. Although the EU uses similar instruments in its neighbourhood policy as in its enlargement policy, its 'accession-neutral' nature means that it has less leverage. If enlargement has proved to be a 'golden carrot' for reform, neighbourhood policy is not (yet) a 'silver carrot'. But in any case these East European countries are a long way from being sufficiently prepared for EU membership, and though some countries such as the UK and Poland support the idea of membership for Ukraine the EU itself is not ready to make further commitments concerning future

expansion until the prospects for the membership of the Western Balkans and Turkey are clearer.

For the Eastern dimension of the neighbourhood policy the attitude of Russia has been a systemic problem. Russia's interest in its neighbours in the 'post-Soviet space' is natural and legitimate, but it has been difficult for Moscow to accept that the EU's interest in the region is equally natural and legitimate. Too often the Russians seem to think that Neighbourhood Policy 5 is a zero-sum game. One of the aims of the EU in developing its partnership with Russia should be to obtain acceptance of the need to cooperate positively in the 'common neighbourhood'.

Another systemic problem is the inclusion in a single framework of Eastern countries ('neighbours in Europe') and Mediterranean countries ('neighbours of Europe'). Their situations, interests and problems are so diverse that some critics complain that it is a 'one-size-fits-all' policy. But in practice the EU has been flexible in adapting the plans and instruments to local and regional needs. Moreover, the inclusion of different neighbours in one policy has ensured a balance of support among EU Member States that would not have been the case if they had been handled in separate frameworks for the Mediterranean (of interest mainly to the EU's Southern members from the point of view of security, trade, and investment) and for Eastern Europe (mainly of interest to Northern and Eastern members). The coexistence of East & South in the same policy framework, though not strictly coherent in geographical terms, has resulted in a degree of political coherence.

### **Recent developments**

In the course of 2008 two important events have affected the European Neighbourhood Policy.

First, the initiative of France's President Sarkozy for reinforcement of the Southern dimension of the policy led to the launch of the 'Union for the Mediterranean' in July 2008. This project, reflecting the desire of some Member States for deepening relations with the Southern neighbours, encountered resistance from others such as Germany who insisted on its being made not by a select group of EU members but by the EU as a whole. As a result, that Union was less ambitious than the proposal initially made by France.

Another result of the French project was a corresponding initiative of Sweden and Poland in May 2008 for reinforcement of the Eastern dimension of the Neighbourhood Policy by means of an 'Eastern Partnership' and the EU summit in June 2008 invited the Commission to make proposals in that sense.

The second major event was Russia's invasion of Georgia in August 2008. The EU's concerted response under French Presidency demonstrated its concern for stability in Eastern Europe and its solidarity with Georgia's elected government. On the other hand, it showed that European Neighbourhood Policy has little to offer to its partners in terms of defence and security, and that the EU and other international organisations have given insufficient priority to solving the 'frozen conflicts' in Georgia and other countries of the region.

The invasion of Georgia has led to a wide political debate on the role of NATO, in which several European states (Germany, France, Italy) have resisted the wish of the USA to bring Georgia

and Ukraine into NATO in the near future. It has also led to renewed interest on the part of the East Europeans in closer relations with the EU, including even expressions of interest from Belarus. Although Russia is vociferous in its opposition to expansion of NATO, it is less hostile to the EU's influence in Eastern Europe and even to the prospect of EU expansion.

### **New proposals for 'Eastern Partnership'**

The Commission proposed in December 2008 to upgrade the level of the EU's political and economic engagement with the East European countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) by launching an 'Eastern Partnership'. Under this proposal the Partnership and Cooperation Agreements already signed by the EU with these countries would be superseded by Association Agreements, provided that they make progress in terms of human rights, rule of law & democracy (particularly the electoral framework) and cooperate with other international organisations.

The proposed 'Eastern Partnership' includes:

- Improved cooperation in the EU's common foreign & security policy and European defence & security policy;
- More integration into the European economy through comprehensive free trade and market reform agreements and alignment to European regulations and standards, allowing the countries better access to the EU's Single Market;
- In the long term the possible creation of a 'Neighbourhood Economic Community' based on the European Economic Area;
- Easier travel for people from these countries to the EU (providing that security requirements are met) by means of visa facilitation, labour mobility, etc;
- Enhanced energy security for the EU and the partners through a series of multilateral and bilateral agreements (in the case of Ukraine, for example, rehabilitation of gas & oil transit, safety in nuclear power plants, and integration into the EU energy market);
- Support for administrative reform ('institution-building');
- An increase in EU financial assistance from €450 million in 2008 to €785 million in 2013;
- A multilateral framework for common challenges to be addressed by the countries;
- Meetings of Foreign Ministers of the EU and of the Eastern Partners every year, and meetings of Heads of Government every two years.

This package provides a prudent and intelligent strengthening of the Neighbourhood Policy, and corresponds to Britain's strategic interest in promoting prosperity and stability in the region. By upgrading the incentives it should improve the chances for economic reform and good governance, and by offering cooperation in the EU's common foreign & security policy, with a regional framework for cooperation, it should enhance the prospects for stability and security. It seeks to avoid creating new difficulties for EU-Russia relations,

and although it goes some way in the direction of EU membership (Association Agreements are normally precursors of the accession process) it avoids explicit commitment.

The European Council in December 2008 welcomed these proposals, and agreed that the Eastern Partnership will be launched at a summit meeting with the partner countries in 2009.

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## ANNEX

### European Neighbourhood Policy Coverage & population in millions

Country	Population (in millions)
Algeria	34.0
Armenia	3.2
Azerbaijan	9.0
Belarus	10.0
Egypt	76.0
Georgia	4.4
Israel	7.0
Jordan	6.0
Lebanon	4.1
Libya	6.0
Moldova	3.6
Morocco	31.0
Palestinian Authority	2.6
Syria	20.0
Tunisia	10.0
Ukraine	47.0



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