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The ENP three years on – where from, where next?

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There is no doubt that the enlarged European Union (EU) needs an effective and coherent common policy to deal with its numerous “neighbours”. But is the existing official European Neighbourhood Policy (ENP) able to meet all the expectations and demands that have been raised on it? Or, to put it differently: if we were invited to (re)design it from scratch, would we end up with the current set-up?

The likely answer to both questions is a qualified No.

To start with, the ENP is a sort of misnomer. What it deals with, in fact, is not the ITAL European neighbourhood, but rather the Union’s. In this respect, the Ukrainians are right: they belong to Europe, not to its “neighbourhood”. Even after the latest enlargements, Europe and “EU-Europe” do not coincide and will continue not to.

Moreover, the ENP does not deal with a homogeneous neighbourhood, but rather with a set of neighbours that are very different from one another. The Mediterranean countries differ enormously from the Eastern European ones, and there are significant differences also inside each group.

Finally, the current ENP is not really a single policy: it is a set of bilateral programmes and instruments, an umbrella that brings together pre-existing Community funds and tries to give them a common rationale.

Background

All this may well be a consequence of its origin and early development.

When the latest round of EU enlargement materialised in late 2002, the British and the Scandinavians in particular started pushing for a common initiative aimed at the new Eastern periphery of the Union (the South Eastern one being already involved in the Stabilisation and Association Process).

In December 2002, the same Copenhagen European Council that finalised the ‘Big Bang’ endorsed the initiative but - on the insistence of the Southern member states - included in it also the Mediterranean countries.

This resulted in the “Wider Europe” Communication released by the Commission in March 2003. In June 2004, a few months after the ‘Rose Revolution’ in Tbilisi, the initiative was further extended to the South Caucasus republics of Armenia, Azerbaijan and Georgia, and re-branded as “European neighbourhood policy”, more clearly separated from any EU accession prospect.

However, such quick widening of the ENP soon met its limit: Russia, in fact, declined to be incorporated into the scheme and opted for developing bilateral cooperation with the Union on an allegedly more ‘equal’ basis. The main “neighbour” of the EU, therefore, was not included.

Ever since, the ENP has gradually absorbed the existing TACIS and MEDA programmes, and defined benchmarks and “priorities for action” against which to calibrate the disbursement of funds. Yet the initial Council decision of putting apples and oranges – Eastern Europe and Southern non-Europe - in the same policy basket has remained, conditioning its implementation.

Moreover, the confusion of the initial months was not limited to the geographic scope of the new policy. Then Commission President Romano Prodi, for instance, mentioned the goal of building “a ring of friends” around the enlarged EU. Both Commissioner for External Relations Chris Patten and High Representative for CFSP Javier Solana spoke rather of “a ring of well-governed countries”. The difference (a country may be considered as a “friend” while not being particularly “well-governed”) seemed to highlight some nuances in the overall approach.

Finally, the new “policy” was also driven by a degree of bureaucratic politics. On the one hand, with its launch in the middle of the drafting of the EU Constitutional Treaty, the Commission underlined that it had the legal competences, the financial and human resources, and the diplomatic outreach necessary to deal with the Union’s “near abroad”.

On the other, the new scheme allowed also to “recycle” - in the best sense of the term - a number of Commission officials that had been intensely and successfully involved in preparing the ‘Big Bang’: between 2003 and 2004, some dedicated staff were gradually transferred from DG Enlargement to DG Relex. In the autumn of 2004, with the onset of the new Commission, Benita Ferrero-Waldner’s brief was renamed “External Relations and European Neighbourhood Policy” - thus giving the ENP a special slot in the overall spectrum of EU actions, and the Commissioner a new mandate.

Per se, such a transfer was a good thing. Applying to the “neighbours” (old and new) a similar logic to the one that had driven the ‘Big Bang’ - a common ‘template’, based on conditionality, but potentially different speeds for all the countries involved, based on compliance - could indeed give more teeth and consistency to the traditional Community policies based on financial assistance to foster stability.

However, there are major structural differences between enlargement and the ENP. Candidates for accession can be chosen, whereas geographic neighbours cannot. Also, relations with future members are profoundly uneven (the EU dictates the terms), unlike those with simple neighbours, who are no *demandeurs*. And enlargement is based on a *finalité* that the ENP entirely lacks.

The East - South divide

The initial steps of the new policy were a bit confusing too. If one looks, for instance, at the “priorities for action” elaborated in December 2004 for the first seven ENP Action Plans (aimed to Ukraine, Moldova, Jordan, the Palestinian Authority, Israel, Tunisia and Morocco), one is confronted with a long shopping list of very diverse items without any clear hierarchy.

Furthermore, some of the commitments made by the EU in this framework - such as trade liberalisation and a “stake” in the internal market (“all but institutions”, as Prodi put it) - lack credibility. The Union has been conspicuously reluctant to open up its agricultural and labour markets, and the “neighbours” have been mostly unable - and sometimes also unwilling - to implement single market legislation and meet the required standards.

More generally, the initial deal among the member states combining East and South has affected the image of the ENP. On the one hand, the Eastern European countries - starting with Ukraine, especially after the ‘Orange Revolution’ of autumn 2004 - complained that it did not entail an accession prospect. On the other, the Mediterranean countries complained that it overlapped and rivalled with the Euro-Mediterranean Conference launched in Barcelona in 1995 – although, in fact, the latter is a multilateral forum whereas the ENP is essentially a bilateral framework (the EU vs. each individual neighbour).

For some countries from both groups, finally, bilateral agreements with the EU were already in force at the onset of the ENP: Partnership and Cooperation Agreements with Eastern and South Caucasus countries, and Euro-Med Association Agreements with Israel, Egypt and Lebanon. As a result, the Action Plans came to intersect with those, generating delays and ultimately affecting the overall perception of the new policy.

Maybe as a consequence of all that, some analysts have since compared the ENP (half-jokingly) to a ‘Twix’ bar. More poignantly, one can argue that the ENP has suffered, and still in part suffers, from being neither enlargement nor foreign policy proper. It cannot exercise conditionality as effectively as the former, nor does it bring to bear all the tools and levers of the latter. On top of that, the combination of the persistent ambiguity over the ultimate “borders” of

the Union and the tension between East and South (and their respective mentors) has ended up weakening, rather than strengthening, the ENP and its 'transformational' potential.

State of play

The first two years of full implementation of the ENP came to an end last December, along with the 1999-2006 EU budget. Sixteen countries have been involved so far - six from Eastern Europe and the South Caucasus, ten from the Mediterranean - and eleven Action Plans put in place (with those for the South Caucasus and Lebanon).

The priorities for action have been streamlined and clarified, but they remain quite diverse. If one compares the top four for both the Eastern and the Mediterranean countries, the only priority that reoccurs in all Action Plans is the "improvement of the investment and business climate" – one that, admittedly, reflects the EU's self-interest.

Among the others, the fight against corruption is paramount with the Eastern countries, the fight against terrorism with the Southern ones. The former are expected to "develop" democracy, the latter to "encourage" it. And while conflict resolution is crucial in the East and the Caucasus, developing transport and infrastructure is essential in the Mediterranean.

This list also highlights the increasing diversity of goals attached to the ENP, some of which do not fall within the remit of the Commission, let alone DG Relex proper. Combating (or just containing) the spread of terrorism and WMD, solving "frozen" conflicts in border or contested regions, stemming (or just controlling) illegal immigration, securing energy supply: these are all issues that can hardly be addressed effectively in the context and with the instruments of the sole ENP. Indeed, they seriously risk overloading it.

Besides, the balance between what the EU offers to and what it demands from the "neighbours" looks uneven and also fairly ineffective: for instance, we get the mobility we do not want (illegal immigration and trafficking), while they do not get the mobility they want (visa facilitation).

Still, some of the "neighbours" have done quite well: Morocco, Jordan and Ukraine, in particular. By contrast, others have shown little or no progress: Tunisia and Egypt are the most relevant cases in point, while Belarus and Libya remain problem countries and Algeria hard to engage - according to the Commission's own assessment made in the Communication from 4 December 2006 that launched the new "ENP-plus".

It is almost impossible to assess the specific impact of the ENP on the countries' performance, no matter how strongly the scheme has improved over the past two years. The Action Plans are now better defined and tailored to the peculiar characteristics of each recipient country (which, however, makes the original idea of a common 'template' more elusive), and the practice of linking funding to performance represents an undeniable progress - especially if one looks at the initial record of the MEDA programme.

Such deepening of the ENP has probably contributed to achieving some positive results wherever the ground was already favourable, but it failed to make any difference in otherwise stagnant situations.

More euros for the ENP

Meanwhile, the overall financial endowment has improved too: the new European Neighbourhood and Partnership Instrument (ENPI), replacing both TACIS and MEDA, amounts to roughly 12 billion EUR for the period 2007-13, with a real increase of 30 per cent over the previous exercise. In addition, the European Investment Bank has earmarked special lending programmes.

Still, the new endowment lies below the initial requests of the Commission in the 2005 budget negotiations, and the overall population of the countries covered by Action Plans is well above 120 million: as a result, per capita allocations remain modest, especially considering the breadth of policy areas to cover.

The EU can certainly do better. But how much is enough?

If one takes the entire set of policy goals attached to the ENP, 12 billion EUR over seven years – plus a dedicated staff of 20-odd officials in the Commission - are indeed a pittance. However, if one takes a more limited view of the scope of specific actions (and considers also the declining resources that the member states devote to their own neighbours), the allocation may be seen as an acceptable point of departure, considering also the relative decrease in funding in the member states.

Finally, if the ENP(I) cake is marginally bigger, its shares have slightly changed: 62 per cent now goes to the South (it was 70 pre-2007), 38 to the East (30 per cent previously), although the difference is much less pronounced in per capita terms. Internal disputes over regional allocations, however, have not abated: while the so-called “Club Med” keeps fighting its corner, the now more numerous Central Europeans demand extra resources for their own neighbours.

And it is not only a matter of money. When the forthcoming German Presidency announced, at the end of 2006, that it would promote a new Ostpolitik for the whole Union, the Southern EU members raised their eyebrows and encouraged the ensuing Portuguese presidency to rebalance that towards the South (Slovenia, in the first half of 2009, is likely to be more balanced). But differences exist also inside each coalition: Germany’s vision of a EU Ostpolitik may not necessarily coincide with Poland’s, while France and Spain are often at odds over Morocco, or the UK and Italy over Libya.

Prospects

The ENP has clearly turned into an “enlargement-neutral” policy: per se, it does not automatically prepare for nor rule out future accession. The Mediterranean countries are excluded anyway. For the others, as long as the current member states are divided over the scope and timing of the enlargement process, a certain degree of uncertainty is bound to stay in place. At the same time, the ENP may continue to be affected by internal tensions about regional and functional priorities.

So why not make the distinction between East and South more explicit, split up the ‘Twix’ bar, and establish more distinct ‘sub-templates’ for the Union’s neighbours?

Split up ...

This first one would incorporate the Eastern ones, including the South Caucasus and the new geopolitical ‘space’ around the Black Sea. Such Eastern neighbours would be distinctively European (if anything, because they are all members of the Council of Europe). The priorities for action would be the same for all of them, and so would the relevant incentives and rewards offered by the EU. These could prove stronger in the realm of trade, as it is already the case with Ukraine (and maybe soon Georgia), where concessions are easier for the EU bilaterally than multilaterally.

The second sub-template would be for the non-European neighbours. Here, too, a common set of priorities, incentives and rewards would be in place. Differentiation based on performance should remain, and the greater commonality of these “EU Southern neighbours” (Israel being a special case) could make it easier to enforce peer pressure and best practice.

Actually, one could go as far as to contemplate up to four 'clusters' of neighbours, each characterised by some degree of internal homogeneity and comparability: Eastern Europe, the South Caucasus, the Middle East, and North Africa.

Such splitting between more compact sub-regional groups could then be further extended to other clusters of countries (e.g. "the neighbours of the neighbours", starting with Central Asia), but still without dismantling the common framework of the ENP. The 'Twix' bar, in other words, could well be turned into a 'Kit Kat'.

In budgetary terms, the review planned for 2008-09 could well be the occasion to perfect that, along with the desirable increase in the overall ENP endowment.

... and join up

The first sub-template could also help revive and give scope to the ailing 'European Conference': why not give new substance, in fact, to that status of "privileged partners" now still presented and perceived only as a fall-back option for excluded would-be EU members? Such "European partners" could thus have new incentives to align themselves to CFSP decisions; could gain special access to ESDP bodies and missions, well beyond the current generic one as "third countries"; and could even participate in EU specialised agencies, starting with Frontex.

The second template, in turn, could usefully complement and even reinvigorate the Barcelona Process, which has lost momentum, possibly giving substance to the "Mediterranean Union" recently proposed by French presidential candidate Nicolas Sarkozy: the term "Union" may be a bit misleading, once again, but the basic rationale deserves some consideration. In both cases, that is, some regional coherence and institutional finalité could help.

The decisive breakthrough for the ENP, however, would come with the provisions enshrined in the EU Constitutional Treaty. Not so much with those explicitly devoted to "the Union and its neighbours" (art. I-57, in fact, says next to nothing in this respect), but rather with the creation of the "Union Minister for Foreign Affairs", combining a Commission and a Council 'hat', and supported by a dedicated European External Action Service. That could indeed make a difference, linking up all the Commission's tools with those of the Council Secretariat and the member states, and potentially overcoming intra- and inter-institutional battles for turf and funding.

We all know how difficult it will be to 'salvage' those provisions. Yet the German EU presidency, with its planned focus on both the ENP and institutional reform, has a unique opportunity to make progress along these lines.