

THE EU IN THE EAST: TOO AMBITIOUS IN RHETORIC, TOO UNFOCUSED IN ACTION

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SUMMARY

Although the EU is today mired in a number of uncertainties regarding the future of its own internal decision-making structures, it still is a source of inspiration for reform-minded groups and individuals in its Eastern neighbourhood. While strengthening of democratic institutions and improvement of governance are tasks that have to be desired and accomplished by Eastern neighbours themselves, the EU can contribute to the process by focusing on areas in which it has already a track-record.

Encouraging a multi-stakeholder dialogue and amplifying the voice of non-state actors acting in the public interest are key issues on which the Union should focus its assistance to the East. In its dialogue with partner governments, the EU should emphasize that it supports only projects for which such groups have been previously consulted. At the same time, those in charge of policy towards Eastern neighbours should follow more closely developments in Turkey's and Russia's neighbourhood policies towards the same countries.

This Policy Paper is part of a series entitled "[How to make out of the EU's vicinity an opportunity for the EU itself?](#)" which also includes contributions by Adam Balcer (demosEUROPA, Warsaw), Haizam Amirah Fernández (Elcano Royal Institute, Madrid) and Timo Behr (*Notre Europe – Jacques Delors Institute*, Paris), Michele Comelli (IAI, Rome) and Christophe Hillion (SIEPS, Stockholm).

It is a contribution to the project "[Think Global – Act European \(TGAE\). Thinking strategically about the EU's external action](#)" directed by *Notre Europe – Jacques Delors Institute* and involving 16 European think tanks:

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Four other series of Policy Papers deal with key challenges on defence, strategic resources, migrations and economic policy. The final report presenting the key recommendations of the think tanks will be published in March 2013, under the direction of Elvire Fabry (*Notre Europe – Jacques Delors Institute*, Paris).

Introduction

Eight years after launch of the European Neighbourhood Policy (ENP) and three years into the Eastern partnership (EaP), there are not many reasons to celebrate the EU's Eastern policy. In all this time, only Moldova has made significant steps towards closer integration with the EU. Ukraine is still a step away from signing the Association agreement, but even if that does happen (the process is deadlocked since the October 2012 parliamentary elections) it is clear that the country is still polarised with part of the elite reluctant regarding the EU track. Georgian and Armenian governments continue to formally express an interest in closer alignment with the EU while Belarus and Azerbaijan could not care less about the EU's 'transformative power' – doing business without talking about democracy and human rights is their preferred way of engaging with the Union.

Since the beginning of its Eastern engagement, the Union has been announcing a number of ambitious goals, including the partial replication of the success of the 2004 enlargement. Support for human rights and democracy featured prominently in the EU's neighbourhood policy documents, while resolution of the frozen conflicts in the neighbourhood was one of the priorities in the 2003 European Security Strategy.

Yet, few of the goals have been met. Moreover, a look at domestic governance standards in partner countries is not optimistic either – all Eastern partners except Moldova and Armenia rank lower on the free speech index.¹ Perceptions of corruption, public administrations that serve the elite more than citizens, limited dialogue options for free association and articulation of interests suggest that Eastern Europe has not been doing well lately. Of course, not all trends in the neighbourhood are negative – according to the UN Human Development Index (HDI),² which measures socio-economic development, including access to services such as education, five of the Eastern neighbours are considered countries with high levels of human development (Moldova ranks as medium) and their HDIs are steadily increasing. Thus although their civil liberties are in peril, the citizens of countries east of the EU are enjoying better living standards – regardless of their EU prospects.

“THE UNION SHOULD PAY MORE ATTENTION TO NEIGHBOUR'S EXPECTATIONS AND MOTIVATIONS”

What is it then that the EU is expected to deliver in the neighbourhood? Perhaps the key thing to be kept in mind when reflecting upon this question is that the EU will not be a driving force of progress or regress in the neighbourhood. Each Eastern European state has to tackle a long 'to-do list' of reforms, and as the experience of new EU Member States in Central Europe teaches us, external assistance can be efficient only if the necessary changes are demanded and internalised by domestic actors. The Union certainly can contribute to the process, but it should pay more attention to neighbours' expectations and motivations. At the same time, it has to acknowledge that its policy towards Turkey and Russia has important repercussions for relations with the rest of Eastern Europe.

In general, the EU is not a remedy for Eastern Europe's immediate problems. It requires an investment in terms of reforms, some of which can be economically and politically costly in the short and medium term. Moreover, the EU is currently redrafting the terms and conditions of its internal structure. The EU today is not as confident and attractive as it was a decade ago, when excited post-communist countries were becoming part of it. The internal EU debate on how the future of the common market should look is accompanied by revisiting earlier enlargements (especially in the Greek case); uncertainty regarding the future shape of the EU limits the incentives for some Eastern partners to sign up and become more deeply integrated in its structures.

Thirdly, and this is the case particularly for Azerbaijan and Belarus – while governing elites have improved some services for citizens (such as education or access to health care), this is not accompanied by a willingness to give up the perks of power and open the public sphere to competition. Thus, while there is an interest

1. See Reporters without Borders, *Press freedom indices 2002-2012*.

2. United Nations Development Programme, *Human Development Index (HDI) Values*. Data for Moldova, Ukraine, Armenia, Belarus and Georgia available since 2005; for Azerbaijan since 2010.

to trade with the EU and receive aid that will come via government channels, there is considerable resistance to implementing the human rights package included in the partnership.

Finally, the ENP and EaP frameworks are often incomprehensible to bureaucrats in the East, let alone citizens – except for the relevant ministries, only a handful of civil society organisations (CSOs) are occasionally let in to observe the practical dynamics of EU-partner country relations, while the effects on societies are still minimal.³ Unless the Union invests more effort into building relations with societies rather than their governments, its declared goals in the neighbourhood are unlikely to be met.

The EU should not, however, give up its ambition to contribute to fundamental freedoms and good governance. Yet, with regard to economic issues, it should put more emphasis on engaging Eastern European governments on issues that have a direct impact on the quality of life of their citizens. In order to identify these issues, a multi-stakeholder dialogue is a must and this is exactly where more EU attention should be focused. Moldova and Ukraine have already started running ‘National conventions on the EU’ – a structured dialogue of government, opposition, regional administration, business, media and NGOs on concrete topics such as agriculture or regional development. With regard to motivating the governing elite towards deeper integration with the EU, Georgia would be the most obvious candidate for a similar platform. Whether it involves these types of platforms or other means, encouraging elected leaders to engage in dialogue with non-state actors is exactly the niche in which the Union can and should do more. In the end, supporting a multi-stakeholder dialogue on EU-partner country cooperation serves the Union’s interest in a better, lasting and more persuasive way than expensive PR and information campaigns.

1. Supporting human rights and democracy

The integration of Eastern Europe into EU structures is for many reasons not imaginable in the next few years. The EU should instead focus in-depth on the issues which make it most attractive to many in the East, notably contributing to amplifying the voice of non-state actors acting in the public interest. In other words, in its dialogue with partner governments, the EU should emphasise that support comes only for projects for which such groups have been previously consulted.

Conditionality has always been central to the EU’s approach to its close neighbours, with size and credibility of EU conditional incentives as key factors. With its Eastern neighbours the EU has quickly reached the limits of this tool. The obvious political disincentives offered to partner governments, for whom adopting democratic norms and liberal principles only leads to a loss of power, could not be balanced by any tangible benefits. While economic incentives have been compromised by negotiations over DCFTAs (Deep and Comprehensive Free Trade Agreements), the EU is counting on support for bottom-up change via civil society yet the EU’s insistence on developing an enabling environment for civil society in the partner countries is largely inconsistent. It also avoids linking important money trails (direct budget support) to effective involvement of civil society as part of the policy-making process.

The EU is not ready to balance the power costs of Eastern neighbour governments – the price would be too high; instead sticking to conditionality in an effort to reformulate dysfunctional policies towards its Eastern neighbours. These efforts have led to confusing results so far. The ENP Review published in May 2011 proposed to strengthen conditionality by introducing the ‘more-for-more’ principle with the ‘less-for-less’ principle to be used only in extreme scenarios. EU conditionality is mainly positive in that the EU offers and withholds carrots but does not carry a big stick. The EU’s dubious ability to strengthen its leverage is obvious from a number of word games seen in recent foreign policy documents. One example is the 2011 Communication

3. A. Duleba, V. Bilčík, V. (eds), “Taking Stock of Eastern Partnership”, RC SFPA: Bratislava, 2011; K. Wolczuk, “Perceptions of and Attitudes Towards the Eastern Partnership amongst the Eastern countries’ political elites”, Estonian Center of Eastern Partnership, *Eastern Partnership Review No. 5*, December 2011.

on 'Human rights and democracy at the heart of EU external action – towards a more effective approach',⁴ in which the EU Commission and the High Representative proposed a 'realistic' approach tailored to specific conditions and circumstances on the ground and a focus on areas where the EU can bring 'added value'. Yet it is not clear whether this added value means backing off from burning issues due to lack of political support or a smart piecemeal strategy.

The litmus test for the new conditionality in the making is the adoption of the legislation regulating EU external action financial instruments within the 2014-2020 Multiannual Financial Framework (MFF): initial observations are not very encouraging. For example, provisions on conditionality in the draft European Neighbourhood Instrument (ENI) Regulation constitute a step backwards. In the event of a violation of human rights or the rule of law, the possibility of redirecting assistance towards non-state actors is not mentioned in this version of the Regulation, whereas it was explicitly foreseen in the ENPI Regulation that guided the instrument during the current (2007-2013) MFF. This wording is in sharp contrast to ideas floated by the Commission and the EEAS on the possibility of establishing a permanent mechanism allowing for redirecting assistance from partner country governments to civil society via a special clearing house.

“BENCHMARKS CONTINUE TO BE THE POLICY'S WEAKEST ELEMENT”

Presently, the EU offers its Eastern partners the very same thing – integration into DCFTA and visa liberalisation as the major objectives, coupled with a standard set of assistance and capacity-building instruments. At the same time, it is clear that partner countries' relations with the EU are unlikely to progress unless human rights and democracy criteria are met. This can be illustrated in the case of Ukraine, regarding which EU Member States are reluctant to sign and ratify the DCFTA even though negotiations have been concluded.

At the same time, what specific reforms each country has to undertake in order to be 'rewarded' or 'punished' is not clear. Benchmarks are a recurring and inconclusive issue in the ENP debate. The 2011 ENP Review proposed to define a new set of benchmarks in the areas of free elections, freedom of association, freedom of the press, rule of law and judicial independence, the fight against corruption and democratic control over the armed forces. Although the process should have been concluded in the second half of 2011, no results were publicly disclosed by the time of writing (Fall 2012).⁵ The benchmarks continue to be the policy's weakest element. Since no one seems to have an optimal methodology to follow, the issue keeps being postponed.

To make a long story short, the EU cannot decide whether to have one general set of benchmarks and, again, an implementation problem, or tailored sets of benchmarks either for selected regions or specific countries. For Eastern partners, the new benchmarks make sense only if acknowledged and internalised by both the EU and partner governments. Adoption of a common set of benchmarks would indeed provide a new impetus to the partnership. It would clarify and improve reform assessment and bring about a policy response from partner countries' governments. However, it is rather idealistic to believe that all Eastern neighbours are ready to adopt a new set of benchmarks – and Ukraine, for example, has already signalled it is not interested. Once again, there are limits to the EU's capacity to encourage reform in the neighbourhood.

So far, Belarus and Ukraine are the most notable examples of Eastern neighbours to which the EU has applied conditionality. In Belarus, EU sanctions were introduced following the presidential elections in December 2010, and in Ukraine, the finalisation of the Association Agreement was linked to the fairness of parliamentary elections in October 2012 which were called the “dirtiest [parliamentary] election in the history of independent Ukraine”.⁶ Because manipulation was widespread, the EU put negotiations on hold. As to the efficiency of conditionality, only minor examples of success exist so far but there is some experience for the EU to build on. In Ukraine, for example, the EU stated in 2010 that it would not provide budget support for environmental reform unless the Ukrainian government allowed CSOs to contribute. The government responded and civil

4. European Commission, EU High Representative for Foreign Affairs and Security Policy, *Joint Communication to the European Parliament and the Council on Human Rights and Democracy at the Heart of EU External Action – Towards a More Effective Approach*, COM (2011) 886 final, 12.12. 2011.

5. European Commission, EU High Representative for Foreign Affairs and Security Policy, *A Medium Term Programme for a renewed European Neighbourhood Policy (2011-2014)*, Joint Staff Working Paper, SEC (2011) 650, 25.05.2011.

6. Words of the deputy head of Ukraine's Central Electoral Commission Zhanna Usenko-Chernaia, in Andreas Umland, Iryna Solonenko, “EU-Ukraine Relations after the Ukrainian Parliamentary Elections: A new “Plan B” for Brussels' policies toward Kiev”, DGAP, 20.11.2012.

society recommendations were finally included in the Environmental strategy adopted in December 2010. Another example, also from Ukraine, is the freezing of budget support to a number of sectors in response to the adoption of laws on public procurement and civil service that contradicted principles of democracy and transparency. The response from the authorities came when the EU Delegation to Ukraine decided to disclose the information on the frozen accounts to the public. Unfortunately, there are few examples like this; this is exactly the type of activity where the EU could do more.

2. Engaging Turkey, Russia and non-state actors

EU policy planning in the Eastern neighbourhood frequently underestimates the importance of other players who have their own plans in the neighbourhood.

Whether Turkey's policies in Eastern Europe will be in line with the EU's interests is to a large extent a factor of EU-Turkey relations. Turkey is currently deepening its ties with Eastern Europe in order to strengthen its position as a regional player and create more opportunities for its businesses. Ankara perceives diplomatic engagement and business contacts as two sides of the same coin – while a good economy generates resources for diplomacy, in turn diplomacy should be in the service of businessmen.⁷ Moreover, Turkey, an OECD member, is one of the biggest bilateral donors in Azerbaijan, Georgia, Moldova and Ukraine.⁸ Also, Turkey's visa-free policy to almost all of its neighbours makes it a far better facilitator of people-to-people and business-to-business contacts than the EU.

Turkey declares support for Southern Caucasus' integration into 'Euro-Atlantic Structures', although it could be argued that this support is strongly linked to Turkey's own EU ambitions. Should Turkey be eventually denied its EU membership or should it decide to withdraw, it is legitimate to ask whether it would gain or lose more from being outside the EU while the rest of Eastern Europe is in. Thus, if the EU wants to deepen integration with its Eastern neighbours, it should use every opportunity to restart complete accession negotiations with Turkey. In addition to this, it should look for every opportunity for Turkey's partial integration into EU institutions. While there is much talk about 'strategic dialogue' between the EU and Turkey, to the EU's detriment there are still only limited opportunities in which Turkish and EU diplomats coordinate concrete policy options in the common neighbourhood.

Of special importance are non-state actors that cannot (in Turkey) benefit from the type of state-funded schemes for civil society that exist in EU Member States. In its March 2012 resolution on the 2011 Progress Report on Turkey, the European Parliament noted that 'participation of Turkish institutions and non-governmental organisations in ENP instruments would generate unique synergy effects'. This is certainly a victory after years of think-tank advocacy on closer alignment of Turkey's and EU's neighbourhood policies and should be duly reflected in the new Multiannual Financial Framework and European Neighbourhood Instrument.

Russia's suspicions regarding EU policy in the region and its continued perception of Eastern Europe as its sphere of influence are no secret. The recently announced Eurasian customs union, in which Russia is joined by Belarus and Kazakhstan, is seen by many in the EU as Moscow's way of extending influence into the post-Soviet space. Yet to understand Russia's East European policy, more factors need to be considered – chiefly Russia's quest for recognition by the West and for balancing against China.

All the former Soviet republics have been invited to join the customs union, yet it remains to be seen whether countries other than Kyrgyzstan and Tajikistan will accept. If it came into existence, the customs union would face a number of serious problems stemming from economic disparities, diverging goals among incumbent

7. For a brief summary of Turkey's foreign policy objectives, see A. Davutoglu, "Vision 2023: Turkey's Foreign Policy Objectives", Speech delivered at the Turkey Investor Conference organised by Goldman Sachs, London 22.11.2011.

8. TİKA, "2009 Kalkınma Yardımları Raporu", "2008 Kalkınma Yardımları Raporu".

members, a lack of trust, and strong protectionism on the part of the three members. Moreover, there are exemptions from intra-union trade and other trade restrictions and a considerable lack of trust between members. Belarus and Kazakhstan will take time to complete the first integration step – it seems that the cost-benefit calculation has not yet been concluded in both Minsk and Astana. A key priority for the Russian leadership, however, is Ukraine, and Ukraine's acceptance of the deal would also bury the Eastern partnership project, since membership in the customs union is incompatible with the EU's DCFTA.

“THE EU IS MUCH LESS IRRITATING FOR RUSSIA THAN THE US, YET IT FAILS TO CAPITALISE ON THIS TRUST”

Although there are not many reasons to believe that a significant harmonisation of EU and Russian policies towards Eastern Europe will occur in the next year or two, non-engagement is not an option. The most important task for the EU is to try to build trust with Russia, possibly by initiating small-scale joint projects in the common neighbourhood. The Common Spaces format has to be reinvigorated and working groups of ministry officials from different levels of middle management should be convened.

While this process will not necessarily bring immediate and tangible results, maintaining the status quo will most certainly not serve EU interests. Finally, dialogue with Russia should not be state-centred. Although the Putin administration has recently escalated its campaign against NGOs that receive foreign funding by forcing them to register as ‘agents’, the Union should continue to look for every possible way to forge dialogue with Russia's non-state actors. The EU-Russia Civil Society Forum,⁹ launched in 2010, is a welcome step in this direction, albeit minor. The Union is much less irritating for the Russian authorities than the United States, yet it fails to capitalise on this trust capital.

Conclusions and recommendations

The Union should be less ambitious in scope, more conscientious in depth, and more attentive to details with regard to its engagement. In drafting its policy towards neighbours, the EU must acknowledge that the success of the 2004 enlargement is not about to be repeated anytime soon. EU attractiveness for neighbours is lower given the crisis and what it currently offers to neighbouring countries. There are a number of areas in which the Union can realistically improve its performance and come closer to achieving its goals:

- In dialogue with Eastern partners, the Union has to utilise more efficiently its capacity to encourage multi-stakeholder (state/civil society) dialogue and make it clear to governments of Eastern neighbours that, with all due respect to state sovereignty, the EU integration process is in principle based on mutual intervention in domestic affairs. In other words, although the dialogue is labelled Eastern partnership, the European Union has to insist on the basic values enshrined in Article 2 of the Treaty on European Union. One of the ways to encourage internalisation of these values in systems of governance in Eastern partner countries is precisely by making the Eastern governments listen more to their own civil societies.
- The weakest part of the EU's neighbourhood policy remains the unclear definition of benchmarks – concrete political and policy issues with measurable criteria that partners must fulfil to become more deeply integrated into the Union. The fact that some neighbours – notably Azerbaijan and Belarus – dismiss any talk of ‘EU-style’ democracy and human rights should not stop the Union from applying these benchmarks, which are part of the general policy framework. For effective leverage of mutually-agreed principles of transparency, inclusiveness of policy dialogue and democratic standards, the EU should not hesitate to freeze funding as a stick; in partner countries which lack resources, it has already proved a successful strategy in several cases.

9. EU-Russia Civil Society Forum.

Relations with Turkey and Russia are part and parcel of the EU's Eastern policy matrix. The Turkish accession process needs to be revitalised and the Union should create more opportunities for concrete and visible joint policies in the neighbourhood. Not only the Turkish government but also businesses and NGOs should be engaged in the EU's dialogue with Eastern Europe. The EU should consider offering more incentives and simplified administrative procedures to support the participation of Turkish civil society organisations in EU-funded projects. Engaging Russia seems to be a more daunting task - and currently the only option. The Common Spaces dialogue should be revamped to serve as a forum for constructive exchange between officials. The official track has to be accompanied by strengthened outreach to Russian society, however. The EU-Russia Civil Society Forum has been a small step in the right direction, but much more can be done to build confidence and create networks. Partnerships between municipalities and schools, student exchanges and trilateral projects with Eastern European partners may not be game changers in the short-term, but are sine qua non conditions for the successful implementation of EU goals in the East.

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