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## **The ENP five years on: looking backward – and forward**

Paper for the conference

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# The ENP five years on: looking backward – and forward

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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” - old and new. And there is no doubt either that remarkable efforts have been put into developing what is officially called European Neighbourhood Policy (ENP), implemented since 2004.

The question is: does the existing ENP meet the expectations, needs and demands of a desirable common policy towards the EU’s “near abroad” (as the Russians call their own European neighbourhood)? It is a legitimate question as coming to a shared assessment of what needs to be done in common - and how - vis-à-vis the immediate periphery of the Union is a key factor for shaping both internal cohesion and external influence.

This paper aims to analyse the way in which the ENP has developed over the past four years, assessing its intrinsic potential as well as in-built weaknesses, and exploring what directions it may take in the future – factoring in also the new institutional architecture that the new Lisbon Treaty (if and when implemented) will create in the domain of ‘foreign policy’ at large.

## ***1. Where from ..***

When the ‘Big Bang’ enlargement to eight Central European and two Mediterranean countries 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 – as South Eastern Europe was already involved in the Stabilisation and Association Process and would soon be given (at the Thessaloniki European Council of June 2003) a specific EU membership perspective.

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 that, until then, had been involved in the so-called Barcelona Process, i.e. the Euro-Mediterranean Conference launched in 1995.

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 - much as they still lie some 1,000 Km apart from the nearest EU member (Romania) - and was also re-branded as “European Neighbourhood Policy”. As such, it was more clearly separated from any EU accession prospect.

On the whole, the ENP was expected to deal with 17 neighbours – the ‘Outer Seventeen’, to paraphrase the famous definition of the seven initial members of the European Free Trade Association (EFTA) created in the late 1950s to counter the newly founded six-strong European Economic Community.

The main ‘neighbour’ of the EU, however, was not included: Russia declined to be incorporated into the scheme and opted for developing bilateral cooperation with the Union on an allegedly more ‘equal’ basis, although it was open to accepting similar policies and actions as those implemented with other countries involved in the scheme.

Ever since, the ENP has gradually absorbed the existing TACIS and MEDA programmes - for the East and South, respectively - and defined benchmarks and “priorities for action” against which to evaluate 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<sup>1</sup>.

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<sup>1</sup> For a first assessment see J.Batt et al. (2003), *Partners and Neighbours: A CFSP for a Wider Europe*, Chaillot Paper no.64 (Paris, EUISS) September; K.E.Smith (2004), ‘The Outsiders: The European Neighbourhood Policy’, *International Affairs*, 81, no.4, 757-773.

Other internal nuances affected the overall EU approach. 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”) was not to be missed.

Moreover, the new scheme allowed 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, in fact, they were gradually transferred from DG Enlargement to a dedicated new Unit in DG Relex. In the autumn of 2004, with the new Commission taking office, Benita Ferrero-Waldner’s brief was renamed “External Relations *and* European Neighbourhood Policy” - thus giving the ENP a specific slot in the overall spectrum of EU actions, and the Commissioner a new mandate that could be preserved even in the event of creation of the “EU Minister for Foreign Affairs” foreseen by the Constitutional Treaty (due to enter into force on 1 November 2006).

Per se, such a transfer was a positive development. 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.

Enlargement, however, differs from the ENP in a number of different ways. To start with, candidates for accession can be chosen, whereas geographic neighbours cannot. Also, relations with future members are profoundly uneven (as the EU basically dictates the terms for the accession negotiations), unlike those with simple neighbours, who are no *demandeurs*. And enlargement is based on a *finalité* that the ENP entirely lacks.

## **Lack of coherence**

The initial steps of the new policy were not exactly encouraging.

For instance, the “priorities for action” elaborated in December 2004 for the first seven ENP Action Plans (aimed at Ukraine, Moldova, Jordan, the Palestinian Authority, Israel, Tunisia and Morocco) amounted to a long shopping list of very diverse items without any visible hierarchy.

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

***More generally, the Eastern European countries - starting with Ukraine, especially after the ‘Orange Revolution’ of autumn 2004 - complained that the ENP did not entail an accession prospect. The Mediterranean countries, in turn, complained that it overlapped with and rivalled the Barcelona Process - although the Euro-Mediterranean Partnership is a multilateral forum, while the ENP is essentially a bilateral framework between the EU and each individual neighbour.***

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. The new Action Plans came to intersect with those, generating delays and ultimately affecting the overall perception of the new policy.

On the whole, the ENP seems to suffer (still) 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 political tools and levers of the latter. At the same time, it enshrines elements of both.

On top of that, the persistent ambiguity over the ultimate “borders” of the Union (particularly resented by the Eastern neighbours) and the tension between East and South (and their respective mentors) - that has led some analysts to compare the ENP to a ‘Twix’ bar - have ended up weakening, rather than strengthening, the ENP and its ‘transformative’ potential.

### ***A first balance sheet***

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

The priorities for action had been streamlined and ranked, but they remained quite diverse. Among the top four for both the Eastern and the Mediterranean countries, in fact, the only priority that reoccurred in all Action Plans is the “improvement of the investment and business climate” – which, admittedly, reflects the EU's self-interest.

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

This also highlighted the growing 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.

Still, some of the “neighbours” had done quite well: Morocco, Jordan and Ukraine in particular – that is, those who were already convinced of the merits of reform – plus of course Israel, that was and still is a special case anyway. By contrast, others had shown little progress (Tunisia and Egypt being the most relevant cases in point), while Belarus and Libya remained 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”<sup>2</sup>.

It is a fact, however, that the Action Plans are now better defined and tailored to the peculiar characteristics of each recipient country, although this makes the original idea of a common ‘template’ more elusive. The practice of linking funding to performance also represents an undeniable progress, especially if one looks at the poor initial record of the MEDA programme. Yet any objective impact assessment of the ENP proper on the various countries’ performance remains problematic: at best, it has contributed to reinforcing existing progress, but it has failed to make a difference where no progress was discernible.

## **The resources**

Meanwhile, with the new seven-year EU budget, the overall financial endowment has improved: the new European Neighbourhood and Partnership Instrument (ENPI), replacing both TACIS and MEDA, amounts to roughly 12 billion EUR for the period

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<sup>2</sup> For an independent evaluation country by country see M.Emerson, G.Noutcheva, N.Popescu (2007), “European Neighbourhood Policy Two Years On: Time Indeed For an ‘ENP-plus’”, *CEPS Policy Brief*, no.126, March. For a more ‘horizontal’ one, see R.Balfour, A.Missiroli (2007), “Reassessing the European Neighbourhood Policy”, *EPC Issue Paper*, no.54, June.



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; it now incorporates headings that were previously included elsewhere in the EU budget; and ENPI money (rather than the dedicated Stability Instrument) has already been used for the reconstruction of Lebanon, thus reducing the actual availability of cash.

More generally, 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 current endowment may be seen as an acceptable point of departure. Still, it would be desirable that the 2008-09 budget review made more resources available to the ENP.

Finally, while 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 then forthcoming German Presidency announced, at the end of 2006, that it would promote a new *Ostpolitik* for the whole Union, the Southern EU members reacted by encouraging the ensuing Portuguese presidency to rebalance that towards the South. For its part Slovenia, who presided the Union in the first half of 2008, was more balanced – being, in fact, both a Mediterranean and a Central European country.

But differences exist also inside each ‘geopolitical’ coalition, so to speak: Germany’s vision of an EU *Ostpolitik* does not necessarily coincide with Poland’s; Finland and Denmark share many views bar how to deal with the Caucasus; France and Spain are often at odds over Morocco - and so are the UK and Italy over Libya.

## ***II. .. and where to***

So why not make the distinction between East and South more explicit, turn the ‘Twix’ bar into a ‘Kit Kat’, and envisage more distinct ‘templates’ – or rather (*sub-*) *regional clusters* – for the Union’s neighbours?

The key differentiation would be between European and non-European ones, but other ones may also prove useful.

To start with, Ukraine and Moldova (plus Belarus, whenever the conditions will be ripe) can be put in a slightly different box from the South Caucasus countries, namely one more similar to that reserved to the Western Balkan countries - with the new Black Sea ‘space’ and the fledgling GUAM framework (Georgia, Ukraine, Armenia, Moldova) connecting them all. For the three Caucasus republics, indeed, much will also depend Turkey’s future, as their ‘neighbour-ness’ to the EU is in part a variable of Ankara’s accession prospects. All these countries are, incidentally, members of the Council of Europe and share therefore a commitment to common values and principles, which provides an additional rationale for their inclusion in a distinct cluster.

The priorities for action would thus be roughly the same for all these “Eastern EU neighbours”, and so would the relevant incentives and rewards offered by the EU. These could prove more solid in the realm of trade, as it is already the case with Ukraine (and maybe soon Georgia), where concessions are easier for the EU to make bilaterally than multilaterally.

The second main cluster would be for the *non-European* neighbours. Here, too, a common set of priorities, incentives and rewards would be in place, but while the Barcelona-related ambition of a Mediterranean ‘free trade area by 2010’ should be abandoned once and for all, more realistic and balanced goals should be set regarding trade, on the one hand, and good governance, managed migration and fight against terrorism, on the other. For instance, is the *acquis* an appropriate term of reference for countries with no prospect or intention of joining the EU ever? And how compatible are, at least in the short term, the calls for internal liberalisation and those for tighter controls on illegal migration and terrorist activities?

Within this second broad cluster, the Maghreb/North Africa region presents peculiar challenges that only partially overlap with those of the Mashrek/Middle East proper – and this should be taken into account too. In other words, two or even three sub-clusters (considering also Israel’s special position) may deserve to be devised, in order also to combine the country-specific approach that has gained ground over time with a credible sub-regional approach in which also cross-border issues can be addressed more effectively and comprehensively.

At the same time, differentiation based on performance should remain, and the greater commonality among these ‘Southern neighbours’ could make it easier to enforce peer pressure and best practice. On top of that, the likely inclusion of French President

Nicolas Sarkozy's initially ill-conceived "Mediterranean Union" blueprint into the broader framework of the Barcelona Process can only reinforce the rationale for such a cluster<sup>3</sup>.

As a result, some elements of sub-regional cooperation and integration inside each main cluster could become part of the overarching ENP 'template', and also increase the incentives and rewards that the EU could apply. Policy consistency, in other words, should be coupled with a degree of institutional *finalite'* for the Eastern neighbours and, for all the neighbours, with a better balance between *conditionality* and *reciprocity*, i.e. between the interests of the EU and those of the neighbours themselves - lacking which, the ENP seriously risks not being 'bought' by its main recipients.

Moreover, and more specifically, all EU neighbours could thus acquire 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 directly in some EU specialised agencies - especially those that matter most for an effective neighbourhood policy, starting with Frontex.

### ***New Treaty, new policy?***

Finding new and more effective incentives for the neighbours and ways to "deepen" the ENP has indeed been the key priority for the Commission – and the Union at large – over the past two years, as showed by a series of Presidency Reports (June 2007) and Commission Communications (March 2008) on its implementation and further development.

This further proves that the European Neighbourhood Policy remains very much a work in progress, and in part also a misnomer: it does not deal with *Europe's* but rather with the EU's "near abroad"; it does not apply to a *single* neighbourhood; and it is not a *policy*

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<sup>3</sup> For critical assessments of the French proposal, see R.Balfour, D.Schmid (2008), "Union for the Mediterranean, Disunity for the EU?", *EPC Policy Brief*, February; and M.Emerson (March), "Making Sense of Sarkozy's Union for the Mediterranean", *CEPS Policy Brief*, March.

in its own right but rather a set of instruments searching for its most appropriate rationale and set-up. In a way, it is still tied to the traditional approach of a “civilian power”, with all its advantages but also intrinsic limitations.

With the Lisbon Treaty, however, a number of new provisions are likely to have a significant impact also on the ENP as we know it. This is not so much the case with those (art.I-57) devoted to “the EU and its neighbours”, which say next to nothing. What matters instead is the whole new architecture to be built with the creation of a double-hatted “High Representative of the Union for Foreign Affairs and Security Policy”, supported by a European External Action Service – let alone the acquisition of a single legal personality for the Union as such.

In this respect, some important details still have to be addressed regarding the implementation of this new architecture: some are expected to be sorted out towards the end of the ratification process (whenever this happens, if at all), others are more likely to go through a trial and testing period of a few years - possibly until 2013/14, when both the current EU budget and the next Commission expire - at the end of which the whole ‘foreign policy’ set-up of the enlarged Union may look quite different from the current one<sup>4</sup>.

In this transitional phase, in fact, the ENP is expected to fall under the supervision of the new High Representative (HR), who will also be one of the Vice-Presidents (VP) of the Commission. However, the HR/VP’s overall job description and workload appear already unmanageable. As a result, some specific common policies could remain under the primary operational responsibility of a dedicated Commissioner and/or Council Special Representative.

Therefore, in light also of the desirable coordination and integration of the separate geographical desks of, respectively, the Commission and the Council Secretariat (let

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<sup>4</sup> For a first assessment, see G.Avery et al. (2007), *The EU Foreign Service: How to Build a More Effective Common Policy*, Working Paper no.28 (Brussels, EPC), November.

alone the relevant EU Delegations in third countries), there could well be a good case for resorting to some 'double-hatting' also below the level of the HR/VP proper. Accordingly, the management of a more integrated ENP, capable of bringing to bear all the tools at the disposal of the Union across its 'pillars', could be trusted to at least two Commissioners wearing also Special Representatives' 'hats' and supervising the regional policies for each of the clusters mentioned above.

Such architecture could then produce cascading effects on the overall set-up of Council and Commission services (including the EU Delegations abroad) thus overcoming both the current dualism and the inconsistencies that have characterised the ENP since its inception.

In principle, and in perspective, such 'contamination' should be considered a positive development, contributing as it would to a more coherent and 'joined-up' common policy towards the Union's neighbours that would include (and bind) not just the Community/Union as such, but also the individual member states.



