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## ENLARGEMENT AND NEIGHBOURHOOD

### Regionalising the EU's Neighbourhood: Planning the Global Role for the Trio Presidency

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**T**he prolonged global crisis has confirmed the main outline of the European Union's (EU) external policy for the Polish-Danish-Cypriot Trio Presidency as globalisation cum regionalisation. First, concerning the emerging new powers, efforts for enhancing global governance were formulated as "strategic partnerships". Second, promoting accession in the Western Balkans and widening through the Eastern Partnership have implied an intensive regionalisation of the EU's neighbourhood.

#### The European challenge: reforming the global role of the EU

2010 was a particularly turbulent year. The euro crisis and subsequent steps taken in economic governance created tensions among Member States. This year has markedly reinforced both parts of globalisation cum regionalisation, by strengthening the new global role of the European Union (EU) and intensifying the regionalisation of neighbourhood on the other. This dual task had been clearly outlined in advance:

*Externally, it must ensure that Europe is a coherent rather than fragmented actor both globally and in its own backyard. [...] At regional level, the challenges for a largely reunified Europe were to carry through enlargement and redefine its relationship with neighbours. At global level, it was to behave as the soft but effective power it claimed to be.<sup>1</sup>*

2010 was a year in which the EU looked to the future in both ways, internationally by strengthening itself as a global actor and internally by elaborating a form of European economic governance. In this regard, for the 60<sup>th</sup> anniversary of the Schuman Declaration on 9 May, the

1. André Sapir (Ed.), "Europe's economic priorities 2010-2015: Memos to the new Commission", Bruegel, 2009, p. 10, available at: <http://www.bruegel.org/publications/publication-detail/publication/319-memos-to-the-new-commission-europes-economic-priorities-2010-2015/>

European Policy Centre issued “A Schuman Declaration for the 21<sup>st</sup> Century”, offering some thoughts on what Schuman might say today on the new European challenge:

*In global terms the EU and all its members are in relative decline – politically and economically. The world is becoming ever less euro-centric: global affairs are increasingly shaped in other parts of the world. Without change, the old continent is doomed to gradual marginalisation and irrelevance.*<sup>2</sup>

The document also demanded an enhancement of Europe’s global role and suggested a programme to reform the representation of the EU in international governance structures in order to promote European values.

The 16 September, 2010, European Council Conclusions focused on relations with strategic partners. This document identified the challenge for the EU in a changing world:

*The recent economic and financial crisis has dramatically shown the extent to which the well-being, security and quality of life of Europeans depend on external developments. The emergence of new players with their own world views and interests is also an important new feature in the international environment. The European Union must be an effective global actor, ready to share in the responsibility for global security and to take the lead in the definition of joint responses to common challenges.*<sup>3</sup>

It has also emphasised that the EU should act more strategically and establish a system of strategic partnerships:

*The European Union’s strategic partnerships with key players in the world provide a useful instrument for pursuing European objectives and interests. This will only work if they are two-way streets based on mutual interests and benefits and on the recognition that all actors have rights as well as duties.*<sup>4</sup>

The dual task of globalisation-cum-regionalisation was apparent, given that the EU “also plays a major stabilizing role in its neighbourhood. The Union has secured stability in the Western Balkans particularly through the European perspective given to that region”.<sup>5</sup>

The September 2010 document was clearly written in the spirit of integrative balancing – that is, partnership with balancing mechanisms between and among policy fields through negotiations and with reciprocity. In global policy, the emphasis is on the asymmetrical reciprocity of global cooperation, since the profiles of the global powers are different, while in regional policy it means empowering the weaker regional partners in order to facilitate their development. In both cases, it is about creating synergies by combining strengths and capacities, since the

system of strategic partnerships presupposes the wherewithal “to ensure the coherence of the European Union’s external action as a whole”.<sup>6</sup> The document also indicates an emphasis on integrative balancing in neighbourhood policy: “The smooth implementation of projects launched within the Eastern Partnership constitutes an outreach of EU values and promotes the legal, economic and social approximation of the concerned countries to the EU”.<sup>7</sup>

President of the European Council Herman Van Rompuy emphasised that the September 2010 European Council meeting had been a turning point in the EU’s global policy:

*Pour moi, c’est le plus important résultat du Conseil européen de la semaine dernière. Pour la première fois, les Chefs d’Etat et de Gouvernement ont consacré une réunion à la place de l’Europe dans le monde nouveau. Nous nous sommes concentrés sur nos relations avec les partenaires stratégiques de l’Union, tels les Etats-Unis, la Russie ou la Chine.*<sup>8</sup>

Van Rompuy also underscored that the principle of strategic partnership with reciprocity means a win-win situation – i.e. the mutual advantages referred to here as integrative balancing. Undoubtedly, the Polish-Danish-Cypriot Trio Presidency will support both directions. However, establishing strategic partnerships for better global governance is a task better suited to the European Council and its permanent president. The Trio Presidency would be better able to deal with the problems of regionalising the EU neighbourhood.

## The new approach to widening: functional macro-regions

Functional macro-regions have been designed as bridges between global and regional governance. The specific feature of the Swedish-Belgian-Hungarian and the Polish-Danish-Cypriot (PDC) Trio Presidencies is the continuity between two Central European states, Hungary and Poland, which facilitates the synergy between the Baltic Sea and the Danube Strategies. The Baltic Sea Strategy emerged earlier, with the active participation of all Member States concerned, including Poland. The Action Plan of the Danube Strategy is to run until June 2011, during the Hungarian Presidency. It involves the intensification of the pre-accession process, by means of the Danube Strategy for the Western Balkan states in general, and via the Croatian accession in particular. Another Hungarian Presidency priority was “Enlarging responsibly and engaging globally” – i.e. the promotion of globalisation cum regionalisation in both ways:

*Reviewing the European Union’s neighbourhood policy is a special priority. [...] The Union is a strong global player. The Lisbon Treaty has provided a new institutional structure and new possibilities. These will enable the EU to develop its relations with*

2. European Policy Centre, “A Schuman Declaration for the 21<sup>st</sup> Century”, 6 May 2010, available at: [http://www.epc.eu/documents/uploads/1091\\_schuman\\_declaration.pdf](http://www.epc.eu/documents/uploads/1091_schuman_declaration.pdf)

3. European Council, Conclusions, EUCO 21/1/10, 12 October 2010, available at: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/116547.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/116547.pdf)

4. *Ibid.*

5. *Ibid.*

6. *Ibid.*

7. *Ibid.*

8. Herman Van Rompuy, « Non pas renationalisation de la politique européenne mais européanisation de la politique nationale », *Discours à l’invitation de Notre Europe*, Sciences-Po, Paris, 20 September 2010, available at: [http://www.notre-europe.eu/fileadmin/IMG/pdf/REVUE\\_DE\\_PRESSE\\_\\_d\\_bat\\_Van\\_Rompuy.pdf](http://www.notre-europe.eu/fileadmin/IMG/pdf/REVUE_DE_PRESSE__d_bat_Van_Rompuy.pdf)

*third countries – especially with strategic partners – as well as with the EU's neighbours to strengthen its global position.<sup>9</sup>*

Thus, in the neighbourhood regionalisation policy, there is a strong continuity between the Hungarian and Polish Presidencies. The Eastern Partnership (EaP) was a Polish-Swedish initiative, hence the expectations that the PDC Trio Presidency will support it. As the Polish programme pledges:

*Poland will promote the subject matter of the Eastern policy. In relations with Member States of the Eastern Partnership it will strive for conclusion of association agreements, mandate for negotiation of the free trade area with the European Union and conclusion of such negotiations with Ukraine.<sup>10</sup>*

Similarly, the Danish draft programme also offers a model of globalisation-cum-regionalisation:

*Focusing on further development of the EU's (strategic) partnerships with third countries and regions, not least neighbouring regions, and developing regional frameworks and strategies will be important in order to ensure the EU's continued role in solving regional and global challenges, while promoting European growth, prosperity and security. Therefore, in line with its role as a global player, the EU should continue to ensure positive development in the Neighbourhood areas.<sup>11</sup>*

## The alternative futures for the EU during the PDC Trio Presidency

Concerning global developments, the 2011-2012 period will be decisive for the EU, and therefore future scenarios should be outlined for the upcoming Trio Presidency. Alternative future scenarios range from the narrow status quo to new visions in the spirit of the Europe 2020 Strategy. Four scenarios for Europe 2013 can be posited: (1) Head Start scenario (best case scenario – strengths); (2) Continental scenario (partial success scenario – opportunities); (3) Fragmented EU scenario (partial disintegration – weaknesses); and (4) Doomsday scenario (worst case scenario – threats). These four scenarios cover the main possible future outcomes for the EU27, in a SWOT analysis with positive or negative synergies.

In fact, the best case and worst case scenarios are positive and negative ideal types, which only outline the framework within which the future itinerary of the EU can be designed. The Head Start scenario has a relatively quick convergence and homogenisation in the EU27, based on the “V model” of a quick global recovery after the recession. In this eventuality,

the EU would be a superpower, serving as a trendsetter in the global governance of the post-crisis world. Conversely, the Doomsday scenario is based on the “zero-growth model” of a long stagnation in the European economy, which slowly leads to the quasi-disintegration of the EU. In this case, the EU as a global actor must face declining influence in the global arena. Both extremities are nowadays unlikely, although excessively high expectations of the EU's global role have occasionally been apparent. In deep crisis periods (for instance in the spring 2010 euro crisis), the Doomsday scenario has even been set in motion, for example in the form of the Anglo-American press' notion that “the European Union is dying”.

The softer Continental and Fragmented EU scenarios show the main opposite characteristics. The future EU will likely be some combination of these possibilities, depending on the strength of the various external factors (since the global environment will play a decisive role in the future of the EU). The Continental scenario, of partial success, presupposes basic convergence and increasing coherence in the EU, as a result of the relative successful crisis management and based on the “W model” of the global recovery (in which after the failure of the first recovery effort, the second one is successful). According to the Continental scenario, the EU as global actor can, in this way, withstand tough competition in a multipolar world. The Fragmented EU scenario indicates partial disintegration due to failures and hesitations in crisis management, and is based on the “L model” in the European economy (a partial and slow recovery). This somewhat negative scenario predicts continued convergence and increasing coherence in some fields, but marked divergence and deep disintegration in others. In general, the EU's internal cohesion could be damaged if the Europe 2020 Strategy fails to generate policy reforms for regaining global competitiveness, and the EU as a global actor could be paralysed with conflicts in its close neighbourhood or by a disturbance of its energy supplies.

These more realistic scenarios, with opportunities and weaknesses, outline the itinerary for the PDC Trio Presidency. The 1.8% economic growth of the European economy in 2010 offers some cautious optimism for the multispeed global recovery.<sup>12</sup> The EU is set to grow by around 2% in 2011 and 2012, which would allow for a return to normality in the EU after the “exit strategy” – as the February 2011 Presidency Conclusions have noted: “Beyond the immediate action required to tackle the most pressing challenges posed by the economic and financial crisis, it is important to continue laying solid foundations for a sustainable and job-creating growth”.<sup>13</sup> There can be no return to the pre-crisis world, so the main task of the Trio Presidency is to contribute to “laying foundations” in the EU for the post-crisis world, including for a new global EU role. In the spring of 2011, the opportunities seem clearer than the weaknesses. The Franco-German “engine” has begun to put together the

9. Hungarian Presidency, “Strong Europe with a Human Touch”, The Programme of the Hungarian Presidency of the Council of the European Union, 17 December 2010, available at: [http://www.eu2011.hu/files/bveu/documents/HU\\_PRES\\_STRONG\\_EUROPE\\_EN.pdf](http://www.eu2011.hu/files/bveu/documents/HU_PRES_STRONG_EUROPE_EN.pdf)

10. Document of the Council of Ministers, “The six-month programme of the Polish Presidency of the EU Council in the second half of 2011”, 15 March 2011, available at: <http://www.prezydencjaue.gov.pl/en/areas-of-preparations/program>

11. Danish Government, “Danish contribution to the strategic part of the 18-months programme of the Polish, Danish and Cypriot Presidencies”, Draft Document

12. European Commission, “European Economic Forecast – Autumn 2010”, *Economic and Financial Affairs*, accessed 28 April 2011, available at: [http://ec.europa.eu/economy\\_finance/eu/forecasts/2010\\_autumn\\_forecast\\_en.htm](http://ec.europa.eu/economy_finance/eu/forecasts/2010_autumn_forecast_en.htm)

13. European Council, Conclusions, EUCO 2/1/11, 8 March 2011, available at: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/119175.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119175.pdf)

basic mechanism of economic governance that strengthens not only the euro, but also the economic strength of the EU, allowing an enhanced role in global governance.

The clear outlier in economic performance is Poland, with the highest European growth rate in 2010 (3.5%) and with high growth expectations in the next two years (3.9% in 2011 and 4.3% in 2012).<sup>14</sup> In the same way, Denmark has been one of the best performers in terms of the Lisbon Strategy. Given this dynamism, the PDC Trio Presidency has optimal internal pre-conditions for economic take off and for an enhanced global role for the EU. Concrete steps that should be taken by the PDC Trio Presidency to boost this enhanced EU role in global governance include: (1) contributing to the preparations of the next financial perspectives in a way that supports both the new global role of the EU and its Cohesion Policy, (2) reaching a “historical compromise” with Russia on energy security, and (3) continuing the intensification of the neighbourhood policy, mainly along the lines of the functional macro-regions.

### Policy recommendations:

1. A larger say for all Member States in the preparations for G20 meetings by creating a common platform (single voice) by means of discussions at EU forums before the European Council meetings concerned.
2. More specific treatment of the Eastern and the Southern dimensions of the neighbourhood policy in order to overcome the “carrot crisis” of weakening conditionalities in these mega-regions by means of more original forms of development.
3. Coupling the general economic recovery of the EU with a widening strategy through mega-regional development projects like the Danube Strategy and the Baltic Sea Strategy, which could be a source of dynamism for both the EU and its partner states.

14. European Commission, “Interim Forecast 2011”, *Economic and Financial Affairs*, accessed 28 April 2011, available at: [http://ec.europa.eu/economy\\_finance/articles/eu\\_economic\\_situation/2011-03-01-interim\\_forecast\\_en.htm](http://ec.europa.eu/economy_finance/articles/eu_economic_situation/2011-03-01-interim_forecast_en.htm); for alternative estimates concerning Poland, see: International Monetary Fund, “World Economic Outlook. Tensions from the Two-Speed Recovery: Unemployment, Commodities, and Capital flows”, April 2011, available at: <http://www.imf.org/external/pubs/ft/weo/2011/01/index.htm>