



Policy Brief

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The ENP three years on: where from – and where next?

By Antonio Missioli

Background

There is no doubt that the enlarged European Union needs an effective and coherent common policy to deal with its numerous 'neighbours'.

But can the existing official European Neighbourhood Policy (ENP) meet all the expectations it has raised and the demands being made of it? Or, to put it differently: if it was (re)designed 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 something of a misnomer. What it deals with, in fact, is not *Europe's* neighbourhood, but rather the *Union's*, which are different things. In this respect, the Ukrainians are right: they belong to Europe, not to its 'neighbourhood'.

Also, the ENP does not deal with a homogeneous *neighbourhood*, but rather with sets of neighbours which are very different from one another. The Mediterranean countries differ enormously from those in Eastern Europe and there are also significant differences within 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 EU funds and tries to give them a common rationale.

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

A confusing start

When the green light was given for the latest round of EU enlargement in late 2002, the British and Scandinavians in particular started pushing for a common initiative aimed at the Union's new Eastern periphery.

In December 2002, the Copenhagen EU summit not only finalised the 'Big Bang' enlargement but also endorsed this approach.

However, the Southern Member States insisted that it must include the Mediterranean countries as well. This resulted in the European Commission's 'Wider Europe' Communication, released in March 2003.

Just over a year later, a few months after the 'Rose Revolution' in Tbilisi, the initiative was further extended to the Southern Caucasus republics of Armenia, Azerbaijan and Georgia, and re-branded as a 'European Neighbourhood Policy', more clearly separated from any prospect of EU accession.

However, the limits of such a swift *widening* of the ENP soon became apparent: Russia declined to become part of the scheme and opted instead for developing bilateral cooperation with the Union on an allegedly more 'equal' basis. The EU's main 'neighbour' was therefore not included.

Since then, the ENP has gradually absorbed the existing TACIS and MEDA programmes, and defined benchmarks and 'priorities for action', with funds disbursed according to levels of compliance.

However, the initial Council decision to put apples and pears (Eastern Europe and Southern non-Europe) in the same policy basket has remained unchanged, and this

has had a significant impact on its implementation.

Moreover, the confusion of the initial months was not limited to the new policy's geographic scope.

The then Commission President Romano Prodi, for instance, talked about building "a ring of friends" around the enlarged EU, while both the then External Relations Commissioner Chris Patten and Javier Solana, the EU's High Representative for Common Foreign and Security Policy (CFSP), spoke of "a ring of well-governed countries".

The difference (a country may be considered as a 'friend' while not being particularly 'well-governed') appeared to highlight some nuances in the overall approach.

The new 'policy' was also driven to an extent by *bureaucratic politics*.

On the one hand, by launching it while the EU's Constitutional Treaty was still being drafted, the Commission emphasised that it was already equipped with the legal competences, financial and human resources, and diplomatic outreach necessary to deal with the Union's 'near abroad'.

On the other, the new scheme allowed for the 'recycling' – in the best sense of the term – of a number of Commission officials who had been intensely and successfully involved in preparing the Big Bang.

Between 2003 and 2004, some dedicated staff were gradually transferred from the Directorate-General for Enlargement to DG External Relations (Relex). In the autumn of 2004, when the new Commission took office, Benita Ferrero-Waldner's portfolio 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, this transfer was a good thing. Applying a similar logic to 'neighbours' (old and new) to that which had driven the Big Bang – a common 'template', based on conditionality, but potentially different speeds for all the countries involved depending on levels of compliance – could indeed give more teeth and consistency to traditional EU policies based on financial assistance to foster stability.

There are, however, major structural differences between enlargement and the ENP.

Candidates for accession can be chosen, whereas geographic neighbours cannot. Relations with future members are profoundly asymmetrical (the EU dictates the terms), unlike those with simple neighbours, which are not *demandeurs*.

Furthermore, enlargement is based on a *finalité* that the ENP entirely lacks.

The East-South divide

The initial steps taken to implement the new policy were also somewhat confusing.

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

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

More generally, the initial agreement among the Member States to put the East and South in one basket has affected the ENP's image.

The countries of Eastern Europe (starting with Ukraine, especially in the aftermath of the 'Orange Revolution' of autumn 2004) lamented that it did not include an accession prospect.

The Mediterranean countries complained that it overlapped with, and rivalled, the Euro-Mediterranean Conference launched in Barcelona in 1995 – although, in fact, the latter is a multilateral forum, whereas the ENP is essentially a framework for bilateral relations between the EU and each individual neighbour.

In addition, some countries in both groups already had bilateral agreements with the EU: Partnership and Cooperation Agreements with Eastern and Southern Caucasus countries, and Euro-Med Association Agreements with Egypt, Israel and Lebanon. This led to delays and ultimately affected the overall perception of the new policy.

Maybe as a consequence of all this, some analysts have since (half-jokingly) compared the ENP to a Twix bar – with two halves which are welded together but are often split in two.

More significantly, it can be argued 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, and does not bring to bear all the tools and levers of the latter.

On top of this, the combination of a persistent ambiguity over the Union's ultimate borders and tensions between East and South (and their respective mentors) has ended up weakening, rather than strengthening, the ENP and its 'transformative' potential.

State of play

The first two years of full ENP implementation 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 Southern Caucasus, ten from the Mediterranean) and 11 Action Plans have been put in place.

The priorities for action have been streamlined and clarified, although they remain quite diverse. The only one that appears in the 'top four' in all the Action Plans is the "improvement of the investment and business climate"; a priority which admittedly reflects the EU's self-interest.

Among the others, the fight against corruption is paramount in the Actions Plans for the Eastern countries, the fight against terrorism in the Southern ones. The former are expected to 'develop' democracy, the latter to 'encourage' it. And while conflict resolution is seen as crucial in the East and the Caucasus, developing transport and infrastructure is regarded as 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.

Combating the spread of terrorism and Weapons of Mass Destruction, solving 'frozen' conflicts in border or contested regions, stemming (or just controlling) illegal immigration, securing energy supplies: these are all issues that can hardly be addressed effectively in the context of, and using, the ENP alone. Indeed, they seriously risk overloading it.

Besides, the balance between what the EU offers to, and demands from, its neighbours appears uneven and fairly ineffective: for instance, the EU gets the mobility it

does not want (illegal immigration and trafficking), while its neighbours do not get the mobility they want (visa facilitation).

Still, some of the 'neighbours' have done quite well, especially Jordan, Morocco and Ukraine. But others have shown little or no progress: Egypt and Tunisia in particular, with Belarus and Libya also remaining problematic and Algeria hard to engage, according to the Commission's own assessment made in the Communication launching the new "ENP-plus" in December 2006.

It is almost impossible to assess the ENP's specific impact on countries' performance, no matter how much the scheme has been improved over the past two years. Action Plans are now better defined and tailored to the particular characteristics of each country (although this makes the original idea of a single 'template' more elusive), and the practice of linking funding to performance represents 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 where the climate was already favourable, but has failed to make much of a difference in otherwise stagnant situations.

More euros for the ENP

Meanwhile, the overall level of funding for initiatives has improved. The new European Neighbourhood and Partnership Instrument (ENPI) amounts to roughly €12 billion for 2007-13, an increase of 30% in real terms over the previous exercise. The European Investment Bank has also earmarked funding for special lending programmes.

However, the new budget is lower than that originally asked for by the Commission in the 2005 negotiations and the overall population of the

countries covered by ENP Action Plans is well above 120 million. As a result, the *per capita* allocations remain modest, especially considering the range of policy areas covered.

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

Taking into account the entire range of ENP policy goals, a total of €12 billion over seven years (plus a dedicated staff of 20-odd Commission officials) is indeed a pittance. However, taking a more limited view of the scope of specific actions, and considering the declining resources devoted by the Member States to their own neighbours, this might be seen as an acceptable point of departure.

Finally, while the ENPI cake is marginally bigger, the way it is sliced has changed slightly: 62% now goes to the South (compared with 70% pre-2007) and 38% to the East (up from 30%), although the difference is much less pronounced in *per capita* terms. However, internal disputes over the share-out of funding have not abated: while the 'Club Med' keeps fighting its corner, the now more numerous Central Europeans are demanding extra resources for their own neighbours.

And it is not only a matter of money. When the incoming German EU Presidency announced, at the end of 2006, that it would promote a new *Ostpolitik* for the whole Union, this raised eyebrows among Southern EU members, who are encouraging the ensuing Portuguese EU Presidency to rebalance this towards the South.

Differences also exist within each 'coalition' of Member States: Germany's vision of an EU *Ostpolitik* may not necessarily coincide with that of Poland, 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 countries for, nor rule out, future accession.

The Mediterranean countries are excluded anyway. For the others, as long as the current EU Member States remain divided over the scope and timing of the enlargement process, a certain degree of uncertainty is inevitable. The ENP may also continue to be affected by internal tensions over 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 'templates' for the Union's neighbours?

Split up...

The first of these would be for the Eastern countries, including the Southern Caucasus and the new geopolitical 'space' around the Black Sea.

They would be distinctively *European* (not least because they are all members of the Council of Europe) and the priorities for action would be the same for all of them, as would the relevant incentives and rewards offered by the EU.

These could prove stronger in the realm of trade, as is already the case with Ukraine (and maybe soon Georgia), where it is easier for the EU to make concessions bilaterally than multilaterally.

The second template would be for the *non-European* neighbours. Here, too, a common and targeted set of

priorities, incentives and rewards would be put in place.

Differentiation based on performance should remain though, and the greater similarities between the 'Southern neighbours' – Israel being a special case – could even make it easier to enforce peer pressure and best practice.

Such a *decoupling* of these regional groups could then be extended to other clusters of countries (for example, '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, which can be split into even more parts.

In budgetary terms, the EU review planned for 2008-09 could well be the occasion to perfect this approach, along with the desirable increase in the overall share of funds allocated to ENP.

...and join up

The template for the first group could also help to revive and give new scope to the ailing 'European Conference': why not, in fact, give new substance to the 'privileged partner' status, which is 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; gain special access to European Security and Defence Policy bodies and missions; and even

participate in relevant EU agencies such as Frontex.

The second template, in turn, could usefully complement and even reinvigorate the Barcelona Process, which has lost momentum, possibly giving substance also to the 'Mediterranean Union' recently proposed by French presidential candidate Nicolas Sarkozy.

In both cases, therefore, some regional coherence and institutional *finalité* could help.

The decisive breakthrough for the ENP, however, would come with implementation of the provisions enshrined in the EU Constitutional Treaty – not so much those explicitly devoted to "the Union and its neighbours" (Article I-57, in fact, says next to nothing in this respect), but rather 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.

This 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 the current intra- and inter-institutional battles over turf and funding.

We all know how difficult it will be to salvage those provisions. However, 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.

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