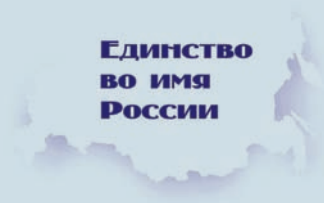




Gesprächskreis
Partnerschaft mit Russland
in Europa

Partnership with Russia in Europe

Economic and Regional Topics
for a Strategic Partnership



**FRIEDRICH
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STIFTUNG

Friedrich-Ebert-Stiftung
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Partnership with Russia in Europe
Economic and Regional Topics
for a Strategic Partnership

Fifth Roundtable Discussion
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Content

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Preface	4
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Iris Kempe

Economic and Regional Topics for a Strategic Partnership	
Notes from the 5th roundtable	6

Barbara Lippert

EU – ENP and Russia – clash or cooperation in triangle?	12
1. Introduction	12
2. ENP: background and controversial aspects	13
3. ENP: offers and how Russia comes in	21
4. Implications of ENP for EU – Russia relations: Two scenarios	27
5. Conclusions	33

Andrei Zagorski

Common European Neighbourhood and the Post Soviet Space	36
1. Introduction	36
2. The European Union's Policy	38
3. Russia and the ENP	45
4. Developments in the shared neighbourhood	48
5. Conclusions	50

Programme	52
-----------	----

List of Participants	55
----------------------	----

Preface

It should not be left to governments and the EU-bureaucracy to find political answers to the future of Wider Europe. Nongovernmental activities can contribute to a meaningful debate and can produce results as well. Established in 2004, the discussion circle “Partnership with Russia in Europe” is meeting every six to nine months. The core circle consists of politicians, experts and diplomats from Brussels, Berlin and Moscow, with participants from other “European capitals” as well. It intends to strengthen the dialogue among EU-Europeans and Russians concerning a deepening of the relationship. It intends to support solid plans and to initiate new ideas for intensifying the partnership with Russia in Europe. The Partnership and Cooperation Agreement between Russia and the European Union (PCA) as well as the bi-annual EU-Russia summits serve as key references. Since the PCA expires in November 2007, the future of the PCA was already intensely debated in previous meetings. At the EU-Russia summit in Sochi, May 2006, both partners declared their strong intention to negotiate a new binding agreement in order to strengthen their “strategic partnership”. The fifth round-table, presented here in this booklet, discussed both the most likely and the most preferable character of the new agreement.

The discussion circle tries to find answers to more basic questions as well, particularly: How can “vast Russia” and a slowly emerging “political union” of European Union member states cooperate more effectively? In which, if not in all, spheres is cooperation possible? How binding are the agreed upon Road Maps and respective Action Plans for the partners? Why not adding precise time frames to advance the successful implementation of intended actions? In other words, is it possible to manage the complex interaction between the Eurasian state and the European Union in a strategic manner?

Indeed, where are the established mutual interests and where are the potential conflicts in the strategic reflections of both sides? What does Russia and what does the European Union expect from their ‘strategic partnership’? What was intended when the existing PCA was signed with its focus on ‘common values’ instead of ‘common interests’? And does it remain the core of a future agreement? Is it advisable or, indeed, possible to develop an ever deeper partnership with a focus only on ‘common interests’? Should, in this respect, the expiring Partnership and Cooperation Agreement only be revised or completely reformulated?

The current state of affairs is well-known. For the European Union the next years are crucial in the development of a common foreign and security policy CFSP and the completion of what has been called the constitutional treaty in order to position the EU more convincingly as a unified actor in external relations. The CFSP does include, but is not and should not be limited, to a new European Neighbourhood Policy. The EU has already entered the stage of world politics and taken over responsibilities on a global scale. Simultaneously, the establishment of a comprehensive constitutional framework would not only strengthen cohesion within the EU, but could also help to persuade the neighbours of the EU to be even more directed towards a common European value-system. On the other hand, the Russian Federation (being the successor of the Soviet Union and permanent member of the UN security council) has never left the stage of world politics. Russia, nevertheless, forms an important part of Europe. Russia aims with the help of cooperation within Europe to accelerate her economic and technological development, but without the goal of membership in the European Union or relinquishing her sovereignty. The Russian leadership agrees to jointly construct

four Common European Spaces (economy; home affairs; security; science and culture).

In sum, Russia considers herself to always be a major player in a multi-polar world, with responsibilities beyond EU-Russia relations. In this respect, the EU-Russia partnership serves as a strategic alliance between two of the poles. The approach of the EU is different to the extent that the CFSP is based of what has been called “effective multilateralism”. The EU favours as many multilateral institutions and mechanisms of cooperation as possible. The approach to partnership is inclusive and hopes for convergent processes of cooperation and institution-building.

The discussion circle wants to explore how the tensions in the positions can be alleviated and whether each approach of the two partners towards a constructive development of the EU-Russia partnership can be transformed into an effective common strategy. With regard to the German-Russian dialogue and other bilateral dialogues between individual member-states of the European Union and Russia the roundtables will consider the following developments: A stron-

ger reference to Europe in the bilateral dialogue is even more important after the enlargements of the European Union, 2004 and 2007. The Russian side has already acknowledged that. The politics of Europe – which actors in the EU states realise – can increasingly less be differentiated in European politics and foreign policy. The Friedrich-Ebert-Stiftung and the Unity for Russia Foundation, therefore try as joint organizers to focus in the selection of participants for the roundtables on the invitation of experts and policy-makers from different European states. The roundtables will highlight Russian interests, perceptions and policies in relation to those of the EU and will identify the involvement of bilateral discourses within the context of the EU.

We hope that the report of the fifth meeting in Potsdam, Germany, will find your interest. The next meeting is scheduled for winter 2007-08 in Morosovka near Moscow, right after the Russian State Duma elections.

*Matthes Buhbe
Vyacheslav Nikonov*



Several frequent participants (from left): Andrey Klimov, Gernot Erler, Vyacheslav Nikonov, Matthes Buhbe, Dmitri Polyanski



Partners: The Secretary Generals of the host foundations, Roland Schmidt and Vyacheslav Nikonov.

Economic and Regional Topics for a Strategic Partnership Notes from the 5th roundtable

by Iris Kempe, Centre for Applied Policy Research

Context and general impression

The fifth meeting of the Discussion Group on Partnership with Russia in Europe was marked by the German presidency of the European Union during the first term of 2007 and the pending expiration in November 2007 of the Partnership and Cooperation Agreement between the European Union (EU) and the Russian Federation. The relations between Russia and the EU also face potential impact from the as-yet undetermined outcome of elections in France, Great Britain and Russia, which might cause a shift in ruling elites. The project of forging a common European approach towards Russia has also suffered from the failure to adopt a European constitution, which has been weakening European integration and has been giving rise to intensified bilateral coalition building among EU member states. Global issues, such as the nuclear

debate on Iran or the American plans to install a missile defense system in Central Europe, have also had an impact on the relations between Russia and the EU. Assuming that the succeeding Portuguese and Slovenian EU presidencies will be less dedicated to shaping EU-Russia relations, the German presidency is called upon to make the best possible use of the existing timeframe in order to identify a new strategic framework.

As a traditional driving force behind the EU's Eastern policy, the German government is challenged to formulate and implement new initiatives of Europe's Eastern policy. During the run-up to the presidency, Germany identified its main areas of engagement. Overall the concept is based on three pillars: a "European Neighborhood Policy Plus," the revision of the Partnership and Cooperation Agreement (PCA) between the European Union and Russia, and a strategy for Central Asia. All three issues on the agenda are a reaction

to political change in the region, such as the rainbow revolutions in Ukraine and Georgia, or the necessity to adapt the PCA institutional framework to EU-Russia relations that are quite different from ten years ago. Russia's new self-awareness, based on its role as an important energy supplier and perception as an indispensable actor in Eastern Europe, the Caucasus and Central Asia has influenced the agenda of the debate about building a partnership with the Europe Union.

The high-profile background of the participants and up-to-date debate of the meeting became part of natural character of the discussion group and do not require further mention. Overall, the meeting has become an important circle in which to debate difficult issues between Russia and the EU at an early stage, and subsequently develop tailor-made strategic concepts. In detail the discussion focused towards the priorities and problems of the German EU presidency's EU-Russia policy.

Towards a new EU-Russia Agreement: How much ambition is needed?

The participants from Russia and EU member states agreed easily that the current conditions in Russia and in the European Union differ from the 1990s when the first PCA was negotiated. The Russian side emphasized that unlike the European Union, the Russian Federation had succeeded in adopting a constitution and initiated far-reaching reforms, while the EU lacks the necessary institutional reforms, still suffers from the consequences of the big bang enlargement of 2004 and can barely integrate new member states. The Russian interests in a new agreement were more concentrated on economic aspects and a visa-free regime, while aspects of democracy and common values were perceived as "philosophical issues" that were of only minor interest for a future agreement. Speakers from Germany referred to the following

items as important for the new agreement: integrating the four Common European Spaces (Common Economic Space, Common Space of Freedom, Security and Justice, Common Space of Cooperation in the Field of External Security, Common Space on Research, Education and Culture); far-reaching economic linkages; sectoral agreements; energy, to compensate for the still pending Russian ratification of the European Energy Charter; international security; neighborhood policy; domestic security including visa issues; and cooperation in science and culture. "Russia and the EU need each other," and a lengthy negotiating and ratification process for the PCA would only burden the partnership. Nevertheless, the current Polish veto on issuing the EU a mandate to negotiate a new PCA not only was seen as reflecting Warsaw's criticism against the Russian embargo on Polish meat products, but also as an obstacle to the further development of relations. Speakers from the new EU member states in particular introduced a strong interest in giving consideration to human rights and democratic values in the new agreement. They also expressed concerns that negotiations might take much longer than originally expected, and both sides should be prepared for a long-term scenario.

Do regional topics such as Central Asia fit into the Strategic Partnership?

In terms of energy supply, security issues and the state of affairs of domestic transitions, Central Asia is of growing strategic importance for both Russia and the European Union. Compared to Russia, the European Union is strategically under-represented in Central Asia. Since 2004, the start of Putin's second term in office, Russia has been regaining influence. As the participants of the Roundtable Discussion highlighted, German and European Union interests greatly converge and include supporting good governance; the rule of law, a human rights and political dialogue, re-



EU's Central Asia Strategy: Gernot Erler explains the logic behind it.

gional cross border cooperation, initiatives dedicated to environmental protection, education, energy security; and a broad spectrum of hard and soft security issues. At the present, an EU Agency for Stability in Central Asia, a European Education Initiative, a regular dialogue on human rights and a rule of law initiative are on the list of EU priorities. Germany, the only EU member state that keeps embassies in all five countries, is in favor of increasing awareness by establishing a regular political dialogue and opening EU Commission delegations. Supporting the development of market structures, free trade and investment is also in Germany's strategic interests. The European goal of increasing influence in Central Asia raised the question on how to link such efforts with Russia, the most important player in the region but also with other players such as China or Japan. In general the European strategy for Central Asia should not only consider Russia's important role in the region but should consider the need for transparency and coordination in European-Russian partnership.

A Russian speaker used the terms "symmetric" and "asymmetric" to describe the dif-

ference between EU and Russian interests in Central Asia and their access to the region: Both actors are supporting development and trade to prevent state failure. Further symmetric interests include combating terrorism and illegal trade in the region. The assessment of the institutional framework revealed, however, that Russia enjoys asymmetrically better access to Central Asia by being embedded in regional organizations, such as the CIS, the Shanghai Organization and the Collective Security Treaty Organization. Russia can address the countries as a region, while the European Union must rely on bilateral, instead of institutional dialogue. Russian is still the most important language in the Central Asian countries and guarantees Moscow influence in domestic development. Altogether, the European Union's concept of promoting good governance and political dialogue, particularly with regard to Uzbekistan and Turkmenistan, must compete with Russia, which has much better contacts and greater influence on regional development.

The same challenge was highlighted with respect to the EU's intention of increasing energy cooperation, which has to compete with Russian control of the pipeline network. Overall, the Rus-

sian side pointed out that beyond awareness raising the European Union might only be able to increase its influence by identifying new ways of cooperation with Russia. At the same time, some participants from the EU also opted for increasing influence in the Central Asian countries by making Europe a partner of choice. In any case, the participants in the Roundtable Discussion agreed that a strategy for Central Asia cannot and should not neglect the accentuated role of Russia in combination with the strategy of an intensified EU-Russian partnership.

European Neighborhood Policy and EU-Russian relations

The debate about the European Neighborhood can be divided into three main issues: first, linkage building between Russia and the European Union in the joint neighborhood; second, implementing the European Neighborhood Policy (ENP); and third, debating the future perspectives of enlargement. The Russian participants referred to differing perceptions of the ENP. Russian officials pointed out that in 2002 when Russia was invited to join during the formation of the European Neighborhood Policy, the Kremlin felt alienated by being treated as the same level as other ENP countries. This was perceived as ignoring Russia's distinct position as a global player.

Though not coordinated with Moscow, today's ENP is affected by the overlapping and differing interests between the EU and Russia. Despite lacking a Russia component, issues of energy supply, regional security and the domestic development of ENP countries give reason for dialogue and cooperation. The current concept of the ENP does allow for bringing in Russian interests by offering a broad palette of cooperation opportunities for the countries of Eastern Europe and the Caucasus. This remains true even though the EU did not directly incorporate Moscow's overlapping or differing interests and did not reconcile its ENP with Russia in the field

of energy supply, security and shaping domestic development.

The current crises of European integration have decreased the relevance of concerns in this policy field, and some Russian participants even expressed doubts that the European Union has the resources to implement further enlargement. Speakers from the old EU member states made a case both for the long list ENP incentives towards the neighboring countries which offer almost "everything but institutions" (Romano Prodi) and at the same time for cooperation with Russia as an important actor to shape a part of the ENP agenda. A German representative highlighted growing involvement in the Black Sea region, territorial conflicts, energy, modernization and democratization of the ENP countries and a strategy for Central Asia as the current challenges for Russia, the EU and the ENP countries. While officials from Moscow showed reluctance to the idea of restricting national sovereignty by integrating these countries into European institutions, representatives from the old member states pointed out that neither the current state of transition within the ENP countries nor the absorption capacity of the Union would allow for integration of Ukraine or other ENP countries into the Union. The participants from the new EU member states advanced the view that creating security and stability beyond the borders of the European Union could only be guaranteed through offering prospects of membership. The Polish EU presidency in 2011 was suggested by one participant as the next date to open a debate on further enlargement.

Beyond the Common Economic Space: How far should we go with trade liberalization and economic integration?

Russia and the European Union have intensive economic relations. Russia is the EU's third largest trading partner, after the United States and China. The EU is by far Russia's main trading partner, accounting for more than 52 percent of

its overall trade. EU bilateral trade with Russia is growing at a fast pace; in 2005 it increased by 20 percent in real terms. Assessing economic relations also has to include their asymmetric character. European Union exports to Russia include machinery (36 percent), chemicals (14 percent), manufactured goods classified chiefly by material (11 percent), transport equipment (10 percent), and food and live animals (7 percent). Russian exports to the EU are mainly energy/mineral fuels (65 percent). Furthermore with a share of 70 percent of foreign direct investment in Russia, the EU member states are the most important group of foreign investors. Participants from the European Union mentioned the Partnership and Cooperation Agreement, the Common Economic Space and Russia's prospects for joining the World Trade Organization as a sufficient institutional framework. Rather than implementing the *acquis communautaire* in Russia, the current challenge is to make Russian and European economic systems compatible with each other. Energy remains the most important area of common

interests. Despite their mutual dependence as a supplier and consumer of energy, Russia and Europe have experienced great frustration with their energy dialogue, with energy policy often being made by individual EU member states on a bilateral level and the lack of a common European energy policy or effort to convince Russia to ratify the European Energy Charter. On the European side, the bottlenecks in energy cooperation also stem from the EU's lack of a European energy policy and solving these issues on the national level. Another aspect of the debate was state influence on energy companies. While the same European participants emphasized the difference between state monopolies of Russia's Gazprom and European companies as part of a free market some Russian participants did not agree and refused the claim that Gazprom was under political influence.

During recent months, problems have surfaced in the reality of trade relations such as Russia's embargo against Polish meat exports, export duties on wood and the problems surrounding Sakhalin II. These have shown that



Giving impulses from a french perspective: Aurélia Bouchez.

there is no guarantee that trade relations will be free of major friction. At the same time, the Russian side stressed the view that economic relations depend less on the institutional framework and more on sustainable implementation. A Russian participant concentrated on economic relations in a broader framework, making the case for increasing cooperation in education and adjusting mutual standards of education. Some Russian participants advocated that adjustments should not only be based on European guidelines, as they are today, but should also take Russian input seriously. The same participants advocated improving the overall image of Russia abroad as a component of improving mutual relations.

Values and interests: Can we proceed with economic integration without any further integration on political items?

As became clear during the previous panel, the intensive economic and trade cooperation between Russia and the European Union stands in a great contrast to the tense political relations and the items to be considered in a new framework agreement. Beyond individual problems that stand in the way of cooperation, such as the Polish veto on the PCA mandate, speakers from Russia and the EU underlined both positive and

negative preconditions for further cooperation. In elaborating a new PCA both sides would not need to start from the ground up, but could rely on the past intensive experiences of cooperation. At the same time, a Russian participant argued that the failure of the European constitution is restricting the European Union from acting as a global player and, therefore, the best case scenario for a new PCA currently would be a moratorium on further negotiation, allowing both sides to search for their identity. However, this position was dearly refuted by other Russian and EU participants, who could find no value in such a moratorium. As a European speaker emphasized, the worst-case option, which has to be avoided, would be regress. Several Russian and EU participants, nevertheless evaluated improving Russia's image in EU's public opinion as an essential precondition for further cooperation. A participant from the European Union suggested basing the cooperation between Russia and the European Union on energy, with reference to the roots of European integration in the 1950s as the European Coal and Steel Community.

The fifth roundtable ended with an invitation of the organizers to meet for a sixth round at the start of the next year having in mind that the roundtable discussion has become an instrument for further policy development in Russia-EU relations.



The European Neighbourhood Programme: Barbara Lippert explains its nature to the audience.

EU – ENP and Russia – clash or cooperation in the triangle?

Barbara Lippert, Institute for European Policy

1. Introduction

The European Neighbourhood Policy (ENP) is a policy through which the EU intends to structure and shape its direct neighbourhood from the Maghreb to Minsk and Baku.¹ Together with the EU's strategic partnership with Russia and the strategy towards Central Asia the ENP forms one of three circles that make up the EU's policy towards the post-Soviet space (PSS). As far as the underlying concepts and practical implementation are concerned all three Eastern policies are still in the making and the EU is in search of a coherent design.

The focus of this paper is on the "Eastern dimension" of the EU's neighbourhood policy that addresses Belarus (potentially), the Ukraine, Moldova, Armenia, Georgia and Azerbaijan. From a EU perspective some implications of ENP for the policy towards Russia shall be discussed here. The political relevance and strategic importance of this relationship for all three sides of the triangle – the EU, the ENP countries and Russia – is evident: "The overall state of EU-Russia relations will be a key variable in the future development of the countries that lie between them. Will the EU and Russia work together to help their neighbours become more prosperous,

¹ Cf. Barbara Lippert: Beefing up the ENP: Towards a Modernisation and Stability Partnership in a Confed Europe, in: The International Spectator, no. 4, 2006, p. 85-100, here p. 97.

open and stable? Or will there be competing demands and angry exchanges between Brussels and Moscow while they disregard the needs and aspirations of the 'lands between'.² However, the "lands between" do not accept to be treated just as objects either of their new neighbour, the EU, or their "eternal neighbour"³ Russia. They demand that the three sides of the triangle should be of equal length and that they have a choice to opt for one or the other orientation in foreign policy as well as for a political and economic order.

On this background the paper addresses firstly the basic concept and two controversial aspects of ENP. Secondly it explains key offers of ENP and asks if and how Russia comes in. Thirdly, implications of ENP for the EU-Russia relationship are discussed in two scenarios: Will clash or cooperation characterise this triangular relationship? In particular, will the EU be able to accommodate a strategic partnership with Russia and an effective ENP within a design for a "Wider Europe"?

2. ENP: background and controversial aspects

The development of the ENP and namely of its Eastern dimension can be interpreted as a revision of the "Russia first policy" of the EU. The creation of ENP signals that the EU wants to treat the post-Soviet countries in their own right and apart from Russia. This turn towards the (new) neighbours acknowledges two trends and dynamics of the last decade: (1) The decline of Russian influence in the near abroad and in the whole of the PSS gave way to the rise and consolidation of sovereign states in the neighbourhood. Over the last decade or so, neither Russia

nor the loosely knit Commonwealth of Independent States (CIS) have worked as centres of integration to form some sort of political community based on the free will of its members. (2) In contrast to Russia's decline, the EU has gained influence through its mere existence as the only remaining centre of integration in the wider Europe. The enlargement of the EU in 2004 and 2007 is a manifestation of the magnetism and the attraction of the EU as a soft power. This magnetism combines with high expectations on the part of neighbours that struggle for democratisation and modernisation.

Moreover, the coloured revolutions provoked the EU to intensify its policy in the PSS and define its overall approach more systematically. In realist terms the neighbourhood region represents a political vacuum that invites the EU to fill in the void. However, its post-modern, soft power character prevents the EU from coherent collective action in foreign policy but also from the logic of zero-sum-games.⁴ Moreover, the EU is not the only Western player in the neighbourhood region. The US and NATO are increasingly visible and desired actors in the PSS, for example with regard to Georgia or Azerbaijan and the whole Black Sea Region (BSR).

ENP as a composite policy

ENP is a young and composite policy. It has a strong *foreign and security policy* dimension with a focus on securing stability in the neighbourhood. The European Security Strategy (ESS), drafted as a result of the deep divisions among EU members over the Iraqi war, is an important document to put ENP into a broader context. It states: "It is in the European interest that countries on our borders are well-governed. Neighbours who are engaged in violent conflict, weak

2 Dmitri Trenin: Russia, the EU and the common neighbourhood, Essay, Centre for European Reform, September 2005, p. 7.

3 Speech delivered by the Ukrainian President Viktor Juschtschenko in the German Bundestag, 09.03.2005, p. 4, available at: <http://www.bundestag.de/cgibin/druck.pl> (last access: 07.03.2007).

4 On the 'actorness' problem cf. Charlotte Bretherton/John Vogler: The European Union as a Global Actor, London, 1999; Roy Ginsberg: The European Union in International Politics. Baptism by Fire, New York, 2001.

states where organised crime flourishes, dysfunctional societies or exploding population growth on its borders all pose problems for Europe”.⁵ ENP is about building security on the borders and influencing neighbours to play by the rules of the EU. Another component of ENP is *development policy*. This dimension is concerned with the promotion of democracy, good governance and economic development from the outside.⁶ The ESS identified regional conflicts, state failure, organised crime and poverty as threatening sources of instability also in the neighbourhood of the EU. The promotion of a “ring of well governed countries to the East of the European Union”⁷ therefore is an objective of the ENP. A third source of ENP is the *enlargement policy* of the EU, in particular its innovative part, the pre-accession strategy.⁸ It was designed for countries that need comprehensive assistance and long-term aid in order to build up the capacities of a fully-fledged member of the Union. Assistance shall be based on strong conditionality within a process that is directed towards the full taking over of the *acquis*. Thus the logic of integration through convergence with the EU system prevails which establishes an asymmetric, paternalistic relationship dominated by the EU. All three components – foreign and security policy, development policy and enlargement policy – are used as points of reference for an evaluation of the state of ENP and also as sources for reform proposals. This composite nature of ENP also reinforces its notorious strategic ambivalence.

Moreover, ENP does not start from zero but from very different levels of legal and institutional as well as political and economic relations with the 16 neighbours (see table 1 below).

Compared to relations with the Mediterranean countries those with the six post-Soviet ENP partners are clearly underdeveloped and in need of a general upgrade. ENP is also timely because it seeks to limit and compensate for potentially negative consequences of the enlargement of 2004/07 and hide against soft security risks to spill over into the EU. To prevent the creation of new dividing lines through an extension of the benefits of economic and political cooperation to the neighbours in the East “while tackling political problems there”⁹ is crucial for building security in the neighbourhood.

Thus the background of ENP is complex. It is a reaction to the demands of the neighbouring countries but it is also a result of the internal dynamics of deepening and widening of the EU. Two controversial aspects of ENP shall be addressed in the following: the single policy framework for the Eastern and Southern ENP countries and a probable membership perspective.

Single policy framework of ENP

The arbitrariness of bringing together countries as diverse as Algeria and the Ukraine, Morocco and Azerbaijan under a “single policy framework”¹⁰ has often been criticised.¹¹ The reason for the mix of East and South was primarily that supporters of the Mediterranean policy feared a loss of importance of the region and subsequently also a loss of political weight and negotiating power. They expect the political centre of the EU to shift more and more to the East as a consequence of the enlargement 2004/07. Moreover, taking into account the Union’s political commitment to integrate the countries of the Western Balkans and Turkey, going East will

5 “European Security Strategy. A Secure Europe in a Better World”, 12.12.2003 < <http://ue.eu.int/uedocs/cmsUpload/78367.pdf> > p.7.

6 Cf. Annette Jünemann, Michèle Knodt: Externe Demokratieförderung der Europäischen Union. Die Instrumentenwahl der EU aus vergleichender Perspektive, in: *integration*, 4/2006, p. 187-196.

7 European Security Strategy, 12.12.2003, p. 8.

8 Cf. Barbara Lippert: Erfolge und Grenzen der technokratischen EU-Erweiterungspolitik, in: Amelie Kutter, Vera Trappmann (eds.): *Das Erbe des Beitritts. Europäisierung in Mittel- und Osteuropa*, Baden-Baden, 2006, p. 57-74.

9 European Security Strategy, 12.12.2003, p. 7.

10 European Commission: *Strengthening the European Neighbourhood Policy*, COM(2006)726 final, Brussels, 04.12.2006, p. 2.

11 Cf. Iris Kempe: *Identifying an Agenda for a new Eastern Policy – Connecting the German and Finnish EU Presidencies*, CAP Aktuell No.1, February 2007, p. 6.

Table 1: **State of play of agreements with ENP countries (February 2007)**

ENP partner countries	Entry into force of contractual relations with EC	ENP Country Report	ENP Action Plan	Adoption by EU	Adoption by partner country
Algeria	AA* – September 2005	—	—	—	—
Armenia	PCA** – 1999	March 2005	Agreed autumn 2006	13.11.2006	14.11.2006
Azerbaijan	PCA – 1999	March 2005	Agreed autumn 2006	13.11.2006	14.11.2006
Belarus	—	—	—	—	—
Egypt	AA – June 2004	March 2005	Largely agreed autumn 2006	—	—
Georgia	PCA – 1999	March 2005	Agreed autumn 2006	13.11.2006	14.11.2006
Israel	AA – June 2000	May 2004	Agreed end 2004	21.02.2005	11.04.2005
Jordan	AA – May 2002	May 2004	Agreed end 2004	21.02.2005	11.01.2005 02.06.2005
Lebanon	AA – April 2006	March 2005	Agreed autumn 2006	17.10.2006	19.01.2007
Libya	—	—	—	—	—
Moldova	PCA – July 1998	May 2004	Agreed end 2004	21.02.2005	22.02.2005
Morocco	AA – March 2000	May 2004	Agreed end 2004	21.02.2005	27.07.2005
Palestinian Authority	Interim AA – July 1997	May 2004	Agreed end 2004	21.02.2005	04.05.2005
Syria	—	—	—	—	—
Tunisia	AA – March 1998	May 2004	Agreed end 2004	21.02.2005	04.07.2005
Ukraine	PCA – March 1998 Negotiations on up-graded agreement – start February 2007	May 2004	Agreed end 2004 Ten Point Plan – February 2005	21.02.2005	21.02.2005

* AA: Association Agreement, ** PCA: Partnership and Cooperation Agreement

Source: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/061676&format=HTML&aged=0&language=EN>; updated.

continue to be the major geopolitical direction beyond the EU-27.¹² Thus the strange geography of ENP foremost reflects interest constellations inside the EU. This make up of ENP has several consequences. In our context three observations can be made:

Firstly, as outlined above, ENP is composed of development and enlargement policy and resorts to many of the established instruments, albeit with modifications. The bureaucratically well established Euro-Mediterranean Partner-

12 Cf. Christopher Hill: The Geo-political implications of Enlargement, EUI Working paper No. 2000/30.

ship (EMP) and MEDA policy (which reflects the strategic policy of Spain and France) in combination with its strong position in the management of the whole enlargement process from pre-accession up to membership negotiations could bring the Commission into a key role that it had not enjoyed before in the relationship of the EU with the post-Soviet states. While it must be assumed that the Council and namely the big Member States will remain the major actors in EU-Russia relations,¹³ in the future the Commission will play a bigger role with regard to the Eastern ENP countries. Any increase in the share of low politics in ENP will increase the role of the Commission alongside the Council and Member States. For example the development and implementation of Action Plans entail comprehensive monitoring procedures as well as intensive exchange and interactions with the ENP partners. This will certainly upgrade the position of the Commission as a focal point for the neighbours.

Secondly, differentiation among the countries of the ENP and tailor made agreements and action plans are the major consequence of the single policy framework. While in principle the set of offers and instruments is the same for all,¹⁴ the ambitions and capacities of the partners but also the intensity of interests on the part of the EU and Member States vary significantly. One should also emphasise that no new type of neighbourhood agreement exists. ENP builds on the existing association agreements with the Mediterranean countries and the less substantial Partnership and Cooperation Agreements (PCAs) or the upgraded successor agreements with the Eastern countries (Cf. Table 1 above). In mate-

rial terms the Constitutional Treaty (TCE) would not add new quality beyond the symbolic. Nevertheless, the spectrum of linking third countries with the EU remains rich: from simple trade and cooperation up to most intensive forms of association as with Switzerland or within the EEA and additional political agreements (type Norway).¹⁵ The six Eastern ENP countries will enjoy individual treatment which is more appropriate than a group approach. So far, bilateralism has formed the backbone of the ENP. However, the legal and political framework between the EU and the Mediterranean countries, the multilateral EMP, is more advanced. The Commission's recent cautious proposals for multilateral formats on specific topics are targeted at the Eastern ENP countries and inspired by the however meagre results of the EMP.¹⁶ In the Mediterranean the EU was prepared to invest in the making of a region that shall define itself by shared history, culture and economy. With regard to the East the EU has never encouraged the creation of a political region apart from the EU. Russian hegemony, its imperial legacy, and its inconsumable size hampered any Western support for region-building. Moreover, Russia has no carrots to offer its neighbours as a centre of gravitation: Russia does not provide an attractive counter model to the one of the EU, it lacks the political and economic qualities and incentives of a soft power, which makes Russia less desired as a stakeholder in the region.¹⁷ Notwithstanding these circumstances and constraints, in a longer perspective the "wider Europe" could be composed of two interrelated regions, the EU and a distinct but cooperative Eurasian neighbourhood region or several sub-regions. To make this ac-

13 Cf. Katrin Bastian: *Die Europäische Union und Rußland: multilaterale und bilaterale Dimensionen in der europäischen Außenpolitik*, Wiesbaden, 2006.

14 Cf. European Commission: *Strengthening the European Neighbourhood Policy*, COM(2006)726 final, Brussels, 04.12.2006.

15 Cf. Barbara Lippert: *Teilhabe statt Mitgliedschaft? Die EU und ihre Nachbarn im Osten*, in: *Osteuropa*, 57: 2-3, 2007, p. 69-94, here p. 79-85.

16 Cf. European Commission: *Strengthening the European Neighbourhood Policy*, COM(2006)726 final, Brussels, 04.12.2006, p. 8.

17 Cf. Egbert Jahn: *Ausdehnung und Überdehnung. Von der Integrationskonkurrenz zum Ende der europäischen Integrationsfähigkeit*, in: *Osteuropa*, 57:2-3, 2007, p. 35-55; Sabine Fischer: *Die EU und Rußland. Konflikte und Potentiale einer schwierigen Partnerschaft*, SWP-Studie 2006/S34, Berlin, December 2006, p. 22.



Debating common neighbourhood (from right): Vasily Likhachev, Vyacheslav Nikonov, Matthes Buhbe, Angelica Schwall-Düren.

ceptable for the West, Russia would have to undergo a fundamental change and turn towards a liberal type of modernisation.¹⁸

Thirdly, and often in the foreground of political debate, a strong differentiation exists between the Eastern and Southern neighbourhood of the EU that derives from the option of the Eastern countries to make use of article 49 TEU and apply for EU-membership at any time.

The membership perspective

This brings us to another contested aspect of ENP, the membership perspective for the Eastern partners. Here the EU is divided but even more at a loss. In the near future the EU does not have

an appetite for taking in more countries from the neighbourhood (enlargement fatigue combined with stagnating integration). The EU looks for alternative offers for membership, temporary or definitive, and these ambivalences are reflected in the ENP. At the same time the ENP is concerned with a management of high expectations of European neighbours. Namely Ukraine, Moldova and Georgia expect that the EU acts as *the* anchor for their transformation and modernisation. This core interest is normally phrased as the desire to become member of the EU and to be granted a so called European perspective.¹⁹ The EU is establishing an ever more sophisticated sequence of politically defined stages in order to control and steer the aspirations and

18 Cf. Sergei Medvedev: EU-Russian Relations. Alternative futures, FIIA-Report 15/2006, Helsinki. For further discussion see paragraph 4 below.

19 The Council does not grant explicitly a European perspective but states: "1. The Council and the Commission recall that the European Union has acknowledged Ukraine's European aspirations and has welcomed Ukraine's European choice in the Council conclusions and in the EU-Ukraine Action Plan, both adopted on 21 February 2005. The EU recognises and welcomes the progress Ukraine has made in consolidating democracy." Council of the European Union: General Affairs and External Relations, 2776th Council meeting, 5463/07 (Presse 7), Brussels, 22.01.2007, p. 6; "EU-Ukraine start negotiations on new enhanced agreement", Press Release IP/07/275, Brussels, 02.03.2007.

concrete steps of third countries that want to get closer and closer to the EU. One example is the Stabilisation and Association Process (SAP) for the Western Balkans.²⁰ As the EU cannot withhold a country from sending an application to “Brussels” and to set off the bureaucratic machinery of the accession procedures, the EU is interested in strengthening the ENP and making it more attractive, independent of the diverging preferences among Member States with regard to its strategic objective.²¹

Some EU actors see the ENP as an alternative for membership. Among them are mostly old Member States of the EU-15, in particular Germany, France, Spain, Austria, the Netherlands and officially also the Commission, namely the responsible Commissioner Ferrero-Waldner. It is however only a slight simplification to say, that inside the Commission as well as in the European Parliament by and large national preferences rather than party political or other considerations shape respective positions of the highly heterogeneous Member States.

Supporters of ENP as a policy “distinct from the process of EU enlargement”²² prefer ENP to be guided by foreign policy considerations. In this perspective ENP is about functional co-operation in specific sectors, it is based on ‘give and take’ and is therefore more symmetrical than relations with candidate countries. Europeanisation in terms of democratisation is a welcome side effect but not an objective directly pursued. Where incentives are restricted conditionality is limited. Different levels of ambitions however allow this policy to intensify in the framework of

what could be called “deep association”. The most restrictive Member States, namely France, try to avoid the name ‘association’ because it could be read as a commitment towards a pre-stage of membership.²³

Through its focus on modernisation and stability, “deep association” would aim at improving living conditions in the neighbouring countries and establishing reliable political relations with them. Efforts in the areas of economy and trade, democracy and institution-building and (political) dialogue as well as aid would be directed towards modernisation goals set by the neighbouring countries and not automatically derived from the demands of the EU’s *acquis*, hence of membership. This would give the neighbours more responsibility but also a greater scope in decision-making for their domestic reform programmes. Admittedly, the incentives for compliance are weaker than in the pre-accession and membership context, but the EU’s intensity of interest in neighbours’ full compliance is also more limited and selective. In line with the notion of “modernisation”, implementation of the association agreement rests upon consultations and (joint) decisions between the EU and the neighbouring country to select issues, define priorities, and time and sequence the measures agreed upon. Results would not be evaluated (as in the Commission’s progress reports following the accession progress) with respect to convergence with the *acquis* (from CAP to competition policy) but rather with respect to improvements in good governance and economic development in general. Compared to candidates for member-

20 Cf. Barbara Lippert, Michael Dauderstädt, Andreas Maurer: Die deutsche EU-Ratspräsidentschaft 2007: Hohe Erwartungen bei engen Spielräumen, Internationale Politikanalyse, Europäische Politik, Friedrich-Ebert-Stiftung, Berlin/Bonn, November 2006, p. 30-31.

21 Cf. European Commission: Strengthening the European Neighbourhood Policy, COM(2006)726 final, Brussels, 04.12.2006.

22 European Commission: Strengthening the European Neighbourhood Policy, COM(2006)726 final, Brussels, 04.12.2006, p. 3.

23 In substance there is no difference however. Cf. Konrad Schuller: Ein dorniger Weg. Für die Ukraine beginnt ein EU-Beitrittsprozess ohne Beitrittsperspektive, in: Frankfurter Allgemeine Zeitung, Nr. 54, 05.03.2007, p. 10; The Council states: “– through this Agreement, the European Union aims to build an increasingly close relationship with Ukraine, aimed at gradual economic integration and deepening of political cooperation; – a new enhanced Agreement shall not prejudice any possible future developments in EU-Ukraine relations.” Council of the European Union: General Affairs and External Relations, 2776th Council meeting, 5463/07 (Presse 7), Brussels, 22.01.2007, p. 6



Andrey Klimov (in front) and Justas Paleckis giving their statements on the new PCA.

ship, this would demand from the neighbours a far more active and self-determined role and reform programme.

The component of “stability” as mirrored in the areas of “foreign and security policy” and “internal security” in an enhanced type of association emphasises the EU’s growing interest in reducing tensions and managing or preventing regional conflicts in Eastern Europe. In some instances, such as Moldova or Georgia, this is regarded as a pre-condition for democratisation and economic development in the region.²⁴ Stability partnership also stresses the interest of the EU in involving its neighbours in the fight against terrorism, organised crime, proliferation of weapons of mass destruction, and engaging them in securing energy transport and cooperating on other challenges of global governance.

The EU could then seek tailor-made agreements with neighbouring countries and determine the level of ambition according to mutual interests and the neighbours’ capacities so that the concrete agenda of modernisation and stability will vary from country to country. When it comes to subsequent sectoral agreements, e.g. on trade in agriculture or other sensitive goods, migration and visa policy, financial and other types of assistance, the EU must be ready to pay a price. This will be one of the test cases for those EU members that want to upgrade the incentives of ENP as an alternative for membership.

The second group inside the EU prefers to design ENP for the Eastern countries straightforwardly after the pre-accession strategy that rests upon the perspective of membership and thus the taking over of the *acquis* in full. The

24 Cf. E.-O. Czempel, “Demokratisierung von außen. Vorhaben und Folgen”, *Merkur*, no. 6, 2004, pp. 467-79, specifically p. 472. Cf. arguments by Foreign Minister Frank-Walter Steinmeier on his last visit to the Southern Caucasus countries: “However, possibilities for cross-border cooperation of this kind were being hindered by regional conflicts in the Southern Caucasus.” Press Release, “Visit of the Federal Foreign Minister to the Southern Caucasus”, available at: http://www.eu2007.de/en/News/Press_Releases/February/0220AAKaukasus.html (last access: 06.03.2007).



Angelica Schwall-Düren underlines the importance of EU-Russia cooperation in the common neighbourhood.

acquis would be the script to guide reform and transformation. The golden carrot of membership is seen as *the* key incentive that worked in the cases of the ten new CEE members. One should however realise that the leverage and impact of political conditionality was not really tested because conditionality mostly concerned specific aspects rather than fundamental ones, e.g. in Latvia/Estonia (treatment of Russian speaking minorities) and also Slovakia (Meciar government). ENP would largely follow the path of the pre-accession strategy (as e.g. now exercised with Western Balkans countries or Turkey). ENP for the Eastern countries thus is regarded as an intermediate step towards membership. Many of the new members support this course, most vocally Poland and Lithuania, and Commissioners and members of the European Parliament from new Member States like Danuta Hübner and Jacek Saryusz-Wolski, the new chairperson of the Foreign and Security Policy Committee.²⁵

While the first approach (deep association) is more neutral and potentially compatible with the strategic partnership concept of the EU towards Russia, the pre-accession and membership strategy is often, while not necessarily linked to a containment policy and more challenging for Russia (cf. paragraph 4 and overview below). Governments of Germany, France and Finland for example support the first approach, where as Poland and new members from Central and Eastern Europe are generally in favour of a high profile ENP (type membership). At the same time they warn the EU to continue with an “unconditional *realpolitik*” towards Russia. Poland in particular fears to be the first country that will directly bear the consequences of this EU *realpolitik*. They recommend to place more weight on values in the strategic partnership with Russia and expect more solidarity of all EU members for those countries that are – like Poland – pressured and threatened by Russia.²⁶ Due to the different historic experiences and the legacies of

25 Cf. “Enlargement, Neighbourhood Policy and Globalisation. The need for an open Europe”, speech by Danuta Hübner, Edinburgh University, Edinburgh, 21.09.2006; “Ukraine is model for EU neighbourhood”, Interview with Jacek Saryusz-Wolski in the EEP-ED Group, European Parliament, March 2005.

26 Cf. the statement from Marek A. Cichocki: Wir kennen diesen Nachbarn nur zu gut, in: Süddeutsche Zeitung, 05.12.2006, p. 2.

the communist past a cleavage between old and new members on the perception of Russia and the respective strategy towards Russia is evident. If the 27 member states cannot agree on a substantial policy towards Russia negative repercussions on the ENP are likely as well as a weakening of the EU's role in the neighbourhood region.

3. ENP offers and how Russia comes in

Irrespective of the strategic ambivalences of ENP and the diverging preferences of EU actors ENP offers are broad and detailed. One of the major weaknesses of ENP so far has been the balance between what the EU demands from the neighbours in terms of adaptation and change and what it offers as incentives and benefits. Out of the seven action points the Commission proposed for an improved and more attractive ENP three will be briefly discussed: economy, security and financial cooperation.²⁷

Economy

At the heart of most proposals for upgraded agreements to succeed the PCAs with the Eastern ENP countries is the creation of a free trade area as the initial stage of a gradual participation of neighbours in the internal market. For example

in the case of Ukraine the EU proposes a deep and comprehensive free trade area which means that beyond the dismantling of tariffs also non-tariff barriers shall be abolished through an alignment with regulatory policies of the EU.²⁸ If a neighbour opts for regulatory policies of the EU this will at a certain stage cause conflicts with an emerging "single economic space" (SES) led by Russia. President Juschtschenko already complained that Ukrainian economy and business community have to learn and deal with "two alphabets" as far as standards, norms and legal frameworks are concerned.²⁹ The Commission is working on a long list of EC/EU programmes and agencies that could be opened for neighbours (cf. box 1 below).

The EU follows its established practice with associated countries like Norway or Israel. Other key instruments of the pre-accession process, Taix³⁰ and Twinning³¹, shall become part of ENP offers. They support capacity building of administrations – in general and more specifically to absorb EU financial assistance and to understand the regulatory policy of the EU and its implementation. One should also consider that administrative cooperation through TAIEX and Twinning entails interaction with administrative cultures of the OECD world, which functions under the rule of law and democratic political systems.³² One can hardly imagine that in this respect the Common Economic Space (CES)

27 The four other action points include facilitating mobility and managing migration, promoting people-to-people exchanges, building a thematic dimension to the ENP, strengthening political cooperation, enhancing regional cooperation; Cf. European Commission: Strengthening the European Neighbourhood Policy, Brussels, 04.12.2006.

28 E.g. with regulatory aspects of the European Aviation Safety Agency (EASA), the European Medicines Agency (EMA), the European Food Safety Authority (EFSA) or the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM).

29 Cf. speech delivered by President Juschtschenko on: "Die Ukraine im Jahr 2007 – Bilanz und Perspektiven der politischen und wirtschaftlichen Entwicklung", at the representation of the Land Brandenburg, Berlin, 08.02.2007.

30 The Technical Assistance and Information Exchange (TAIEX) is an institution building instrument for short-term assignments. TAIEX channels requests for assistance in the fields of approximation, implementation and enforcement of Community legislation in beneficiary countries including secondment of expert visits, training; monitoring and analysis of progress, database and information products and the translation of legislation. TAIEX assistance is targeted towards candidate countries, acceding countries, the ten new Member States, Western Balkan countries, countries involved in the European Neighbouring Policy and Russia.

31 Twinning is the main mechanism for implementing institution building projects. The idea is to help the administrations of the candidate countries to develop the administrative structures, human resources and modern and effective management skills needed to manage the EU- acquis. Source: http://ec.europa.eu/enlargement/glossary/index_en.htm (last access: 26.02.2007).

32 Cf. Barbara Lippert/Gaby Umbach: The Pressure of Europeanisation. From post-communist state administrations to normal players in the EU system, Baden-Baden, 2005.

between the EU and Russia will be modelled after the ENP. Russia will certainly not open its administration to EU experts for the Twinning and Taixex types of cooperation and “teaching”. These are however major avenues of EU-Europeanisation. In the case of Russia experiences and other forms of EU-socialisation will probably

derive indirectly e.g. through cross-border co-operation programmes at a regional level. So divergence between ambitious and dynamic neighbours and a self-centred stagnating Russia could increase within the economic area.

Divergences could even accelerate if the envisaged “economic community”³³ between the

Box 1: **Opening of EC agencies and programmes.**

Participation of ENP partner countries in activities of Community agencies varies, but is possible in many cases depending on the adoption of EU legislation and the implementation of international and European standards. However, participation is not possible in some Community agencies for instance. This concerns agencies restricted to supporting EC Member States in applying certain internal Community policies (for example OHIM). Participation is also excluded if the main activity of an agency is cooperation with third countries, including ENP partners (ETF – European Training Foundation). Some other agencies envisage selective cooperation with ENP partner countries as external partners in specific policy areas. Community programmes related to specific policy areas provide participation or even envisage an intensive involvement of ENP partners. This is the case for a wide range of policy fields like Financial control, Competitiveness, Trade-related programmes, Transport, Energy, Information society, Innovation, Technology and research but also Consumer protection. However, some Community programmes do not appear suitable for participation by ENP partners, e.g. “Justice, freedom and security”. Some programmes in this policy sector are limited to a relative low degree of cooperation. There are other programmes related to specific policy areas (agriculture, fisheries and employment) that are not open to any form of participation by or cooperation with ENP partner countries. This is for example the case of the “Community Programme for Employment and Social Solidarity” (Progress) which aims at supporting the implementation of objectives of the European Union in the employment and social area as set out in the Social Agenda. The following tables highlight the possible degree of participation of ENP-partners in EC/EU-agencies and programmes according to the Commission’s proposal:

Table 2: **Community Agencies – “Openness” to ENP partners (n = 27)**

	open	partially open	not open	“uncertain”
Total	18	1	7	1
in %	67	3,5	26	3,5

Table 3: **Community programmes – “Openness” to ENP partners (n = 31)**

	open	partially open	only cooperation	not open
Total	15	3	2	11
in %	48,5	9,5	6,5	35,5

33 European Commission: Strengthening the European Neighbourhood Policy, Brussels, 04.12.2006, p. 5.

EU and ENP partners will be created some day. The economic community shall form a high level of integration in the ENP framework. Again, competition and contradictions between the economic community of the EU and ENP countries on one side and the CES and the Single Economic Space on the other are looming. Considering that a stake in the internal market, starting with a deep and comprehensive FTA and potentially transforming into a multilateral FTA with PSS countries, is a core incentive of the ENP. It is important to think at an early stage how Russia can come in and what the implications for the CES might be. The question must not be answered by the neighbours alone, but by a strategy on behalf of the EU. Once ENP becomes effective in the economic area, the EU cannot disregard the Russian factor any longer.

Security

In terms of security the EU perceives its Eastern neighbourhood as a region where dynamic threats could spill over and destabilise the EU. These mostly concern soft security risks, like illegal migration, state failure, and organised crime. Apart from offers to involve and align third countries with the CFSP/ESDP – such as alignment with CFSP declarations on a case-by-case basis, briefing and coordination meetings in international consultations (UN, OSCE), participation in civil and military peace-keeping missions where appropriate – the EU wants to promote multilateral fora and arrangements in particular for the Eastern neighbours. After the accession of Romania and Bulgaria the EU is bordering the Black Sea and thus drawn closer to the Southern Caucasus and its frozen conflicts.

The BSR is an important gateway and transit route for energy, mainly gas, from the Caspian Sea. The EU is interested in diversifying its energy supplies and routes which is a way of reducing dependence on Russia.³⁴ Energy security and risks of an outbreak of frozen conflicts that could destabilize the region and spill over e.g. on the Northern Caucasus make up the strategic importance of the BSR for the EU.³⁵ On this background the EU wants to prepare for a proactive policy and improve its position in the region anticipating possible critical developments. In the BSR, five ENP countries (Moldova, Ukraine, Georgia, Armenia and Azerbaijan albeit not all directly bordering the Black Sea), the strategic partner Russia and the candidate Turkey come together. Russia and Turkey form the major power axis in the BSR.³⁶ While relations between the EU and Belarus are frozen, the BSR could involve all Eastern ENP-countries and build an organic link between the three Eastern European and the three Southern Caucasus countries. The EU thinks that this constellation “offers great potential for dialogue and cooperation at regional level” and proposes a cooperation “fully inclusive, whatever the formal context of its [the EU] bilateral relations with these countries”³⁷ are which is a bridge towards Russia and Turkey. It envisages a “Black Sea Synergy” that shall connect existing initiatives (like the BSCE with its elaborate institutional set up, the Baku initiative for transport and energy and other initiatives to improve the infrastructure in energy and transport sectors and the environment) rather than initiating new ones. The Commission identified BSEC as an appropriate bridge towards a multilateral forum where the EU meets with all Eastern ENP countries (but Belarus) back to back

34 Cf. Roland Götz: Nach dem Gaskonflikt. Wirtschaftliche Konsequenzen für Rußland, die Ukraine und die EU, SWP-Aktuell 2006/A 03, Berlin, January 2006; Roland Götz: Russlands Öl und Europa, FES-Analyse, Bonn, Juli 2006; Zacchary Ritter: EU Engagement in the Black Sea Region: Challenges and Opportunities for the EU, Working paper, Stiftung Wissenschaft und Politik Berlin, December 2006, p. 14.

35 Cf. Dieter Boden: Gereifte Erkenntnis. Eine Lösung der südkaukasischen Konflikte liegt auch im Interesse der EU, in: Internationale Politik, 7/2006, p. 86-91.

36 Cf. Sammi Sandawi: Machtkonstellationen im Schwarzmeerraum - Implikationen eines EU-Beitritts der Türkei und anderer Anrainer, in: integration, 2/2006, p. 134-148.

37 European Commission: Strengthening the European Neighbourhood Policy, COM(2006)726 final, Brussels, 04.12.2006, p. 10.

with BSCE gatherings for political dialogue and exchange on other ENP-related matters. Considering that the three Baltic EU Member States have already established a “3+3” initiative with the three Southern Caucasus countries, the EU-27 would establish a more comprehensive dialogue format as far as the EU and the ENP countries are concerned. This is one example for the EU’s search for enhancing regional cooperation and at the same time injecting multilateralism into the up to now bilateral ENP-framework.

In addition, the German presidency wants to elaborate a Black Sea dimension that could also involve Russia and thus go beyond the formal boundaries of ENP. The objective is twofold: it aims at a strengthened cooperation in the region (bottom up)³⁸ and between the EU and the region where the visibility of the EU has been shallow in the past. As a lesson drawn from the Barcelona process no new institutions shall be established for the Black Sea. To circumvent veto and blockage strategies cooperation among those who are willing and able is promoted without the need to include all and agree among all. However, if the German presidency will not succeed in anchoring its initiative for a Black Sea dimension in the ENP framework this might not be continued by the next presidency and remain futile.³⁹

Moreover, the Commission proposed a high level meeting of all 11 ENP partners that have action plans put into force in 2007. This would bring together the strange mix of Mediterranean and Eastern neighbours of the EU to discuss core elements of ENP.⁴⁰

The new single instrument for financial cooperation, ENPI, invests in cross-border cooperation between regional and local authorities on issues like environment, transport, regional economic development, tourism etc. Better coordination of the plethora of sectoral initiatives could bring added value. These efforts could be conducive for addressing conflicts in the region although ENP itself is not an instrument for conflict resolution.

As mentioned above, ENP has a strong foreign and security component. The Commission plainly states: “If the ENP cannot contribute to addressing conflicts in the region, it will have failed in one of its key purposes.”⁴¹ On security and stability in the whole of the EU’s neighbourhood Russia clearly comes in, be it in relation to the Middle East, Moldova or the Southern Caucasus. In particular, the Commission stresses the need “to engage Russia in closer cooperation in preventing conflicts and enhancing stability across Eastern Europe and the Southern Caucasus”. Whether Russia is interested in solving the frozen conflicts and in active negotiations is an open question. In Moldova, Georgia, Armenia and Azerbaijan frozen conflicts work as blockages to political reform and economic development. For the EU this is probably the most important motive for engaging in conflict resolution there. However, the status quo seems acceptable for Russia as long as it can maintain control over the neighbours. For the time being the Southern Caucasus and Moldova are not yet areas of cooperation between Moscow and Brussels, which is regularly emphasised in communiqués after EU-Russia summits.⁴²

38 Sectors of regional relevance are: transport, energy, environment, fight against organised crime and illegal migration, border security etc.

39 The German presidency will prepare a document on the Black Sea to be endorsed by the European Council in June 2007.

40 ENP participating countries include Armenia, Azerbaijan, Georgia, Israel, Jordan, Lebanon, Moldova, Morocco, Palestinian Authority, Tunisia and Ukraine.

41 European Commission: Strengthening the European Neighbourhood Policy, COM(2006)726 final, Brussels, 4.12.2006, p. 9.

42 “On external security the EU pressed for more cooperation in the common neighbourhood while Russia emphasised non-proliferation and disarmament. [...] We also need to work intensively to reduce our differences on Georgia and on Kosovo.” Benita Ferrero-Waldner, Statement on EU-Russia Summit, European Parliament Plenary, speech/06/758, Brussels, 29.11.2006.



Jan-Marinus Wiersma (in front) sees a constructive role for the EU in Central Asia.

Looking further at the “neighbours of our neighbours”⁴³ in Central Asia, Russia is not at all interested in an increased role of the EU. Thus, in a medium term Russia will have to consider how to respond to an EU that defines its interests and challenges other players in the region.⁴⁴

Financial cooperation

Since the early 1990s well over 2.5 billion of assistance was provided to Russia within the framework of the TACIS programme which covered a wide range of sectors. The idea was to assist Russia’s transition process to democracy and the market economy.⁴⁵ From the year 2007 onwards ENPI substitutes TACIS, MEDA, PHARE and INTERREG as a single and more flexible financial instrument. Although not co-operating within the framework of the ENP, Russia benefits from the financial instrument of

the European Neighbourhood Policy. A total of 4 bn. Euro is earmarked for the Eastern ENP countries for a period of seven years. From this year on, approximately 60 million Euro per annum will be available from the European Commission to promote the EU-Russia relationship. The financial assistance will concentrate on the four Common Spaces, academic and educational exchange, and also some support for Russian regions. Together with Russia’s involvement in regional, cross-border and other programmes, the total financial assistance may rise to 100 million Euro.⁴⁶ The ENPI is more flexible than previous instruments and will represent and increase in resources over what was previously available.⁴⁷ Given the possibility to benefit broadly from the financial opportunities of the ENPI, Russia should have a strong interest of further deepening and developing the cooperation with the EU (cf. box 2 below).

43 European Commission: Strengthening the European Neighbourhood Policy, COM(2006)726 final, Brussels, 4.12.2006, p. 11.

44 Cf. Anna Matveeva: EU stakes in Central Asia, Chaillot Paper Nr. 91, Paris, July 2006

45 European Commission: EU-Russia financial cooperation, factsheet, EU-Russia Summit, Helsinki, November 2006.

46 European Commission: EU-Russia financial cooperation, factsheet, EU-Russia Summit, Helsinki, November 2006.

47 An increase of some 32% is foreseen, comparing 2007-13 with 2000-06. European Commission: Communication on Strengthening the European Neighbourhood Policy, COM 2006, Brussels, 04.12.2006, p. 12.

A real innovation is the EU's attempt to encourage reform elites through a so called governance facility.⁴⁸ This is paid on top of normal funds to merit performance in implementing commitments related to good governance under the action plan. In the action plans priorities are agreed upon which can serve as benchmarks for evaluating the state of implementation. This sort of positive discrimination and conditionality shall help elites to maintain their reform course against anti-reform political forces and resentment in the wider public because of painful measures taken by the government. Moreover, the EU wants to encourage broad and inclusive

modernisation programmes as far as sectors and actors are concerned. Therefore besides the state authorities, also parties, non-governmental organisations, and grass root activities shall be included in ENP programmes and activities. As Russia is hostile to or at least disinterested in promoting democracy in his neighbourhood there is ample room for conflict between Brussels and Moscow.⁴⁹ Promoting good governance and democracy is a key part of ENP and a question of political credibility and identity of the EU. However, it is not clear how this latent but fundamental divergence will influence EU-Russia relations.

Box 2: **Russia and TACIS/Cross Border Cooperation.**

Traditionally Russia's Northern regions were involved in programmes under the EU's Northern dimension initiative which will be continued or renewed under the new conditions. Between 1996 and 2004 Russia's north-western regions received 20-30 million Euro per annum within the context of the TACIS/CBC (Cross-Border Cooperation) programme. Nearly 400 projects were financed by this programme.^I Between 2004 and 2006 new neighbourhood programmes were established within the framework of the "EU-Russia CBC Action Programme". Around 35 million Euro were related to the six programmes benefiting the Russian regions.^{II} Until December 2006 exactly 127 projects were covered by this programme with a financial volume of more than 20 million Euro. An important example of financial co-operation projects is the EC assistance to Kaliningrad. The European Commission emphasises the importance of socio-economic development, with a view to promote harmonious, sustainable development between Kaliningrad and neighbouring EU regions (in particular Polish and Lithuanian). Therefore, the Commission provides substantial assistance in support of Russian efforts to promote the economic and social development of the Kaliningrad region, and places emphasis on strengthening cooperation with Russia across the borders of the enlarged EU. Over 50 million Euro were committed in the period 2001–2003, with another 50 million Euro in the period 2004–2006 under the Special Programme for Kaliningrad, the Neighbourhood Programme and for improving border crossings. Projects cover institution building, energy, transport, enterprise restructuring, management training and environment.^{III}

I: Valentina aplinskaja (2007): Lokal (Ko-)Operation. EU-Projekte in Russlands Nordwesten, in: Osteuropa 57: 2-3, 217-228, p. 219.

II: European Commission's Delegation to Russia: http://www.delrus.cec.eu.int/en/p_552.htm

III: A new impetus to the „Northern Dimension“, IP/06/1616 Brussels, 23 November 2006. http://ec.europa.eu/comm/external_relations/north_dim/kalin/index.htm

48 Another is the neighbourhood investment fund. Cf. European Commission: Strengthening the European Neighbourhood Policy, Brussels, 04.12.2006, p. 12.

49 Cf. Arkadij Moshes: Priorität gesucht. Die EU, Rußland und ihre Nachbarn, in: Osteuropa, 2-3/2007, p. 21-34.

Outlook

Compared to the scope and focus of the four common spaces between the EU and Russia the ENP offers are both broader and potentially of a deeper going nature. A good example for future divergence between the ENP countries and Russia are trade and regulatory policies that pave the way for a stake in the internal market. In a dynamic perspective the EU's relationship with ENP countries could overtake its relationship with Russia. This special relationship would be neither close nor privileged while its strategic importance continues because of Russia's size, proximity, nuclear arms, military potential and energy resources.

Within a dual approach the EU might forge an organic relationship between ENP and Russia policy. It could invent (watered down) equivalents to ENP offers in core action points at an early stage to ensure complementary while not synchronised measures. For the strategically contested neighbourhood the EU can only strive for a cooperative balance of interests that leave zero sum solutions behind. In its political dialogues and negotiations with the ENP countries and Russia the EU should regularly address in an open language the respective implications of measures and activities for all sides of the triangle.

4. Implications of ENP for EU – Russia relations: Two scenarios

To sum up one can say, that ENP as it is set up today does not systematically take account of the big neighbour Russia. However, the „common neighbourhood“⁵⁰ as an objective of EU-Russia

relations is frequently addressed in discourse and even, but less so, in practical EU-Russia relations. A horizontal challenge is the balance between geopolitical interests and values. This problem builds the background for the two scenarios on ENP and its implications for EU-Russia relations as presented below (cf. overview 1).

EU-Russia: interests and values

“We should continue to work for closer relations with Russia, a major factor in our security and prosperity. Respect for common values will reinforce progress towards a strategic partnership.”⁵¹ In a nutshell the two sentences present priorities and problems of the EU in its relations with Russia: The EU needs Russia to build a working regional security system,⁵² it needs Russia as a partner to cope with global security challenges and international threats. Further, the EU depends on Russia as an energy supplier. It wants to build a constructive and cooperative relationship in areas of strategic importance and does not want ENP to distort the relationship with Russia. The quality of the strategic partnership depends on the respect for common values. The EU can refer to Russia's membership in the Council of Europe, something Russia shares with the six⁵³ Eastern ENP countries and which marks a difference with regard to the Mediterranean neighbours. Thus the EU may insist – in all six cases – to respect obligations that each of them has subscribed to under international agreements.⁵⁴ According to the Freedom House Index 2006 Russia as well as Armenia, Azerbaijan and Belarus are ranked as “not free” while Moldova is rated “partly free” but only Ukraine as “free”.⁵⁵

50 This is a term the EU uses but not Russia. In joint declarations normally the term “adjacent countries” is used. Cf. Heinz Timmermann: Ausbau der Partnerschaft trotz divergierender Entwicklungen in Russland und der Europäischen Union, in: Friedrich-Ebert-Stiftung (FES) (ed.): EU-Russland-Partnerschaft: Ehrgeizige Ziele – Bescheidene Resultate? Discussion group “Partnerschaft mit Rußland in Europa”, second meeting, 23./24.05.2005, Moskau, p. 43.

51 European Security Strategy, 12.12.2003, p. 14.

52 Cf. Sabine Fischer: Die EU und Rußland. Konflikte und Potentiale einer schwierigen Partnerschaft, Dezember 2006, p. 21.

53 Belarus applied for membership in the Council of Europe in 1993 (still open).

54 Cf. Sabine Fischer: Die EU und Rußland. Konflikte und Potentiale einer schwierigen Partnerschaft, Dezember 2006, p. 5 und 21.

55 The Southern ENP countries are ranked as follows: Israel is rated as “free”, the Palestinian Authority is rated “partly free”, Egypt, Libya, Syria and Tunisia are rated as “not free” countries, cf. Freedom in the World 2006 Country Subscores; <freedom-house.org/template.cfm?page=278>.



Integrating economies: Katinka Barysch explains her position on economic cooperation.

The European Parliament pleads for an ambitious policy towards Russia guided by interests and shared values. It “acknowledges the importance of Russia as a strategic partner, with which the EU shares not only economic and trade interests, but also the objective of cooperating closely in the international arena as well as in the common neighbourhood”⁵⁶. It “stresses that a robust defence of human rights and democratic values should be a core principle of any engagement with Russia”⁵⁷. In EU documents the common neighbourhood is often referred to as a region of cooperation with Russia but in practical terms this has been limited so far. For example diplomatic activities and political preferences strongly diverged between Russia and the EU on key issues and values during the “Orange Revolution”. Still tensions within the triangle could be controlled and the EU contri-

buted to a peaceful course of events in Kiev. Miles away from reality the European Parliament encourages the EU to “... pursue[s] joint initiatives with the Russian government to strengthen democracy, security and stability in the common neighbourhood, in particular by means to establish democracy and respect for basic human rights in Belarus and of joint efforts to finally resolve the conflicts in Moldova, Georgia and Nagorno Karabach.”⁵⁸

But what does the EU expect from Russia in the neighbourhood? It mainly expects cooperation in conflict management and in reducing regional tensions and also to support sub-regional cooperation and to subsidise the economies of the neighbours, thus acting as a stakeholder for stability in the region. The more Russia will reduce its role and special relations with the neighbours, the more the EU must be

⁵⁶ European Parliament: Resolution on the EU-Russia Summit, P6_TA-PROV(2006)0566, Helsinki, 24.11.2006, point 1.

⁵⁷ European Parliament: Resolution on the EU-Russia Summit, P6_TA-PROV(2006)0566, Helsinki, 24.11.2006, point 2.

⁵⁸ European Parliament: Resolution on the EU-Russia Summit, P6_TA-PROV(2006)0566, Helsinki, 24.11.2006, point 9.

prepared to assume more responsibility in terms of economy and security and as a stakeholder also in the internal transformation of the ENP countries. As we will see in the two scenarios below this does not mean automatically to antagonize Russia.⁵⁹ On balance scholars like Moshes and Timmermann for example recommend that the EU can be firm on political principles and values without blocking or refraining from cooperation in other fields.⁶⁰ It is in the neighbourhood where the EU will probably quite often be confronted with the dilemma between values and geopolitical considerations. This dilemma will not be solved on paper and by agreements. However, the EU shall engage Russia in regular political dialogue on these principles and remind Russia of respecting commitments publicly and as part of summits and other meetings. The EU must back the freedom of choice of Ukraine and other post-Soviet countries for example as far as WTO- and NATO-membership are concerned and reject Russian interference or economic and other pressure. The primary task of the EU is to act as a balancer or mediator (e.g. with regard to the Southern Caucasus frozen conflicts), which will often mean to support the neighbours but which at the same time implies to win Russia for cooperative solutions and compromises.

Two scenarios

If Sabine Fischer is right in stating that “the stabilisation of the Post-Soviet Sphere is a precondition for a strategic partnership between the EU and Russia”⁶¹, then the triangular relationship is a highly salient issue that should be treated in its own right.⁶² The EU, for the foresee-

able future, will neither be strong nor committed enough to be the only or major external stabiliser of the Eastern ENP countries, in particular with regard to the Southern Caucasus. Therefore, the quality of the developing triangular relationship needs special attention. As outlined above, ENP is still cautious and strategically ambivalent either as an alternative to membership (1) or as a pre-accession strategy eventually leading to membership (2): The two strategies for ENP are summed up in a “deep association”-scenario (1) and a “full membership”-scenario (2). Within the two scenarios implications for EU-Russia relations are discussed.

In the association scenario (1) the focus of ENP is on modernization and stability as explained above. It uses the existing framework and proposals for a strengthening of ENP but offers also Eastern European neighbours an association with the EC/EU. At a minimum stage association would be limited to free trade with industrial goods, a more ambitious association would gradually include internal market and flanking politics (from first pillar as well as CFSP/ESDP and third pillar issues). The creation of an economic community and further political cooperation in wide fields are possible. Despite this broad offer of association, each side, according to its interests selects areas of the *acquis* that are fully taken over by the associate or where specific rules are mutually agreed upon. Neighbours can define different priorities as well as modes and paces of adaptation. From an EU perspective the prevalent mode is deep functional cooperation with an option of shifting towards partial sectoral integration as it is the case with Norway. This is accompanied by an opening of EU/EC programmes, agencies and institutions

59 Cf. Arkadij Moshes: *Priorität gesucht. Die EU, Rußland und ihre Nachbarn*, in: *Osteuropa*, 2-3/2007, p. 21-34.

60 Cf. Arkadij Moshes: *Priorität gesucht. Die EU, Rußland und ihre Nachbarn*, in: *Osteuropa*, 2-3/2007, p. 21-34; Heinz Timmermann: *Die deutsch-russischen Beziehungen im europäischen Kontext*, in: *Zeitschrift für Internationale Politik und Gesellschaft* (IPG), 1/2007, p. 101-122.

61 Sabine Fischer: *Russia and the EU- new developments in a difficult partnership*, in: Friedrich-Ebert-Stiftung (ed.): *Partnership with Russia in Europe. Scenarios for a future Partnership and Cooperation Agreement*, Berlin 2006, p. 23-33, here p. 32.

62 Cf. *The catalogue of related questions on the specific interests of the EU*, Barbara Lippert: *Assoziierung plus gesamteuropäische Aufgabenkonföderation: Plädoyer für eine selbstbewusste Nachbarschaftspolitik der EU*, in: *integration*, 2/2006, p.149-157, here p. 156.

Overview 1: Features and Implications of ENP: Two scenarios

Features

Implications

ENP-East Strategy	ENP Focus	ENP offers	ENP-mode of cooperation	ENP-country-Russia relations	EU – Russia relations	configuration in the ENP space
Scenario 1: Deep Association	modernisation stability Alternative to membership Region-building	Selective acquis following priority action points deep FTA and gradually economic community flanked by political association	ever deeper functional cooperation partial integration Norwegian style gradual conditionality give and take significant multilateralism and regionalism	Steady, reciprocal interdependence / OR suspicious interdependence	strategic partnership EU style OR geopolitical alliance Russian style	Triangle Confed Europe interregionalism
Scenario 2: Full Membership	EU-Europeanisation Democratisation Pre-accession	Complete acquis full membership after pre-accession process	Integration, convergence, strong conditionality Strong bilateralism	marginalisation of Russia in European affairs conflict-ridden confrontation disruptive	Asymmetric partnership (EU dominance) with Russia as junior partner and would be EU member OR clash, rivals in neighbourhood; contested sphere of influence	two pillar system either cooperative OR antagonistic

for neighbours as it is already the case for EEA countries or Switzerland (cf. box 1). Taking part in decision shaping at the stages of developing legislation and implementing it (comitology) is possible on a selective basis as observers. However, taking part in decision making/taking procedures as EU members do, is still ruled out. Associates remain third countries. Conditionality is gradual and depends on the level of ambition of the neighbour.

To make this strategy viable as an alternative to membership the EU would therefore have to promote multilateral formats and cooperation in trade, economy and politics in the Eastern neighbourhood. It could start with the most advanced and interested countries that perform well under the action plans including political conditions. The action points proposed by the Commission already take up this idea.⁶³ As a rule ENP should be implemented and honoured bilaterally but be regional in concept and thus contribute to region-building.⁶⁴

In this context, the idea of a *Confed Europe* responds to the political dimension of EU-neighbourhood relations with special emphasis on functional and sectoral cooperation.⁶⁵ Beyond the deep bilateral association with ENP countries, the EU should work towards an overarching pan-European structure which could be called all-European Confederation of Tasks (Confed Europe). It underpins the partnerships for modernisation and stability. If the EU cannot or does not want to encompass all countries that are eligible to apply for membership according to Article 49 TEU, it should actively prepare a new and separate overarching framework of which the EU would be a member too. Confed Europe

is a concept that would involve European countries that will not join the EU for the foreseeable future or possibly ever. Confed Europe could, besides the EU, include countries with a European vocation, namely those post-Soviet countries that are associated with the EU and perform well in implementing modernisation and stability goals. Even Russia could potentially seek entry. It should have lightweight institutions with decision-making procedures of its own. Confed Europe is to be understood as a process as far as its agenda or activities are concerned. Starting as a political forum it would have to develop its ambition of forming something like a security or political community.⁶⁶ Over time, the “Confederation of Tasks” could develop more solid structures so that it would become part of and respond to the unfinished re-ordering of post-1989 Europe. This confederation of the EU and European states would open a new strategic perspective for a Europe that is bigger than the EU.

On this background the association scenario makes an effort to region-building alongside the EU.⁶⁷ Region-building would, however, demand further detailed strategic thinking and strong incentives on behalf of the EU. When membership for the common neighbours is not directly on the agenda, relations between the EU and Russia could be more relaxed. Also the interdependence between the ENP countries and Russia could be of a steady and reciprocal nature. This relates to the option of a “strategic partnership” between the EU and Russia modelled on the ideas of the EU which increasingly entails shared values, respect of human rights etc.⁶⁸ On this basis Russia could become part of a Con-

63 Cf. European Commission: Strengthening the European Neighbourhood Policy, Brussels, 04.12.2006, p. 4.

64 Cf. Catherine Guicherd: The Enlarged EU's Eastern Border. Integrating Ukraine, Belarus and Moldova in the European Project, SWP-Studie 2002/S20, Berlin, Juni 2002, p. 72.

65 Cf. Barbara Lippert: Beefing up the ENP: Towards a Modernisation and Stability Partnership in a Confed Europe, in: The International Spectator, 4/2006, p. 85-100.

66 Cf. Barbara Lippert: Beefing up the ENP: Towards a Modernisation and Stability Partnership in a Confed Europe, p. 98-99.

67 Cf. on regionalism, inter- and subregionalism, Thomas Gomart: The EU and Russia: The needed balance between geopolitics and regionalism, IFRI, Paris, 2006, p. 7.

68 Cf. Marius Vahl: A privileged Partnership? EU-Russian Relations in a comparative perspective, DISS Working paper Nr. 2006/3, p.20-23.



Sergey Kulik underlines the importance of a new PCA.

federation of tasks or on a bilateral basis become part of a “Union” with the EU.⁶⁹ Alongside the EU a second regional system would exist that includes the “common neighbours” which would at the same time enjoy deep cooperation and partial integration with the EU at different degrees. Through intensive bilateral and supplementary multilateral formats the two systems would be compatible.

If EU-Russia relations would be limited to a mere “geopolitical alliance” instead of a “strategic partnership”, open competition would be stronger, likewise tensions between the neighbours and Russia were characterised by a suspicious interdependence. So far Russia has a strong preference for a geopolitical alliance as a “partnership of equals”⁷⁰ which also implies non-interference in domestic affairs of EU and Russia respectively.

The membership scenario (2) focuses on a full-scale EU-Europeanisation following the Copenhagen membership criteria. In its pre-accession strategy the EU would certainly have to invest more than ever before in democratisation, good governance etc. The mode of cooperation is convergence and full scale integration combined with strong conditionality. Accession negotiations and the way up there are strictly bilateral. Moreover, the EU increasingly has an aversion to rash into political commitments for groups of countries.

Within a pre-accession/membership scenario ENP countries would distance themselves visibly from Russia. Russia would become less and less important as a point of political and economic orientation also because Russia merely follows zero-sum game logics. Marginalisation or even isolation is of course a negative perspec-

69 Cf. Michael Emerson, Fabrizio Tassinari, Marius Vahl: A New Agreement between the EU and Russia: Why, what and when? In: Michael Emerson (ed.): *The Elephant and the Bear try again. Options for a New Agreement between the EU and Russia*, Centre for European Policy Studies, Brussels, 2006, p. 62-94. For a different understanding of “union” see Timofei Bordachev. He links Union to a geopolitical alliance between EU and Russia, cf. Timofei Bordachev: *Russia and the European Union after 2007*, in: Michael Emerson (ed.): *The Elephant and the Bear try again. Options for a New Agreement between the EU and Russia*, Centre for European Policy Studies, Brussels, 2006, p. 51-61.

70 Marius Vahl: *A privileged Partnership? EU-Russian Relations in a comparative perspective*, DISS Working Paper Nr. 2006/3, p.21; cf. also Vladimir Putin: *Neue Möglichkeiten für alle Europäer*, in: *Frankfurter Allgemeine Zeitung*, Nr. 272, 22.11.2006, p. 12.

tive for Russia. Thus relations between ENP countries and Russia are likely to become more conflict ridden, disruptive and confrontational under the membership scenario. The EU and Russia would clash in their approach towards the “common neighbourhood” with open competition and rivalry. In particular Russia would perceive the ENP policy as aggressively working towards a complete common border between the EU and Russia running from the North to the South. In the membership scenario the triangular relationship between the EU, Russia and the neighbours would gradually be replaced by a two pillar EU-Russia-constellation the nature of which is either antagonistic or – in a positive version of the scenario – cooperative. Intensive cooperation under the membership scenario would mean an asymmetric partnership between Moscow and Brussels, dominated by the EU. In this scenario Russia could for face saving reasons be treated separately from the ENP countries but substantially follow the same course and degree of EU-Europeanisation. Russia would become a ‘would-be member’ of the EU.

Under the association scenario Russia would have more room for taking decisions and opting into the EU orbit selectively. Moreover, the association scenario is conducive for a cooperative, pragmatic and balanced relationship⁷¹ between the EU and Russia based on a treaty or other binding agreements.⁷² More than ten years ago this constellation was outlined in the Schäuble/Lamers Paper: “...give Russia the certainty that, alongside the EU, it is acknowledged as the other centre of the political order in Europe”⁷³. This does not imply a classical condominium exercised by the EU and Russia over the common

neighbours. But it places the neighbours on the map as a transit region with strong links towards both centres. In so far interregionalism could become an alternative to endless enlargement of the EU.

5. Conclusions

The Eastern neighbourhood represents a strong inclusion/exclusion dilemma for the EU as well as a geopolitical challenge. After the EU had included the three Baltic states into the pre-accession strategy as candidates and eventually welcomed them as members, Brussels is – for the second time – confronted with aspirations of post-soviet countries to join the EU. As far as the second wave of aspirants from the PSS is concerned many of the old questions and problems of enlargement policy⁷⁴ re-enter the scene but cast in sharper light. In particular “Russia’s attempts to re-establish its influence in the CIS will be a permanent factor in EU-Russia relations”⁷⁵ which sheds a long shadow on ENP. Moreover, in the new context of the enlarged and heterogeneous EU of 27 members, fear of overstretch is on the rise while the intensity of interests and the degree of interdependence with the potential new candidates remains relatively small inside the EU.

The constellation of promoters and sceptics as well as the costs-benefit analysis on the part of the EU are less favourable for the new neighbours than they were for the CEEC. The paradigm shift towards geopolitical rationale of enlargement (see Turkey and to some degree Western Balkans) is reinforced through the demands of the neighbours for a European per-

71 Werner Link: Auf dem Weg zu einem neuen Europa. Herausforderungen und Antworten, Baden-Baden, 2006, p. 102.

72 I do not deal with implications for the negotiations on a successor to the PCA. On this topic cf. for example Nadezhda Arbatova: Russia-EU Quandary 2007, in: Russia in Global Affairs, 2/2006, available at: <http://eng.globalaffairs.ru/printver/1023.html> (last access: 09.03.2007).

73 Wolfgang Schäuble, Karl Lamers: Überlegungen zur europäischen Politik (Schäuble-Lamers Paper), 01.09.1991, p. 11, available at: http://www.cducsu.de/section__2/subsection__3/id__319/Meldungen.aspx (last access: 07.03.2007).

74 For example: dual EU-NATO enlargement, impact on relations with Russia, integration capacity of the EU, potential of adaptation and demand of transformation in the respective countries.

75 Derek Averre: The EU-Russian relationship in the context of European security, in: Debra Johnson, Paul Robinson (eds.): Perspectives on EU-Russia Relations, London 2005, p. 73-92, here p. 88-89.

spective. For several reasons many Member States, mostly old ones, do not think that geopolitics is a strong enough argument in favour of continuing with enlargement nor that it is without alternatives. However considerations and proposals for alternatives are suspected of being the result of a deferential attitude towards the intimidating “Russians”. Many of the new members share this suspicion.

Given the inclusion/exclusion dilemma, the EU works for a balanced relationship inside the triangle that takes however fully account of the power constellation (scenario1). But it also insists that the Eastern ENP countries are accepted by Russia as a legitimate concern of the EU. „The choice for the EU is not between Russia and its neighbours. By the same logic, the choice is not for these countries to be either in the European or in the Russian *sphère d'influence*“, says Lefebvre.⁷⁶ This is a view from “Brussels” and Paris and probably Berlin⁷⁷ that might not be shared by some of the ENP countries nor for example by Warsaw. However, if the Union could convince Russia to frame the “lands between”-problem in a balanced way and highlight potentials for a win-win-situation, a cooperative *modus vivendi* under the association seems possible. This would serve all three sides of the triangle.

The EU expects that relations with the neighbours will progress at different speeds. Ukraine and Georgia might play a pilot role in and for Eastern Europe and the Southern Caucasus respectively. Moreover, Ukraine will be the key country for the new emerging order in the East because the impact of its transformation on relations with Russia is significant.⁷⁸ For several reasons the EU cannot single out and focus on

only one country in its Eastern policy. Instead it wants to establish a design and strategy for the whole ENP area and Russia (and probably also Central Asia).

In the course of implementing the ENP action plans the EU will establish a practical low-politics level in its relationship with the partners. The ongoing negotiations on successor agreements for the PCA will most likely follow the “deep association” scenario, even if the name of the agreement will be different. But the name of the game for the ENP countries is – by degrees – Europeanisation. The EU’s interest lies not in the making of new members. The aim is to reduce economic asymmetries and regional conflicts and promote good governance in the neighbourhood, objectives self-interested ENP countries should share. Thus the EU would try to decouple the objective of democratisation from the method of integration of neighbours. Beyond pragmatic policy cooperation the factor Russia and the divergent preferences between Brussels and Moscow with regard to the transformation of the neighbourhood reinforce the concern for stability and geopolitics as part of ENP. Therefore ENP will not be reduced to enlargement policy. As a young and long term policy ENP will have to elaborate further on the instruments and incentives. But repeating disregard for what deep association already offers is not helpful.

For the transformation of the internal order (towards democracy and market economy) and of the geopolitical order in the “common neighbourhood” a constructive and realistic relationship between the EU and Russia is indispensable. To a considerable extent the success of the ENP will depend on the state and quality of EU-Russia

76 Cf. Maxime Lefebvre: France and the European Neighbourhood Policy, in: Marco Overhaus, Hans W. Maull, Sebastian Harnisch (Ed.): Foreign Policy in Dialogue. A Quarterly Publication on German and European Foreign Policy, vol. 6, Nr. 19, Trier, 27.07.2006, p. 17-25, here 23.

77 Cf. the approach of “anchoring Russia irreversibly in Europe” and engaging Russia for a constructive relationship in a “change through interconnection” strategy discussed by Foreign Minister Frank-Walter Steinmeier, interview with Foreign Minister Frank-Walter Steinmeier, “Wir sollten Rußland unumkehrbar an Europa binden”, Friday, 10.11.2006, available at: http://www.bundesregierung.de/nn_1500/Content/DE/Interview/2006/11/2006-11-10-interview-steinmeier-faz.html (last access: 5.1.2007); see also “Berlin schlägt in der EU-Rußlandpolitik ‘Annäherung durch Verflechtung’ vor”, in: Frankfurter Allgemeine Zeitung, Nr. 205, 4.9.2006, p. 5.

78 Cf. speech by Foreign Minister Steinmeier at the Mohyla-Akadeemy in Kiev, 28.02.2006, available at: <http://www.auswaertiges-amt.de/diplo/de/Infoservice/Presse/Reden/2006/060301-ReiseUkraine.html> (last access: 5.1.2007).



Hans-Dieter Lucas, Commissioner for Eastern Europe, Caucasus and Central Asia, German Federal Foreign Office, Berlin

relations. Quarrels and conflicts over the “common neighbourhood” bear significant potential for deterioration and confrontation. Thus potential for clash and cooperation seems equally strong. Russia remains key but the EU’s policy of ENP and towards Russia can make a difference.

In the course of an ENP that has a real impact on the partner countries Russia will be challenged to decide on its own strategic orientation and place in the wider Europe. Russia must develop beyond a status quo power and design a regional policy for the PSS.⁷⁹ When confronted with concrete opportunities and events (like the coloured revolutions) in the Eastern neighbourhood the EU needs to have a clear understanding of its aims and capabilities in the neighbourhood to judge upon the implications for all sides of the triangle.

Moreover, developing and ventilating ideas for an overarching structure that accommodates the EU, the Eastern ENP partners and Russia is crucial for order building in the wider Europe.

There is a strong need to think more detailed about the conditions and implications of region building in the East. The vision of a “liberal-democratic region-building”⁸⁰ in sub-regions like Ukraine, Moldova and Belarus, the Southern Caucasus, Maghreb etc. deserves stronger support by the EU. Jahn for example sees Russia as a sub-region in its own right which fits into a triangular constellation for the Eastern ENP area as outlined in this paper. The ESS already declared effective multilateralism as its core principle. Multilateralism can be based on a strong cooperation between regions. Relations of the EU with countries of the PSS could mark the transition from enlargement of the EU to new forms of intensive interregionalism. Ideas for a Mediterranean Union (Sarkozy)⁸¹ likewise point in this direction for the EU’s relationship with Southern neighbours. While politically incorrect and sometimes embarrassing for neighbours, innovative thinking beyond enlargement is still welcome.

79 Cf. for economic aspects Tatyana Valovaya: The Post-Soviet Space in the Era of pragmatism, in: Russia in Global Affairs, 02/2005, available at: <http://eng.globalaffairs.ru/printver/912.html> (last access: 09.03.2007).

80 Egbert Jahn: Ausdehnung und Überdehnung. Von der Integrationskonkurrenz zum Ende der europäischen Integrationsfähigkeit, in: Osteuropa, 57:2-3, 2007, p. 35-55, here p. 55.

81 Cit. in Michaela Wiegel: Im Süden sieht Sarkozy die Zukunft Europas, in: Frankfurter Allgemeine Zeitung, 08.02.2007, available at: <http://www.faz.net/s/Rub28FC768942F34C5B8297CC6E16FFC8B4/Doc-EB617205BB94B44B886DABDB3C7B9C8DE~ATpl-Ecommon-Scontent.html> (last access: 07.03.2007).



Andrey Zagorsky points out the different perspectives on the European Neighbourhood Programme.

Common European Neighbourhood and the Post Soviet Space

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Introduction

Policy issues related to the post Soviet Newly independent states (NIS) which, after the enlargement of the European Union, now constitute our shared neighbourhood have been repeatedly brought on the agenda of the Russia-EU dialogue. This involved diverse issues, such as policies towards the Lukashenka regime in Belarus, elections in Ukraine, frozen conflicts in Moldova and Georgia, energy disputes of Moscow with Ukraine and Belarus which resulted in temporarily downsizing or interrupting of Russian energy supply to Europe, or the escalation of tensions between Russia and Georgia... In the future, the number of such occasions is unlikely to decline but, rather, will increase. Developments in our shared neighbourhood will further interfere with the relations between Russia and the European Union. The treatment of those developments by

the two partners is so far characterized by a number of remarkable features.

Firstly, there is no systematic dialogue between the EU and Russia on issues involving the problems of our common neighbours. The Russian Federation has been so far reluctant to discuss those issues with Brussels or with the EU member states on a systematic basis. Each time, problems emanating from the shared neighbourhood are brought on the dialogue agenda of Russia and the EU by extraordinary developments.

Secondly, Moscow and Brussels appear to easier and faster come to an agreement on international issues which are further away from their immediate interest (at least, from the Russian immediate interest), such as crises in the Middle East or seeking for the solution of the Iranian nuclear dossier. Both Russia and the EU tend to play a relatively modest role in handling of those issues. However, whenever it comes to

issues in which either both of them, or at least one partner has a stake, the dialogue between Russia and the European Union often does not result in a significant convergence of their policies. They rather tend to come up with controversial appreciation of the respective problems, and pursue diverging strategies to handle them. This trend manifests itself, for instance, in the discussions of the Kosovo future status, the developments in the Baltic states, the frozen conflicts or political crises in the NIS including not only the countries in the shared neighbourhood but, also, the Central Asian states.

Thirdly, the resulting discord has not yet significantly affected the relationship between Russia and the European Union. Those issues largely remain on their periphery. As a result, Russia has not revealed any interest in the European neighbourhood policy (ENP) implemented since 2004, and has declined from joining the framework. The dialogue between Moscow and Brussels is, instead, focused on another set of issues, such as the launch of official talks to negotiate a new agreement between them, or energy cooperation. Those issues appear to be of greater importance to both parties than developments in their shared neighbourhood.

The lack of systematic dialogue and co-operation on relevant policy issues related covers latent a conflict of interest between Moscow and Brussels. As regards this region, Russia understands itself as a status quo power, and interprets any expansion of influence of any third party as hurting its interest. This way to perceive the developments in the post-Soviet space, the Eastern Europe and the Caucasus included, has consolidated over the past years as a result of the economic growth feeding the illusion among the political class that Russia is restoring its status of a great power – at least the regional, if not the global one.

Policies towards the Eastern Europe and the South Caucasus remain on the periphery of Russo-EU relations simply due to the fact that the European Union is not seen in Moscow as a revisionist actor capable to question the status quo and make a difference as regards the de-

velopments in the region. For that reason, Moscow does not take the ENP seriously. Despite the shock produced by the “roses” and “orange” revolutions in Georgia and Ukraine, the contradictory and open nature of the transformation processes in the shared neighbourhood countries feed Moscow’s hope that changes that have occurred as a result of those revolutions are reversible, and similar changes can be prevented from taking place in other NIS.

If at all successful, domestic transformation in the Eastern Europe and the South Caucasus is going to take time. Its outcome in the longer run is anything but predetermined. The uncertainty as regards the direction of further transformation in the shared neighbourhood and its outcome feeds Moscow’s hope that, given the growing policy resources, it shall be able to increasingly influence the domestic choices to be taken by individual countries, and their foreign policy orientation.

The multi-vector foreign policy pursued by most of the Eastern European and South Caucasian nations justifies the assumption that the most likely near to mid term scenario of the evolution of the EU-Russia relations with regard to the region implies neither a clash of interest, nor an increasing cooperation. Neither is likely to occur. If this assumption is true, the shared neighbourhood shall further remain on the periphery of the relations between Russia and the European Union while other issues, more important to both, would continue to dominate the agenda. Moscow and Brussels would pursue their policies towards the Eastern Europe and the South Caucasus independent of each other. Admittedly, however, eventual conflicts and political crises in the region would occasionally serve for some amount of tension between Russia and the EU.

At the same time, developments in the region, as they evolve, reveal an increasing diversification of external relations of individual nations. Belarus remains a single exception from this trend but even that is relative. Those developments are characterized by a) continuous decline of Russia’s influence, b) increasing role for the



Rolf Mützenich stresses on the importance of civil society dialogues.

European Union as an economic partner of the region, and c) the growing interest of practically all ENP countries to closer cooperate with Euro-Atlantic security institutions and in particular with NATO.

All these trends had manifested themselves before the European Union launched the ENP initiative. Their evolution so far was only to a minor extent due to the implementation of this initiative. However, the ENP fits well into the picture of further diversification of external relations by the East European and South Caucasian nations, and helps to consolidate this development. Therefore, provided the trends identified above continue developing, and the Moscow's influence in the shared neighbourhood continues declining, the Russian disapproval on the ENP is bound to grow in a longer run thus contributing to discord with the European Union and preventing cooperation in achieving the ends of the ENP. However, this conclusion is only true for as long as the Russian foreign policy discourse is based on the illusion of the resurgence of Russia as a great power.

The first part of this paper reviews the main features of the European neighbourhood policy as far as they may be relevant to Russia. It also reviews the evolution of this policy based on the

last years discussion of the German proposal for an ENP Plus. The second part of the paper analyses the Russian attitude towards the ENP, and the reaction to the more proactive policy of the European Union towards the Eastern Europe and the South Caucasus. The third part sums up major trends that manifest themselves in the shared neighbourhood and are not necessarily triggered by the policies of either Russia, or the EU. It shows that, despite the contradictory and open nature of the transformation processes in the region, practically all countries of the Eastern Europe and of the South Caucasus increasingly turn closer the European Union as a crucial economic, and to NATO as a security partner.

The European Union's Policy

The ENP initiative was launched in the context of the EU enlargement which resulted in increasing the number of its member states from 15 to 25 in 2004, and further to 27 in 2007. Assessing the external consequences if the most significant enlargement in the history of the European Union, the latter considered responses, in particular, to the following questions.

Firstly, the new neighbour states are largely associated within the EU with a considerable potential for instability, conflict, and the spread of transnational security generated along the new borders of the European Union. The state of affairs in many neighbour states is challenged by poverty and unemployment, mixed economic performance, corruption and weak governance. “Citizens of the neighbouring countries, particularly the young, are often faced with bleak personal prospects. “Frozen conflicts” and recent events in the Middle East and Southern Caucasus remind us that the conditions for peaceful co-existence remain to be established, both between some of our neighbours and with other key countries. These are not only our neighbours’ problems. They risk producing major spillovers for the EU, such as illegal immigration, unreliable energy supplies, environmental degradation and terrorism.”⁸²

The need to minimize security risks and challenges in the immediate neighbourhood suggests strengthening the capacity of the relevant nations to effectively handle the respective problems, not least by introducing better governance and necessary reforms. It also suggests expanding cooperation with the European Union and its member states.

Secondly, the European Union sought to escape the emergence of new dividing lines in Europe as a result of the EU enlargement. To that end, it considered proposals for expanding cooperation with the neighbour states which have not been offered a membership option. Initial considerations to elaborate a new strategy to address Belarus, Moldova and Ukraine as a group and not just as individual partners of the EU, date back in 2001 and 2002.

Thirdly, the European Union was confronted with the need to react to the mounting appeals particularly from Ukraine and Moldova seeking a membership option to be extended to them. The leaders of Georgia, Armenia and Azerbaijan are more moderate in articulating their Euro-

pean vocation but also work on a progressive rapprochement with the European Union which may entail, in a longer run, the membership option. Even the official Minsk always perceived a full fledged membership in the EU as a long term policy objective.

The debate over enlarging the European Union further eastwards was particularly stimulated by the Ukrainian “orange” revolution later in 2004. Prior to this, responding to the European vocation articulated by former President Leonid Kuchma, Brussels argued that Ukraine’s democratic shortcomings rendered any discussion over a membership option purely theoretical. The situation changed, however, after the “orange” revolution brought to power in Kiev the leadership which was widely perceived as being pro-western and reform minded. The “roses” revolution in Georgia produced a similar, although less strong effect on the deliberations in the European Union. As a result, the EU decided to extend the ENP framework to include the three South Caucasian nations, too.

The idea to extend the membership option to Ukraine did not enjoy, however, any wide political support within the European Union even in 2005. The main argument against was not only that the EU first had to digest the last enlargement wave but, also, that it had to introduce deeper institutional reforms in order to maintain the ability to act despite the growing number of member states. Of no lesser importance was the recognition of the fact that all NIS which had articulated their desire to join the European Union had a long way to go in order to meet the membership criteria, and that doing their “home work” would take them long, very long.

At the same time, the EU was to no lesser extent reluctant to explicitly deny Ukraine the membership option for a more distant future. Maintaining a “positive ambivalence”, or pursuing an “open door” policy is considered by many in the EU an important strategy to sustain interest in European integration in the Eastern

⁸² Commission of the European Communities. Communication from the Commission to the Council and the European Parliament On strengthening the European Neighbourhood Policy. Brussels, 4th December 2006. COM (2006)726 final, p. 2.



Exciting discussion: Dmitri Polyanski, Boleslaw Wozniak, Iris Kempe, Christian Cleutinx.

Europe, and an incentive to continuing or initiating reforms which are supposed to ensure the political and economic interoperability of the respective nations and of the European Union.

“The hope for eventual EU membership provides powerful incentives for positive change in many of the neighbouring countries. If this hope is taken away, Turkey, the Western Balkans and the countries of the former Soviet Union that have expressed an interest in membership may find it significantly more difficult to implement the reforms necessary to consolidate democracy, build functioning market economies and find sustainable solutions to outstanding border and minority questions. Foreign investors, who are usually attracted to countries on the path to membership, would shy away. Radicalism and nationalism would look more attractive to people who feel excluded from the European mainstream. Problems of organised crime, corruption and terrorism would be exacerbated. These could then easily spill over into the EU, in the form of smuggling, terrorist attacks or the inflows of refugees seeking to escape from the instability

and deprivation across the EU’s borders. An end to or a significant slowdown of enlargement would entail considerable costs and risks for the EU.”⁸³

Thus, launching the ENP initiative was also a response by the European Union to the articulated desire of a number of East European and South Caucasian nations to obtain a membership option.

Fourthly, revising its policies towards the region, Brussels was supposed to recognize that the previous policy of assisting democratic and market reforms in the NIS based on Partnership and Cooperation Agreements (granting them the most favoured nation treatment, establishing mechanism for political dialogue, and providing technical assistance) had not proven efficient. It failed to offer the NIS sufficient incentives to sustain reform policy, and to produce a systemic political and economic effect. Making the achievement of agreed ends conditional on the progress of political and economic reforms as well as on the introduction of the European *acquis* into the laws and practices of partner countries turned out

⁸³ House of Lords Session 2005-2006. Report which was ordered by the House of Lords to be printed 7 November 2006. Chapter 7: Possible Alternatives to enlargement and the cost of non-enlargement.
<http://www.publications.parliament.uk/pa/ld200506/ldselect/lddeucom/273/27310.htm>

to be an effective policy mainly if imbedded into preaccession strategies.

While elaborating on the ENP, the European Union was confronted with the challenge of identifying policy instruments offering stronger incentives for the pursuit of reforms in the Eastern Europe and the South Caucasus without offering the new neighbours a membership option. Different concepts as regards the definition of a distinct status for the neighbour states were discussed in this context. Those included, *inter alia*, developing “deep free trade” to go beyond the abolition of tariffs and requiring the alignment of the neighbour’s economic laws with the *acquis* in selected areas; offering the ENP countries to align themselves with the EU decision making process in selected sectors including CFSP and ESDP; establishing a relationship of “privileged partnership” with the new neighbours; modeling relations with them after the practices established for the European Economic Area (EEA); or developing the concept of a “graduated membership”.

The utility of many of those concepts remains controversial.⁸⁴ Countries that seek membership tend to dismiss such concepts as unnecessary palliatives or an alternative to membership not giving them the response they want. The attractiveness of incentives offered by the ENP as an alternative to membership option has, therefore, yet to be tested.

ENP

The ENP outline was made public by the Commission in May 2004. It offered the neighbour countries the possibility to participate in the formation of a common economic space with the European Union, to deepen cooperation in Justice and Home Affairs, and on CFSP/ESDP relevant issues. It did not provide, however, for the membership option leaving this prospect open for the future. The participation of the neighbour countries in the common economic,

legal and political space with the European Union was made conditional upon the implementation of a series of reforms, as well as upon the progress in the harmonization of the relevant legislation of the partner countries with the EU *acquis*, and on the demonstration of the commitment to the common values of democracy, rule of law, and respect for human rights. Wider access of the goods manufactured in the neighbour countries to the EU common market was supposed to provide necessary incentives for the acceptance of the proposal by the neighbour states.

In particular, later in 2005, Ukraine was granted the status of a market economy. Early in 2007, Brussels and Kiev launched official negotiations on a new agreement implying enhanced partnership to replace the Partnership and Cooperation Agreement expiring in 2008. The concept of deep free trade is supposed to form the core provision of the new agreement. The benefits of the new EU generalised system of preferences plus (GSP+) have been extended to Moldova which may be granted, some time from now, additional autonomous trade preferences (ATPs).

The main mechanism of the ENP implementation is provided with the individual action plans aimed at facilitating short and mid term prioritized reform measures. The participation in the ENP is voluntary. The action plans are not only elaborated and endorsed jointly by the EU and partner countries. The ownership of the process rests largely with the partners who decide how far they are prepared to go in deepening their links with the European Union in specific areas.

To assist reforms in the ENP countries financially and technically, the EU has established a new instrument – the European Neighbourhood and Partnership Instrument (ENPI). From 2007, it replaces the TACIS instruments that have been designed earlier to deliver technical assistance to the NIS and Russia.

Action plans have been concluded with Ukraine, Moldova, the three South Caucasian

⁸⁴ See, *inter alia*: EPC Commentary. EEA Plus? Possible institutional arrangements for the European Neighbourhood Policy (ENP)

states, and six Arab countries of the Southern Mediterranean that used to be partners of the European Union within the Barcelona process. The latter have been included on the ENP at the insistence of Southern European states, such as Spain, France, Portugal and Greece. Action plans have not been concluded with Belarus, Lybia and Syria, and it is suspended as regards the Palestine autonomy. At the same time, the ENPI funds can be used for the purposes of supporting specific projects of cross border cooperation with Belarus. Following the request from Astana, ENPI funds can be disbursed for specific projects with Kazakhstan as well.

ENP Plus

The official documents of the Commission are drafted on the basis of recognition that the ENP has been launched successfully and has “laid a substantial foundation for strengthened relations between the [European] Union and its neighbours”.⁸⁵ However, though it is yet premature to draw lessons as regards success stories and failures of this initiative, as the first action plans are expiring in 2007, there are numerous skeptical voices pointing out insufficient effectiveness of the ENP. Critique expressed in the countries seeking a membership option and particularly in Ukraine is not surprising. Those countries are astonished by the palliative nature of the program which is mainly seen as an alternative to accession. However, there are numerous skeptics within the EU as well.⁸⁶

Notably, the first 18 months of the ENP implementation have not revealed any significant progress in meting the goals of the respective action plans. This goes, in the first instance, to Ukraine where the competition between the 2004

elected President and the Government that had emerged from the 2006 parliamentary elections caused a lot of confusion as regards the specific goals of Ukraine and the readiness of Kiev to a rapprochement with the European Union. Though Ukraine has signed up for the most ambitious action plan with the EU, its record of implementation of its provisions is not impressive. On the other hand, experts point out that the action plan developed with Georgia lacks ambition. The annual review of the progress in the implementation of action plans with Moldova and Ukraine reveal that this problem is incremental and the progress shall be expected anything but fast.⁸⁷

General concerns are voiced as well in regard of the ENP. Experts point out that action plans don't account for the specific circumstances in each individual country and the ENP outline itself does not offer strong incentives to push on the domestic reforms. Nor does it give individual partner nations a clear answer as to what they are going to win in the end.

Apparently, this critical debate has motivated the then incoming German presidency to put forward, in the summer of 2006, a proposal to strengthen the ENP framework. This triggered a discussion of how the framework shall be modified with regard to the Eastern European and South Caucasian ENP countries. This proposal for the ENP modification is widely known as the ENP Plus. Suggestions developed by the planning staff of the German Foreign Office aimed at increasing the effectiveness of the European Neighbourhood Policy, and its attractiveness to the countries of the Eastern Europe and the Caucasus through stronger incentives to be associated with their participation.

85 Commission of the European Communities. Communication from the Commission to the Council and the European Parliament On strengthening the European Neighbourhood Policy. Brussels, 4 December 2006. COM (2006)726 final, p. 2.

86 See, inter alia: House of Lords Session 2005-2006. Report which was ordered by the House of Lords to be printed 7 November 2006. Chapter 7: Possible Alternatives to enlargement and the cost of non-enlargement.

87 Commission staff working document accompanying the Communication from the Commission to the Council and the European Parliament On strengthening the European Neighbourhood Policy. ENP progress report Ukraine. Brussels, 4th December 2006.SEC(2006) 1505/2; Commission staff working document accompanying the Communication from the Commission to the Council and the European Parliament On strengthening the European Neighbourhood Policy. ENP progress report Moldova. Brussels, 4th December 2006.SEC(2006) 1506/2



Sabine Fischer, discussing proper ways to build the EU-Russia partnership.

The proposal⁸⁸ suggested, *firstly*, to decouple the ENP agenda offered to the Eastern neighbours and to the Mediterranean countries. Thus, initially, the ENP Plus proposal addressed only the Eastern neighbours of the EU and intended to offer them a prospect for a more intensive and focused integration with the European Union without raising the membership option, however. It also aimed at a more balanced allocation of funds appropriated for the Eastern and the Mediterranean dimensions of the general ENP framework. Of those funds, some 30 per cent were appropriated for the projects with the NIS while 70 per cent went in favour of the Mediterranean dimension.

Secondly, the German proposal initiated the idea of developing a “Partnership for Modernization” program for the East European and South Caucasian countries. Such partnership would be implemented through a series of sectoral agreements in areas of priority, such as energy, en-

vironmental protection, transportation infrastructure, cooperation in Justice and Home Affairs, etc. Once the sectoral agreements would have been signed, importing of the EU acquis in those particular sectors would be mandatory for the ENP states.

A set of measures was proposed in order to expand funding available for sectoral cooperation by attracting additional resources from International financial organizations. ENP states that had concluded sectoral agreements with the EU and had harmonized their legislation with the European acquis would be eligible to receive observer status on relevant EU committees. Apart from bilateral cooperation, multilateral interaction, in particular, within the framework of the Black Sea Economic Cooperation forum, was supposed to be facilitated.

Finally, countries of the Eastern Europe and the South Caucasus were supposed to expand political cooperation with the EU on CFSP/ESDP

88 Check, inter alia: Iris Kempe, What are the pillars of the “new Ostpolitik” during the German EU presidency? in: *Caucasus euronews*, 3rd March 2007 (http://www.caucas.com/home_eng/breve_contenu.php?id=304); Alexander Duleba, Strategic Framework for the EU’s Eastern Policy. In a Search for new Approach. Policy paper of the Research Center of the Slovak Foreign Policy Association, November 2006, pp. 20–24; Alexander Duleba, The EU’s Eastern Policy: Central European Contribution. In a Search for New Approach. Policy Paper 01, January 2007 produced within the project “Strengthening Central European Contribution to the Eastern Dimension of EU’s Policy”, pp. 14–18.



Russian ideas concerning partnership: Martin Hoffmann listening to Vitali Tretyakov's comments.

affairs through intensified consultation and the elaboration of common policies on particular international issues. Russia was supposed to be actively engaged in all areas of the ENP Plus policy.

In the process of the discussion of the German proposal within the European Union, some of its elements were dropped, some were modified. Due to the position of Spain, France, Portugal and Greece paying special attention to engaging Mediterranean countries, the idea of addressing a strengthened ENP Plus program to the Eastern EU neighbours only was not accepted. Nevertheless, the German proposal was most instrumental in enhancing the ENP conception as reflected in the Communication of the European Commission of 4th December, 2006.⁸⁹

As regards *trade and economic cooperation*, more ambitious goals were set envisaging the pursuit of a “deep and comprehensive” free trade to include areas which had been so far excluded from free trade arrangement (such as agriculture); liberalization of trade flows among partner countries, with a certain level of asymmetry if

appropriate; enhanced support for reforms and improved trade and economic regulatory environment and the investment climate; strengthened economic integration and cooperation in key sectors/

As regards *mobility and migration*, the Communication foresees visa facilitation, removing obstacles to legitimate travel, as well as provisions to ensure well-managed mobility and migration, addressing readmission, cooperation in fighting illegal immigration, and efficient border management.

As regards *people-to-people exchanges*, the Communication addresses the facilitation of educational, cultural, youth and research exchanges; civil society exchanges, and enhanced civil society participation in ENP; exchanges between regional and local authorities; training the regulators of tomorrow; business-to-business contacts.

Sectoral cooperation envisages enhanced multilateral and bilateral dialogue with ENP partners in key sectors; consideration of additional multilateral agreements in energy and

⁸⁹ Commission of the European Communities. Communication from the Commission to the Council and the European Parliament On strengthening the European Neighbourhood Policy. Brussels, 4th December 2006. COM (2006)726 final, pp. 4–14.

transport and strengthening of existing ones; work for the extension of the EU transport and energy networks to neighbouring countries, as well as interoperability; participation of neighbours in relevant Community agencies and programs.

Political cooperation foresees for a more active EU role in regional or multilateral conflict-resolution efforts, including participation as appropriate in civil and military peace-keeping missions; possibility of alignment with CFSP Declarations offered to all ENP partners; informal high-level ENP meeting in 2007; intensified parliamentary cooperation and strengthening of EU diplomatic presence in all ENP partners.

Regional cooperation includes Black Sea Synergy, including Foreign Ministers dialogue and intensified cooperation with BSEC, taking account of existing regional cooperation such as the Baku Initiative on energy and transport; strengthened cooperation with “the neighbours of our neighbours”, e.g. on energy, transport, the fight against illegal immigration.

Financial cooperation is supposed to maximize impact and leverage of scarce resources; implies setting up of a Governance Facility to benefit those countries that have achieved more progress in implementing administrative reforms, and of a Neighbourhood Investment Fund; improving coordination of the EU member states and the Commission’s assistance.

Russia and the ENP

Back in 2003 when the Commission submitted the initial outline of a Wider Europe policy to provide for the basis of the ENP conception put forward a year later, the Russian Federation declined from becoming part of it while giving the preference to building a distinct and special relationship with the European Union based on the agreements of 2003 and 2005 on shaping common spaces in four areas – economy, external and inner security, culture, education and science. Ever since, the Russia-EU dialogue concentrated on the issues of negotiating a new

partnership agreement, energy security, filling with substance of the four “road maps” to lead to the building of the four common spaces.

While maintaining dialogue with the European Union on a number of outstanding issues on the agenda of World politics, Moscow, at least in the public discourse, largely neglected discussing relevant aspects of the ENP. The latter is virtually absent in the Russian information space, and remains reserved for practitioners and scholars specializing in the EU policies. However, even the latter don’t reveal much interest in the ENP.

Moscow remains reluctant to discuss with the European Union issues related to the shared neighbourhood. Occasionally, when developments in the NIS interfere with the Russia-EU dialogue, Moscow hesitantly accepts talking about those issues. This was true with regard to the 2004 political crisis in Ukraine, as well as with regard to the 2006 crisis in Russo-Georgian relations. However, even when accepting to engage in a dialogue, Russia reduces it to simply exchanging on the relevant approaches to the problem and does not seek conversion of its policies with those of the European Union.

On other occasions, Russia avoided engaging in dialogue with the European Union. This policy is exemplified by the lack of dialogue on policy relevant issues addressing policies towards the Lukashenka regime in Belarus.

Moscow was discussing with European counterparts problems that occurred in ensuring energy supply in 2006 and 2007, and sought to restore its image as being a reliable supplier. However, while considering to establish an early warning system to notify the recipients of the Russian energy resources of eventual interruptions at the earliest possible stage, it is reluctant to include the transit countries into such a system.

There are several simple explanations of the apparently rather indifferent stance of Moscow with regard to the ENP in particular and, in general, to the European Union’s policy towards the shared neighbourhood.

Firstly, the ENP outline has been developed by the European Union without consulting the Russian Federation. Moscow, however, insists that cooperation in any area is only possible among partners if its conception has been agreed among the two parties.

Secondly, from the Moscow' perspective, the most important message implicit in launching the ENP is that further expansion of the European Union at the expense of its Eastern neighbours is not going to be put on the agenda in the time to come. The expectation expressed by European experts that the issue is going to be off the agenda for the next 10 to 20 years tells Moscow that it has 10 to 20 years ahead to attempt to consolidate the status quo in the western and southern parts of the post Soviet space. For that reason, the European Union is not perceived in Moscow as a revisionist actor that can or seeks to challenge this status quo. In this context, Russia pays much greater attention to the U.S. policy towards Ukraine and Georgia, or to the upgraded cooperation between Kiev and Tbilisi with NATO.

Thirdly, the Moscow political class nurtures the illusion that the NIS in the shared neighbourhood are dependent on (or even bound to) Russia economically, and that the latter has the leverage to influence their decisions on available policy options. In this context, Moscow proceeds on the basis of understanding that time works in its favour. At the same time, the Russian political class sees no reason to believe that the new policy of the European Union towards the shared neighbourhood is going to be more efficient than the policy pursued for the last 15 years.

Finally and *fourthly*, while admitting that specific countries in the shared neighbourhood may eventually embark on the road of integrating with, or into the European Union, Moscow is reluctant to take over even a portion of the burden entailed. On the contrary, it would make sure that integration with the European Union entails the highest possible cost.

Having said this, one shall admit that the European Union's policy towards the Eastern Europe and the South Caucasus is not entirely

indifferent to the Russian political class. Back in 2003, Moscow formulated three criteria to indicate to both, the European Union and the NIS what in the EU policy could be considered acceptable and what can't. These criteria establish sort of a red line which the European Union is supposed to respect.

Firstly, the NIS in the shared neighbourhood are sovereign states. Therefore, the European Union and Russia shall not talk to each other over the heads of the ENP states. This argument is used, inter alia, whenever Moscow is invited to talk about the future of the Belarusian political regime erected by Alexander Lukaschenka..

Secondly, designing cooperation with the Eastern European and South Caucasian states, the European Union shall respect that those countries are part of different integration endeavours with Russia. The concept of integration in this case can be interpreted both very wide including the CIS of 12 states and narrow including such projects as the Union State of Belarus and Russia, Eurasian economic community (it includes one country from the shared neighbourhood – Belarus) or the Single economic space (a respective agreement has been signed in 2003 by Russia, Kazakhstan, Belarus and Ukraine). In this context, Moscow reveals little understanding for statements like the one from the EU Austrian Commissioner Ferrero-Waldner pointing out that Ukraine can not engage at the same time in forming a free trade area with the European Union and in the Single economic space with Russia. From the Moscow's perspective, this dilemma can have only one solution: the EU shall not negotiate a trade agreement with Ukraine if it is not compatible with the Single economic space with Russia.

Thirdly, any involvement of the European Union in conflict resolution in the shared neighbourhood shall not challenge the existing negotiating formats. This thesis first occurred in 2003 when the EU was considering a peacekeeping operation in Moldova. This also would apply to the eventually bigger role for the European Union in conflict resolution in Georgia at the expense of the existing negotiation mechanism in which



A room for discussions between politics, science and media: Vladimir Kotenev (left) and Vitali Tretyakov.

Russia has the core function. This demand does not exclude cooperation between Russia and the EU in the interest of conflict resolution or peace-keeping. However, the modalities of this cooperation shall not challenge the key role of Russia. One can easily admit that a symbolic participation of the EU in the Russia led peace-keeping operation in Moldova could be acceptable to Moscow. But this shall be a Russian, not an EU operation.

Thus limited cooperation between Russia and the European Union in the shared neighbourhood is feasible. This limit, however, is set by the Moscow's ambition to be recognized as the leading regional power. Therefore, dialogue and cooperation with the European Union in this area are conditional upon a mutual agreement limiting the influence of the European Union in the Eastern Europe and the South Caucasus. This would imply granting Moscow a *droit de regard* over EU decisions affecting Russian interest in the ENP countries similar to the Russian claim to obtain a *droit de regard* over the NATO enlargement in East Central Europe in the 1990s.

It is hard to predict whether Moscow is going to directly or indirectly ask for a veto power in the forthcoming negotiations over a new agree-

ment with the European Union. There are no clear indications that this is going to happen. But even if Moscow had decided to do so, it is hard to believe that this desired would be welcomed and approved by the European Union. Thus, in the time to come, policies of Russia and of the European Union towards the shared neighbourhood are most likely to pass by each other while the potential discord would occasionally manifest itself when new political crises in the area evolve.

The declared ENP and particularly ENP Plus objectives justify the assumption that the potential for a real or virtual competition in the shared neighbourhood may grow.

The practical implementation of the proposal for a deep and comprehensive free trade area, if implemented with selected individual countries (Ukraine in particular) will further increase uncertainty over the prospects for the implementation of the Russia led "integration" projects which are, anyway, in the state of progressing erosion.

Taking the limited openness of Russia towards the harmonization of its regulatory frameworks with those of the European Union, a policy aiming at extending the EU *acquis* related to political democracy and the key economic

sectors would further undermine the already pretty low regulatory capacity of the arrangements that are reached between the CIS states. The first symptoms of a development to that effect can be already registered.

The declared intention by the European Union to more actively step into the conflict resolution and crisis management business in the shared neighbourhood, including the readiness to participate in civil and military peace keeping missions is likely to be enthusiastically supported by Tbilisi or Chisinau. This intention, however, would hardly be endorsed in Moscow.

However, the ENP Plus promises yet remain a declaration. The EU experiences gathered in the past 15 years of providing technical assistance to the systemic reforms in the Soviet successor states, as well as the two years of the ENP implementation do not give a reason to believe that all goals formulated within the strengthened ENP Plus framework will be really met. The skepticisms in this regard is fed by the limited resources available to the European to pursue its policy in the region is going to be one but not the single crucial question in this context. This limit is further tightened due to the limited ability of the recipient countries to absorb the ongoing dramatic change. Therefore, the real challenge to Moscow's policies resides not in the EU policy towards the shared neighbourhood but, rather, in the processes of diversification of external relations of the NIS and their policies which, already by now have resulted in a significantly lower level of their dependence on Russia.

Developments in the shared neighbourhood

Following developments in the post Soviet space an especially in the Eastern Europe and the Caucasus that have emerged over the past decade deserve special consideration in the context of this paper.

All "integration" projects initiated by Russia continue to erode. The discussion of establishing

a free trade area among the 12 CIS states that continue since 1997 has yielded no results up to date (like the discussion of the CIS reform in general that has been launched at the same time). As a result of the decision by Moscow to significantly reduce the volume of subsidies that the Lukashenka regime in Belarus used to enjoy, further discussion of the Union State has lost any rationale for Minsk. From the Spring of 2006 Ukraine, and from later in the same year Belarus have practically withdrawn from discussing practical measures to establish a Single economic space. As a result, this project was reduced to an attempt by Russia and Kazakhstan to pursue the policy of mutual rapprochement on the bilateral basis. Those two states have not yet abandoned the idea of establishing a bilateral customs union after 2008. At the same time, their intention to go ahead with this project implementation has practically cut off from the process all other members of the Eurasian economic community for a yet unidentified period of time.

There has been a *significant evolution of the appreciation of the policy priorities by the common neighbours of Russia and the European Union*. While, at the end of 1990s, it was only Ukraine that had articulated its European vocation, it was followed by Moldova in 2003. Now not only the Georgia of Mikhael Saakashvili seeks rapprochement with the European Union but, also, Armenia and Azerbaijan. A dramatic curve to get the country closer to the European Union no longer appears impossible for the official Minsk either, although it remains a highly controversial issue in Europe.

The appreciation of the Euro-Atlantic security institutions by the countries of Eastern Europe and South Caucasus has evolved in a similar way. Ukraine and Georgia have launched intensified dialogue with NATO. Chisinau, for a few years, indicated to Moscow that it would be prepared to consider enshrining its neutral (block-free) status shall the conflict with Transnistria have been settled appropriately. The Moldovan authorities have meanwhile recognized, however, that any hopes for that sort of a deal with Moscow



Partnership with Russia in Europe (from left): Vasiliy Likhachev, Christian Cleutinx, Vladimir Kotenev.

were illusory and have dropped it. They now, again, no longer exclude the option of moving closer to the NATO Alliance. Even Armenia which, for the best if its interest, remains a close alliance partner of Russia no longer relies exclusively on the Russian security guarantee. Erivan has activated the individual Partnership for Peace program with NATO entailing military political cooperation, and is implementing bilateral programs of military political cooperation with the U.S. It would not be a big surprise is now the official Minsk would not hesitate turning towards closer cooperation with NATO either should that be politically feasible.

The evolving discourse of the nations constituting the shared neighbourhood of Russia and the European Union remains ambiguous and fragile. Most of those nations pursue not an unconditional policy of a simple orientation towards the EU (and NATO) but, rather, one which implies a “multi-vector” approach, i.e. seeking developing cooperation with both, the European Union and Russia. Nevertheless, this evolution is profound and no longer justifies a wide spread assumption of the Russian political class that the orientation towards European and Euro-Atlantic institutions is rather an exception which has little support and is predominantly explained through bringing into power of pro western

politician, such as Mikhael Saakashvili in Georgia and Victor Yushchenko in Ukraine. It no longer justifies the expectation that both countries would gladly “return” to Russia once those politicians are replaced in their offices by more Russia-friendly ones.

It is also important to highlight the obvious trend *towards a steadily growing importance of the European Union as the major trade partner of the NIS*. As the tables below indicate, except for Belarus, the European Union (identified as a single customs area) by now has become the biggest trade partner of the countries in the shared neighbourhood. Trade of Armenia, Azerbaijan and Belarus with the European Union grows faster than their general foreign trade turnover. For Georgia, Moldova and Ukraine, it grows with the average rates of the foreign trade turnover. The volume of the Armenian, Georgian and Moldovan trade with the European Union certainly remains insignificant which shall caution from exaggerating the importance of the dynamic revealed as it reveals ups and downs and remains fragile. However, these statistics reveal an important trend towards increasing diversification of external economic connections of the common neighbours of Russia and the EU, and towards a growing importance of the European Union for its eastern neighbours.

To conclude

It would be naïve to imply and expect an increasing and closer cooperation between the European Union and Russia in achieving the ends of the ENP. Any consequent pursuit of the ENP objectives can only help to increase the skepticism in Moscow which identifies itself as a post Soviet status quo power.

At the same time, however, the potential for increased controversy between Moscow and Brussels over the shared neighbourhood shall not be exaggerated either. The existing and emerging controversies have yet remained at the periphery of the dialogue between Russia and the European Union. They are most likely to remain peripheral for the time to come as long as the European Union is not seen in Moscow as a revisionist actor capable to challenge Russia's desire to consolidate the status quo in Eastern Europe and South Caucasus. For the time to come, the U.S. policy towards Ukraine and Georgia, as well as the prospect for further rapprochement of Kiev and Tbilisi with NATO are given a much bigger attention in Moscow and are defined as a development that can more seriously damage the Russian interest than the ENP.

However, the relationship between Moscow and the EU-Brussels is more likely to be challenged and tested again and again by the regional dynamics in the shared neighbourhood and less so by the ENP implementation. Eventually, political crises, and/or the resurgence of existing conflicts may repeatedly bring those developments on the agenda of the EU-Russia relations, and challenge them with a controversy over their assessment and handling. In order to reduce the eventual damage emanating from the developments which essentially remain at the periphery of Russo – EU relations, both parties should give a thought to putting in place of a mechanism for political consultation which would help them to keep their parallel policies towards the region transparent to each other, and to manage confusion and controversy which may flow from the developments in the shared neighbourhood.

Otherwise, the Russian policy towards Eastern Europe and South Caucasus, and the ENP are likely to further develop independent of each other and are unlikely to produce either a clash of interest, or an increasing convergence or systematic cooperation.



Boleslaw Wozniak highlights the approach of new EU member States towards Russia.

Attachment

Main trade partners of the ENP nations (2005, % of their trade turnover)

Partners	Azerbaijan	Armenia	Belarus	Georgia	Moldova	Ukraine
EU	54,5	34,6	30,9	27,8	31,2	30,2
Russia	13,0	13,0	49,5	14,8	18,4	29,1
Ukraine	4,0	5,0	6,9	7,2	17,4	
U.S.		8,0	1,5	11,7		
Turkey	5,5			12,0		3,8
China	3,2		2,0			3,6
Romania					11,0	
Israel		7,8				
Belarus					4,7	
Turkmenistan						4,1

Source: Eurostat data

Average growth rates of trade by ENP states with the EU and of their total foreign trade (2001–2005)

countries	exports		imports		exports + imports	
	to the EU	total	from the EU	total	with the EU	total
Azerbaijan	4,5	3,7	49,6	25,8	15,5	13,7
Armenia	37,1	19,7	7,8	10,3	17,5	13,1
Belarus	6,7	1,5	16,0	7,7	11,2	4,9
Georgia	38,4	23,4	2,7	27,4	24,1	24,6
Moldova	10,3	7,6	14,3	16,7	13,1	13,4
Ukraine	7,6	10,8	16,4	13,3	12,1	12,1

Source: Eurostat data

The volume of trade by ENP countries with the EU (2001–2005, million Euros)

countries	2001	2002	2003	2004	2005
Azerbaijan	2.143	2.024	2.059	2.447	3.808
Armenia	404	504	543	481	771
Belarus	4.304	4.932	5.375	6.600	6.585
Georgia	338	314	453	585	802
Moldova	512	558	633	705	837
Ukraine	12.243	13.783	14.545	17.730	20.713

Source: Eurostat data

Fifth Roundtable Discussion

Programme

Sunday, March 18th, 2007

Afternoon	Arrival of participants
20.00 – 22.30	Dinner for participants from abroad

Monday, March 19th, 2007

Morning session	Towards a new EU-Russia Agreement: How much ambition is needed?
9.30 – 13.00	Chair: Matthes Buhbe, Friedrich-Ebert-Stiftung, Moscow
9.30 – 11.00	A framework agreement of principles or a comprehensive text? Andrey Klimov (MP), <i>Chairman of the Subcommittee for European Cooperation, Russian State Duma, Moscow</i> Justas Paleckis (MEP), <i>Member of the Committee on Foreign Affairs, European Parliament, Brussels</i> Hans-Dieter Lucas, <i>Commissioner for Eastern Europe, Caucasus and Central Asia, German Federal Foreign Office, Berlin</i> Sergey Kulik, <i>Head of the Department for Development of Relations to the European Union, Administration of the Russian President, Moscow</i>
11.00 – 11.30	Coffee break
11.30 – 13.00	Do regional topics such as Central Asia fit into a Strategic Partnership? Jan-Marinus Wiersma (MEP), <i>Vice President of the Socialist Group in the European Parliament, Brussels</i> Vyacheslav Nikonov, <i>President of the Unity for Russia Foundation, Moscow</i> Gernot Erler (MP), <i>Minister of State at the German Federal Foreign Office, Berlin</i>
13.00 – 15.00	Luncheon

Afternoon session	European Neighborhood Policy and EU Russia relations
15.00 – 18.15	Chair: Vyacheslav Nikonov, Moscow
15.00 – 16.35	<p>Common European Neighborhood and the Postsoviet Space</p> <p>Rolf Mützenich (MP), <i>Spokesman on Disarmament and Nonproliferation of the Social Democratic Group in the German Parliament, Berlin</i></p> <p>Andrey Zagorsky, <i>Leading Research Fellow at the State University for International Relations (MGIMO), Moscow</i></p> <p>Boleslaw Wozniak, <i>Head of the programme “Europe in the World” at the demosEurope Institute, Warsaw</i></p>
16.30 – 17.00	Coffee break
17.00 – 18.15	<p>Common European Neighborhood after EU Enlargement (plus 12)</p> <p>Vasiliy Likhachev, <i>Member of the Federation Council (Senator), Deputy Head of the Committee for International Affairs, Moscow</i></p> <p>Angelica Schwall-Düren (MP), <i>Deputy Chairwoman of the Social Democratic Group in the German Parliament, Berlin</i></p> <p>Barbara Lippert, <i>Vice Director of the Institute for European Policy, Berlin</i></p>
19.00	<p>Dinner</p> <p>Cecilienhof Palace, Potsdam</p> <p>at invitation of Dr. Roland Schmidt, Secretary General of the Friedrich-Ebert-Stiftung, Berlin</p> <p>Guest speaker:</p> <p>Vladimir V. Kotenev, <i>H.E. Ambassador of the Russian Federation to the Federal Republic of Germany</i></p>

Tuesday, March 20th, 2007

Morning session	Integration with Russia beyond Energy
09.00 – 12.30	Chair: Matthes Buhbe, Friedrich-Ebert-Stiftung, Moscow
09.00 – 10.30	<p>Beyond the Common Economic Space: How far should we go with trade liberalization and economic integration?</p> <p>Lutz Güllner, <i>Directorate General Trade, European Commission, Brussels</i></p> <p>Andrey Shastitko, <i>Director General, Foundation “Bureau of Economic Analysis”, Moscow</i></p> <p>Christian Cleutinx, <i>Director, Directorate General Energy and Transport, European Commission, Brussels</i></p> <p>Katinka Barysch, <i>Chief Economist at the Centre for European Reform, London</i></p>
10.30 – 11.00	Coffee break
11.00 - 12.30	<p>Values and interests: Can we proceed with economic integration without any further integration in political terms?</p> <p>Aurélia Bouchez, <i>Vice Director, Eastern European Department, French Ministry of Foreign Affairs, Paris</i></p> <p>Vitali Tretyakov, <i>Editor in Chief, Moskovskiye Novosti, Moscow</i></p> <p>Tobias Bergner, <i>Head, Section for EU external relations with Eastern Europe, the Caucasus and Central Asia, German Foreign Office, Berlin</i></p>
12.30	Luncheon
Afternoon	Departure

List of participants

Barysch, Katinka

Chief Economist at the Centre for European Reform, London

Bergner, Tobias

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Bouchez, Aurélia

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Buhbe, Matthes

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Erlar, Gernot

Minister of State at the German Federal Foreign Office, Berlin

Fischer, Sabine

Senior Research Fellow, European Union Institute for Security Studies, Paris

Grund, Constantin

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Hoffmann, Martin

Director, German-Russian Forum, Berlin

Huterer, Manfred

Member of the Policy Planning Staff, German Federal Foreign Office, Berlin

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Kotenev, Vladimir

H.E. Ambassador of the Russian Federation to the Federal Republic of Germany

Kulik, Sergey

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Social Democratic Group, German Federal Parliament, Berlin

Likhachev, Vasiliy

Member of the Federation Council (Senator), Deputy Head of the Committee for International Affairs, Moscow

Lippert, Barbara

Vice Director of the Institute for European Policy, Berlin

Lucas, Hans-Dieter

Commissioner for Eastern Europe, Caucasus and Central Asia, German Federal Foreign Office, Berlin

Mützenich, Rolf

Spokesman on Disarmament and Nonproliferation of the Social Democratic Group in the German Federal Parliament, Berlin

Nikonov, Vyacheslav

President, Unity for Russia Foundation, Moscow

Nyberg, René

H.E. Ambassador of Finland to the Federal Republic of Germany

Paleckis, Justas

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Counsellor, Embassy of the Russian Federation, Berlin

Shastitko, Andrey

Director General, Foundation “Bureau of Economic Analysis”, Moscow

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Wiersma, Jan-Marinus

Vice President of the Socialist Group in the European Parliament, Brussels

Wozniak, Boleslaw

Head of the programme “Europe in the World” at the demosEurope Institute, Warsaw

Zagorsky, Andrey

Leading Research Fellow at the State University for International Relations (MGIMO), Moscow

Zotova, Yekaterina

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