

US foreign policy is analysed in Cameron (2005), Kupchan (2002), and Christiansen and Tomra (2004). For the impact of the Iraq war on transatlantic relations, see Gordon and Shapiro (2004). For the Mars v. Venus thesis, see Kagan (2003). Philippart and Winand (2001), and Peterson and Pollack (2003), provide good overviews of transatlantic relations, while Hamilton and Quinlan (2004) concentrate on the economic side. The website of the German Marshall Fund contains contemporary analysis and comments.

8 The neighbourhood

Summary

The EU pays considerable attention and devotes considerable resources to the states in its immediate neighbourhood. It has established various types of contractual relations (European Economic Area [EEA], association agreements, partnership and cooperation agreements, stabilisation agreements, etc.) with its neighbours, and since 2004 the European Neighbourhood Policy (ENP). The ENP is now the flagship policy of the EU towards its neighbours, with individual action plans a central element. But the ENP does not offer the enticement of EU membership, and it is consequently much more difficult to promote change in these countries. The neighbourhood policy was widely criticised in the spring of 2011 as favouring the status quo rather than promoting democratic reforms. A revised neighbourhood policy was agreed in May 2011, which sought to place the accent on conditionality – the more political and economic reforms each country makes the greater the amount of EU assistance. The ENP embraces the countries to the south of the EU, most of which are also involved in the Barcelona Process, and to the east and southeast, excluding Russia and the Balkans. Russia and the EU have a so-called strategic partnership, but there is little content to the relationship. The Western Balkans have their own roadmap towards EU accession. The EEA is the most advanced EU relationship, but the model is not relevant to the majority of the EU's neighbours.

Introduction

The EU has struggled to find the appropriate policies towards its neighbours in the east and south. The fundamental difference between the east and south is that the eastern neighbours are eligible to join the EU, subject to meeting the Copenhagen criteria, while the southern neighbours are deemed not to be part of Europe and therefore not eligible for accession. Neither group of countries has been an easy target for the EU's soft power approach. It seems clear that unless the EU holds out a clear prospect of membership then there are few levers available to the EU to encourage and promote reforms in neighbouring countries. The traditional approach of the EU came under heavy fire as a result of the

Arab spring in 2011, when it became clear that the EU had been caught on the wrong side of history, supporting autocratic leaders who appeared to promise stability, instead of the democratic forces in both regions.

Wider Europe

The launch of the Wider Europe initiative in 2003, precursor to the ENP, was designed to offer those countries that had zero or very distant prospects of joining the EU closer association in EU policies. Former Commission President Romano Prodi described it as the EU seeking to establish 'a ring of friends' and offering 'everything but the institutions'. There were two distinct groups of countries targeted for this new policy. The southern group were the countries of the North African littoral and the Middle East, which, because of their geographical location, are excluded from the prospect of EU membership. The eastern group comprising Russia, Ukraine, Belarus, Moldova, Georgia, Armenia and Azerbaijan, were not excluded geographically from the EU but were viewed as states far from meeting the EU accession criteria. The Wider Europe initiative was not received with much enthusiasm, partly because there were so many uncertainties. It was not clear which countries would be involved. It was not clear what would happen to existing contractual arrangements, or whether there would be extra money to support the initiative, or what programmes and policy areas would be open to the various countries, or who would draw up the proposed action plans and establish benchmarks for progress. The EU had been remarkably successful in imposing regime change in the candidate countries of central and eastern Europe. But there had been a massive carrot on offer. How would the new scheme work if there were no such carrot of EU membership on the table? In countries still on the enlargement track, such as Bulgaria and Romania, the Wider Europe concept was viewed as an unnecessary distraction (even though it was never designed to apply to them). In countries that hopped soon to be on the enlargement track – Turkey, Croatia, Macedonia – it was viewed with downright suspicion as a plot to put their candidature on the back burner. Even for those with distant prospects of joining the EU, such as Ukraine, there was a dislike of being lumped together to suit the whims of Brussels bureaucrats. And for another group of countries in the Caucasus – Armenia, Azerbaijan and Georgia – there were loud protests at their initial exclusion from the initiative.

The Wider Europe concept was designed to deal with the consequences of the 2004 enlargement of the Union from 15 to 27 member states. Given the number of accession countries, it was inevitable that fundamental questions were asked about the nature of the Union and its limits. What were the final borders of the Union? It is impossible to give a definitive answer to this question, one that is posed increasingly by EU politicians and bewildered citizens. To the north the situation is clear. The only remaining countries outside the EU are Norway and Iceland. Both would have little difficulty fitting into the EU, given their membership of the European Economic Area (EEA) (see p. 149). Following the massive banking crisis that engulfed Iceland in 2009 the country applied to join the EU.

The start of accession negotiations was delayed until 2011, however, because of failure to agree how to compensate savers, mainly from the UK and the Netherlands, who had lost money in Icelandic banks. To the west Ireland and Portugal are the border states facing the Atlantic. To the south, the position is equally clear. Morocco once applied for membership but was politely told it was not European. North African states are thus slated to be good neighbours but can never join the family. The problems for the EU begin in the east and the southeast. The countries of the Balkans have been given an undertaking that they are all eligible for membership when they meet the Copenhagen criteria. But no one can state with any certainty when this might occur as it largely depends on progress in each country. Turning to the east, the EU has to deal with the rump of a disgruntled superpower (Russia), a newly independent state as big as France but unsure of its identity (Ukraine) and five states with significant problems – Belarus, Moldova, Armenia, Azerbaijan and Georgia.

Russia is still suffering from the loss of its empire and the loss of its superpower status. President Putin (2000–08) and President Medvedev (2008–12) have restored some order after the Klondike years under Yeltsin; but there are worrying indications that the Kremlin is steadily eroding the democratic gains of the 1990s. There is no rule of law and corruption is rampant. Moscow is also unsure how to deal with the EU, a strange and largely unknown animal in the eyes of most of the Russian elite. It expressed reservations about the consequences of the May 2004 enlargement that featured several ex-Soviet states, but was forced to accept the inevitable. In Ukraine the December 2004 Orange Revolution was welcomed in the West, while Putin's Russia was suspicious of the new president, Viktor Yushchenko. The EU had been exasperated at the failure of the former president, Leonid Kuchma, to introduce reforms and further exasperated at the constant Ukrainian demands to be given an association agreement and candidate status. While the EU was sympathetic to Yushchenko, there was much disappointment in Brussels at the failure to pursue real reforms following the Orange revolution. The EU is also in a dilemma over how to deal with Belarus, languishing under the authoritarian Lukashenko, and Moldova, home to thousands of unwanted Russian troops in the breakaway republic of Transnistria. As regards the Caucasus, a strong lobbying campaign ensured that they are part of the ENP, but the EU has shown little interest in the region beyond security of oil supplies. Given the myriad of unresolved political issues in the Caucasus, it is doubtful whether the introduction of 'agreed benchmarks' will make much difference to the situation. In August 2008 President Sarkozy of France, acting in the name of the EU Presidency, successfully mediated a ceasefire in the brief Russia–Georgia conflict.

The European Neighbourhood Policy (ENP)

When it was launched in 2004 the ENP was seen to cover the immediate neighbours of the enlarged EU but not countries with an accession perspective (Bulgaria, Romania, Turkey, Western Balkans). The ENP covers Israel, Jordan,

Moldova, Morocco, the Palestinian Authority, Tunisia, Ukraine, Armenia, Azerbaijan, Egypt, Georgia, Lebanon and Algeria. There are no agreements yet with Syria, Libya and Belarus because ENP status requires a contractual agreement such as a partnership and cooperation agreement or an association agreement and none exists with these three countries. As the responsible former Commissioner Benita Ferrero-Waldner explained:

The aim of the ENP is to avoid new dividing lines on the continent and deepen relations between the EU and its neighbours. The ENP is not about enlargement but it is about mutual interest in supporting reforms and modernisation. Each country has its own agreed action plan that reflects its needs and priorities.

The ENP is supposed to be based on common values and interests including democracy, a market economy and responding to challenges such as crime, migration, health, the environment and terrorism. The ENP offers progressive integration into the EU's internal market and deepened political cooperation. The main drawback is the lack of substantial finance to support reforms.

The ENP action plans are similar in outline, but the content is specific to each country. They include: political dialogue; economic and social cooperation; trade-related issues, market and regulatory reform; cooperation in justice and home affairs; sectoral issues such as transport, energy, information society, environment, research and development; the human dimension, including people-to-people contacts, civil society, education and public health. The ENP builds on existing legal and institutional arrangements to implement and monitor the policy. From 2007, the ENP financial instrument (ENPI) replaced Phare, Tacis and MEDA, and allowed for more flexibility in terms of funding priority programmes. The Commission proposed a budget of nearly €15 billion for ENPI, but this figure was reduced to just over €13 million as a result of the compromise over the budget at the December 2005 European Council. While the laudable aim of the ENP is to reward those states that help themselves, the ENP does not provide a framework for those states such as Belarus that show no signs of self-help. The lack of major new funding and the reluctance of the EU to open its markets fully also weaken the policy. Arguably the EU needs the cooperation of most of its neighbours to tackle problems of illegal migration, terrorism and cross-border crime as much as they need access to partial EU programmes. Without offering more than is currently on the table the EU may be facing a ring of states in distress rather than a ring of friends.

To bolster the neighbourhood policy and recognise the differences between the east and south, two new policies were established by the EU during 2008–09. For the east, an Eastern Partnership was agreed, which had remarkably similar aims to the ENP. According to the EU's website: 'It will seek to support political and socio-economic reforms of the partner countries, facilitating approximation towards the European Union. This serves the shared commitment to stability, security and prosperity of the European Union, the partner countries and indeed

the entire European continent'. The second approach was the Union for the Mediterranean, proposed by President Sarkozy during the French EU presidency of 2008. This latter initiative was undertaken against the advice of the EU institutions and essentially for domestic political reasons. With the outbreak of the Arab spring in 2011 it became quite clear that the traditional EU approach based on the ENP was over.

The southern neighbours

The Mediterranean and the entire Middle East region (defined here as reaching from Morocco to the Gulf) are of crucial importance to the EU. Together with Russia, the region is the most important source of energy to the EU, and the EU is the main trading partner of all countries in the region. The Mediterranean countries send 50 per cent of their exports to the EU, and Europe is the largest foreign investor in its southern neighbours (55 per cent of total FDI). The EU is the largest provider of financial assistance and funding for most Mediterranean countries, with nearly €3 billion per year in loans and grants flowing to the region. In addition, the member states of the EU also provide substantial amounts of bilateral development assistance. The EU is also the main source of tourism. At the same time, it is the first destination for migrants, legal and illegal, who form sizeable diasporas (almost ten million people altogether, mostly from the Maghreb) in countries like France, the Netherlands or Belgium.

The geopolitical situation of the Mediterranean and the Middle East has changed significantly since the Barcelona Process began in late 1995. The terrorist attacks of September 2001 and the war in Iraq gave the region a new centrality in global affairs. But it was the Jasmine Revolution of spring 2011 that propelled the region to the top of the EU's agenda. The EU is rightly concerned about the situation of its southern neighbours. European leaders worry that the south may not be able to cope with the challenges ahead (rising unemployment, social unrest, rapid urbanisation, globalisation, population growth, fundamentalism, water scarcity, etc.). Many European leaders play on populist fears that the number of illegal immigrants into Europe will continue to swell and have a profound effect on the European labour market and its society. The region's precarious political, social and economic systems constitute a potential security threat. The southern shores of the Mediterranean thus pose huge challenges for the EU. The economies of the region are stagnating with their share of world trade declining. Unemployment is around 25 per cent with even higher rates for young people. Per capita income is around 10 per cent of the EU average, which leads to a continuing flow of legal and illegal migrants to Europe. The environment is under huge strain as a result of massive population increases and ill-considered development strategies. The leaders in the region also feel under threat, partly by EU/US demands for more democracy and partly by EU attempts to impose conditionality. Many view the EU–Mediterranean relationship less as a partnership of equals, as stated in the Barcelona Process, than as a teacher–pupil relationship.

The Barcelona Process

At the Barcelona summit in November 2005, held to celebrate ten years of cooperation, very few Arab leaders actually showed up. Nevertheless, the summit was a useful occasion to take stock of achievements and shortcomings. The Barcelona Process was ambitious. Its goal was to convert the Mediterranean Sea into a zone of peace, stability and prosperity. To that end, the EU proposed: to establish a vast Euro-Mediterranean free trade area to be completed by 2010; to increase its development assistance substantially; to conclude association agreements with each of the neighbouring countries in the Mediterranean; to establish a political dialogue with all the countries around the Mediterranean including Israel. The EU considered that there had been some significant achievements in the first decade:

- All Mediterranean countries have negotiated association agreements providing for reciprocal free trade with the EU. Agreements are in force with Algeria, Morocco, Tunisia, Egypt, Jordan, Israel, the Palestinian Authority and Lebanon. An agreement has been negotiated but not yet signed with Syria. Libya is not formally part of the Barcelona Process and has therefore not entered into negotiations for an association agreement. But only Israel has lifted all obstacles to trade with the EU. The other neighbouring countries, with the exception of Syria and Libya, are in the process of completing free trade with the EU, but only Tunisia and Morocco have abolished all tariff barriers on manufactured products and imports from the EU. The completion of the Euro-Mediterranean free trade area will therefore be delayed beyond 2015.
- Morocco, Tunisia, Egypt and Jordan signed a free trade agreement (Agadir Agreement) in 2004. This agreement has considerable potential in encouraging more intense trade relations between Mediterranean and EU countries, provided all parties apply the identical 'generous' rules of origin (the so-called pan-European rules of origin). Other Mediterranean countries are free to join the agreement – Lebanon has already expressed its intention to do so, and other Arab countries in the Gulf might join in the future. Economic cooperation among the southern Mediterranean countries still remains in its infancy, owing to a lack of political will, low economic complementarity, inadequate transport links and high trade barriers. That may change in the future, as the level of development is bound to rise and trade obstacles will be progressively removed, including a more efficient handling of merchandise in ports.
- Both sides have undertaken specific trade liberalisation measures on key agricultural products. Essentially, the EU grants tariff-free access for the main products coming from the south – potatoes, tomatoes, citrus products, olive oil, beans, etc. – during the winter season, but within rather modest tariff-free quotas. These arrangements are reviewed periodically. However, agricultural products amount to less than 10 per cent of bilateral trade between the EU and its Mediterranean neighbours. Its potential remains relatively modest whatever the protection applied by either side.

There has been a timid expansion of regional arrangements including a Euro-Mediterranean parliamentary assembly, a cultural dialogue and a cultural foundation in Alexandria.

- The two sides have held a multitude of meetings, seminars and workshops. They meet every six months at foreign minister level and several times per year at the level of high officials to discuss such issues as terrorism, weapons of mass destruction, illegal immigration, liberalisation of services, etc. Trade ministers have also met occasionally. This flurry of meetings and reciprocal visits certainly has had a useful socialisation effect, even if there have been only modest results. It has also been a useful opportunity for Arabs and Israelis to sit together.

Since 1995 the Barcelona parties have established numerous ministerial and official bodies to oversee the process but have failed to secure visibility and popular support. Not one person in a thousand in the EU, and even less on the other side of the Mediterranean, has any idea of what the Barcelona Process is about, though official documents remain widely optimistic. A Commission communication of April 2004 spoke of a 'strong partnership driven by a common political will to build together a space of dialogue, peace, security and shared prosperity'. Among the reasons why progress has been so slow are the political difficulties caused by continuing conflicts in the region (most notably the Arab-Israeli conflict), a reluctance to implement agreements, and the impact of the consensus principle. For pragmatic reasons, the EU has preferred to attempt to stimulate economic reforms – free trade, customs administration, protection of intellectual property rights, competition policies, macroeconomic stability – rather than to address politically sensitive issues relating to democracy or the rule of law. Progress has been greatest in such countries as Tunisia, Morocco and Jordan, which concluded association agreements in the mid-1990s. The most regrettable shortcoming of the past ten years has been the slow pace of socio-economic development. Per capita income has gone up 1–2 per cent per year, compared to 4 per cent in Eastern Europe or even more in Asia. The Mediterranean region has thus fallen behind wider global developments. Their combined efforts towards reform have been insufficient in light of the huge challenges each country is confronted with, in particular rising unemployment and environmental hazards. These failures were a prime factor in the unrest that developed in early 2011. The EU failed to see the revolutions in North Africa coming and it was widely criticised for having emphasised for too long stability over democracy. It was also criticised for failing to apply the conditionality principles, especially as regards human rights, that it had insisted be included in all agreements with its neighbours. Indeed, in 1992 the EU sat back and did nothing when the army intervened after the first round of voting in Algeria heralded the prospect of an Islamic party taking power. The EU also did nothing when the Israelis built a security wall on Palestinian territory.

One of the difficult questions for the EU is whether or not to cooperate visibly with the US in the region. The US is still tarnished with the Iraq war and support for Israel. President Bush launched a Broader Middle East and North Africa

Initiative but it failed to produce any results in terms of democracy or human rights. Given the dismal public image of the US in the region, albeit improved under Obama, it is questionable whether the EU would gain anything from too open an association with the US. The EU has had a common position on the Middle East peace process for many years and enjoys a single seat in the quartet (US, Russia, UN, EU) that attempts to promote peace talks between the Israelis and the Palestinians. It also has a special representative who shuttles between Brussels and the region in an effort to encourage dialogue. The EU is also the principal funder of the Palestinian Authority.

Case study 8.1: The EU and the Egyptian Crisis

The EU was widely criticised for taking too long to find a common position when the crisis in Egypt erupted in spring 2011. The contrast in initial EU positions was startling. While the Nordic countries called for free and fair elections, Italian Prime Minister Silvio Berlusconi called Hosni Mubarak 'a wise man' and counselled against any quick elections. France initially offered to send police to Tunisia to help in riot control. It also transpired that French Prime Minister François Fillon had accepted free lodging and transportation for his family from the Egyptian government during a Christmas vacation. Foreign Minister Michèle Alliot-Marie also admitted that she had accepted two free flights from a Tunisian businessman close to Tunisia's former first family. She was forced to resign. There was also a proliferation of statements by different actors. On 29 January, Cameron, Sarkozy and Merkel issued a joint statement without any reference to other EU leaders including Herman van Rompuy and Catherine Ashton. In the following days there were separate statements from von Rompuy, Barrosos, Ashton and EP President Buzek. Angela Merkel, in an interview, seemed to acknowledge a problem. 'Lady Ashton has been in the job a year', she said, 'We all like our own foreign policies. But we need to have a visible face that represents us. And it's up to us to strengthen her position'. The differing voices were criticised not only by the media and think tanks but also by MEPs. The head of the socialist bloc, Martin Schulz, compared Europeans to the Statler and Waldorf characters in the children's television programme 'The Muppet Show'. From a theatre balcony, the two cantankerous old men comment on everything but nobody takes them seriously.

On 11 February, the European Council finally issued an agreed statement in which it said it was committed to a new partnership 'involving more effective support in the future to those countries which are pursuing political and economic reforms including through the European Neighbourhood Policy and the Union for the Mediterranean'. This was an implicit self-criticism that the EU policy in the region had failed despite

considerable expense of effort and resources, both human and financial. How could Europe get this so wrong? A key reason is that the EU (like the US) ultimately valued stability higher than democracy.

But Europe did not recognise that this stability was precarious. It relied on working with regimes that were bent on controlling their populations by force if necessary. Thus, the EU's Country Strategy Paper 2007-13 for Egypt, while identifying much of what was wrong with Egypt, recommended addressing all those problems by working with the Egyptian authorities – including improving the human rights record, overcoming corruption, as well as making progress with democratic reforms, rule of law and good governance. Speaking in Brussels on 23 February 2011, Catherine Ashton appeared to understand that the EU needed a new start:

The situation is in flux across the region. We cannot know for sure how things will unfold. But we do know several things that could guide our collective response: First, we know that we need the right blend of democratic and economic reforms to build sustainable stability. Events in the region show that the 'old stability' wasn't working. That is why we need to build a new 'sustainable stability'. This will require us to tackle the political and economic aspects in an integrated manner. What these last few weeks have shown us is that political and economic reforms must go hand-in-hand.

In May 2011 the EU brought out a revised neighbourhood policy with a number of key elements.

Supporting progress towards 'deep democracy'

Free and fair elections need to be accompanied by respect for the rule of law, human rights and fundamental freedoms. All this will be done in partnership with the whole of society, not just the government. The EU will do this by establishing partnerships within each neighbouring country and making EU support more accessible to civil society organisations through a Civil Society Facility. A European Endowment for Democracy will also help political parties and non-registered NGOs and trade unions.

Intensifying political and security cooperation

Supporting sustainable economic and social development, the key to creating jobs, boosting growth and improving social protection is trade. With this in mind, the EU has various plans to improve the business environment in the region. These include bringing investors together, extending the operational area of the

European Investment Fund (EIF) and negotiating 'deep and comprehensive free trade areas' with willing and able partners.

Establishing mobility partnerships

Mobility partnerships are comprehensive frameworks for the EU, its member states and the partner country, which aim to facilitate well-managed access to legal migration channels, and to strengthen capacities for border management and combating irregular migration. A major goal is to enhance the mobility of citizens between partner countries and the EU, in particular for students, researchers and businesspeople.

Strengthening the Eastern Partnership and building a Partnership for Democracy and Shared Prosperity in the southern Mediterranean

Working with Eastern neighbours, the EU commits to implementing association agreements, pursuing democratisation and visa liberalisation, enhancing sectoral cooperation, particularly in rural development, and working more with civil society. With Southern countries, the EU would launch institution-building programmes, collaborate closely on migration, mobility and security and launch pilot programmes to support agricultural and rural development.

Providing additional funding with clearer priorities

The additional €1,240 million will be used to support growth and fund new initiatives, particularly collaboration with civil society and rural and regional development.

The new proposals followed a review of the existing ENP, which concluded that 'recent events and the results of the review have shown that EU support to political reforms in neighbouring countries has met with limited results'. The ENP was effectively split in two in 2008 with the launch of the French-backed Union for the Mediterranean (UfM) and the Polish-Swedish-backed Eastern Partnership (EaP). The new ENP devoted just one paragraph to the half-dead UfM, saying it needs to be 'revitalised' and to focus on 'pragmatic' projects such as job creation instead of big-ticket items like the Arab-Israeli conflict. It also made no mention of post-Soviet countries' aspirations to enter the EU, saying only that Article 49 of the EU treaty on eligibility to join is based on democracy and rule of law. Differentiation and conditionality have been part of the EU policy since the start of the ENP. The 2011 proposals give more clarity by outlining the five key elements of 'deep and sustainable democracy'. For this change to be implemented, the EU will have to enhance its monitoring and progress reports. The proposed Civil Society Facility (CSF) and the European Endowment for Democracy (EED) are welcome new developments. Between 2007-11 less than 2 per cent of EU assistance to ENP countries went to support civil society. The funding for EED should cover support to political

parties and trades unions, which is a break from previous EU reluctance to become involved in these areas. Such support will require very sensitive handling. It will also be important to ensure that the CSF and EED are flexible instruments and not subject to the usual cumbersome EU bureaucratic procedures. More precise benchmarking for the action plans is also to be welcome. In 2010 the Ukrainian government implemented only eight out of 70 priority areas blaming the ambiguity of EU demands as a reason for non-implementation. Additional resources to the east and south will help boost the policy. The current system of country allocations within a seven-year framework is inadequate. It does not allow enough flexibility in using conditionality and greater differentiation linked to progress. The funding allocations should allow its use as an incentive and reward for best performers. The communications says nothing about Article 49 of the Lisbon Treaty concerning the right of the EU's European neighbours to apply for membership. Although accession to the Union is currently off the table, this should not deter the EU from making more regular references to enlargement so that they can be used by political elites to secure greater public support for reforms. The proposal in the communication to reinforce the human rights dialogues with a follow up mechanism on commitments is positive. But human rights concerns should feature on the agenda of every political meeting between the EU institutions or member-states with partner governments, and the results of those discussions should be communicated to the public.

The Gulf

The nine Gulf countries – from Iran to Yemen – are almost as important to the EU as the Arab countries around the Mediterranean. It is there that half of the world's oil reserves and a third of the known gas reserves are situated. Also, the prospects for economic growth for the coming 20 to 30 years appear much brighter than in the Mediterranean, thanks to further rising prices of fossil energy. The intensity of economic, cultural and political links with the Gulf countries is substantially lower than for the Mediterranean neighbours, owing to greater geographic, historic and cultural distance, but above all to the fact that the Gulf countries look beyond Europe for their economic and political ties. Asia is their future export outlet; and the US is the provider of 'security' and higher education for them, with the notable exception of Iran. The EU has therefore made efforts to engage in a productive dialogue. Cooperation agreements have been in force with the six Gulf Cooperation Council (GCC) countries for more than 15 years and with Yemen for almost ten years. The EU has been trying to establish contractual links with Iran for more than 15 years, without success so far. The EU and GCC foreign ministers meet once a year for a broad exchange of views. But the overall level of contacts is much lower than with any of the Mediterranean countries. Until 2004, the EU Commission had not a single full-fledged delegation anywhere in the region.

Given the importance of energy for Europe, the EU is seeking to intensify relations with the GCC and is considering plans for a more frequent energy dialogue

and assistance for their WTO aspirations. Plans are also in hand for an EU-GCC free trade area. Some EU diplomats also believe that the EU should try to convince the three principal powers – the GCC, Iran and Iraq – of the need for a comprehensive security relationship among themselves. This would indeed be a difficult venture when Iran seems bent on acquiring nuclear power status, Iraq is busy restoring its sovereignty and the GCC shows signs of weakness. But the EU might be the only credible power to undertake such a task. What is clear is that the region will remain of critical importance to the EU for decades to come. The EU has no choice but to become deeply and permanently involved in the reform process, as a failure to reform could seriously affect the EU's security and future energy supplies. Saudi Arabia is the most important country in the region but it has not been willing to change its undemocratic internal structures. It helped put down unrest in neighbouring Bahrain in March 2011 and has looked on askance at the street revolutions in Egypt and elsewhere in the wider Middle East.

Russia

Russia signalled at an early stage that it did not see itself as part of the ENP. It held that its status required a special relationship with the EU. But despite soaring energy prices Russia remains a weak state with numerous political, social and economic problems. The authoritarian trends in Russia pose a problem for the EU, which is seeking to develop a values-based foreign policy. On the surface there is increasing cooperation between the EU and Russia on security affairs. Russia is a permanent member of the UNSC and the largest neighbour of the EU. In some areas, such as non-proliferation, there has been more in common between the EU and Russia than between the EU and the US. There has also been good cooperation on the Middle East, Iran, terrorism and the reform of the UN. But there are also differences in terms of how to deal with the neighbours. For example, the EU (critical) reacted very differently from Russia (uncritical) to the Orange Revolution in Ukraine and the death of many demonstrators in Uzbekistan in 2005.

Moscow has also struggled to assert itself against rebellious provinces and regions such as Chechnya. It has an ageing population, an absence of a strong legal culture, and rising social problems, including an HIV/AIDS epidemic. Its leaders are also struggling to cope with a changed global system, a system that seemed very predictable until the collapse of communism in 1989–91. Many regret the loss of superpower status, and Vladimir Putin is on record as stating that the break-up of the Soviet Union was one of the worst calamities of the twentieth century. Russia has no desire to join the EU (or NATO) as it would be very uncomfortable with the constant interference and loss of sovereignty. It prefers to align its policies with convenient with the West and welcomes opportunities to play on the stage with G8 and G20 partners. The terrorist attack on the Beslan school in 2004 was a traumatic affair for Russia as it displayed Russia's weakness. There were swift fears of an international conspiracy to undermine

Russia and a consequent determination not to compromise with the separatists or terrorists. Russia also tends to view foreign policy in zero-sum terms, a throw-back to the Cold War mentality. Given Russia's weakness, it tends to be very defensive in foreign and security policy. It has proved very difficult, for example, to secure any movement by Moscow in the frozen conflict of Transnistria (Moldova).

The legal basis for EU relations with Russia is the Partnership and Cooperation Agreement (PCA) that came into force in December 1997 for an initial period of ten years. It establishes the institutional framework for bilateral relations, sets the principal common objectives, and calls for activities and dialogue in a number of policy areas. It covers:

- trade and economic co-operation: liberalisation of trade based on most-favoured-nation (MFN) treatment and the elimination of quantitative restrictions; legislative harmonisation; and provision on the establishment and operation of companies, services, current payments and the movement of capital, competition and intellectual property;
- co-operation in science and technology, energy, environment, transport, space and a range of other civil sectors;
- political dialogue: on international issues, democracy and human rights;
- justice and home affairs: co-operation to prevent illegal activities, trafficking in drugs, money laundering and organised crime – an action plan on combating organised crime was signed in June 2000.

Bilateral institutional contacts are to a large extent determined by the PCA. They include two summits each year, a permanent partnership council (ministerial level) and a cooperation committee (senior official level). In addition, nine subcommittees (working level) deal with technical issues while there is also a regular ministerial and official dialogue on foreign and security policy issues. A parliamentary cooperation committee has also been established, where members of the European Parliament and the Russian Duma meet on a regular basis. The PCA expired in 2007 but it has been prolonged on an annual basis pending negotiations on a new EU-Russia agreement. A protocol was signed by the EU and Russia in April 2004 to extend the PCA to the ten new member states. Russia has found it difficult to come to terms with the fact that eight former communist countries, including three former Soviet republics, have joined the EU. While Moscow has tended to ignore its former satellites in Central Europe, it has continued to press the Baltic states for alleged maltreatment of the ethnic Russians living there. For several years Russia has refused to sign and ratify the border agreements that were agreed with Estonia and Latvia, partly using the issue as a hammer to beat Baltic heads. One of the most difficult issues for the EU and Russia to resolve was transit to the Kaliningrad *oblast*. A relic of the Second World War, Kaliningrad suffered severe socio-economic problems as a result of the break-up of the Soviet Union. After lengthy negotiations a specific transit regime, based on facilitated travel documents, came into effect in July 2003.

The EU has also offered substantial financial assistance to support the socio-economic development of Kaliningrad.

Russia was also the subject of a 1999 EU common strategy that was supposed to inject greater coherence between the EU and member states in their policies towards Russia. Most observers agree that it has been a failure. EU member states have been unwilling to align their bilateral agendas and programmes with those of the EU. France, Germany and Italy in particular have all sought to establish close bilateral and personal ties to Russia, sometimes at the expense of agreed EU policy. For example, in 2004, the Italian prime minister, while holding the rotating EU Presidency, was not even willing to defend EU policy on Chechnya when hosting Mr Putin for the six-monthly EU–Russia summit. Germany and Russia also agreed on a new pipeline route that bypassed Poland and the Baltic states. The current tendency simply makes it easy for Moscow to play off one member state against another, and the result is a weakened EU approach to one of its most important neighbours.

Four common spaces

Partly in recognition of the limitations of the PCA, and in the context of the EU–Russia strategic partnership, both sides agreed at the St Petersburg summit of May 2003 to start working on four ‘common spaces’. It was decided to create a common economic space; a common space of freedom, security and justice, a space of cooperation in the field of external security, as well as a space of research and education, including cultural aspects. As far as the common economic space is concerned, the priority issues were identified as the energy dialogue, transport, the environment and steps to improve the investment climate and pursue regulatory convergence. Regarding the common space of freedom, security and justice, the priorities were to be border management and migration issues. The EU was unable to agree to Russian demands for visa-free travel but did agree to set up a working party to examine the issues, including the better use of existing flexibilities under the Schengen Agreement that provides for a passport-free area. Both sides also stressed the importance of working together in crisis management, and welcomed practical cooperation in ESDP operations.

Negotiations on a new, ambitious bilateral treaty were launched in 2008 and have since made progress on a wide array of economic, political and sectoral matters. But the negotiations cannot be concluded before Russia joins the WTO, the EU and Russia also have agreed a Partnership for Modernisation. The partnership builds on the four Common Spaces and complements the bilateral partnerships for modernisation that exist between several EU member states and Russia. Economic ties between Russia and the EU have grown substantially over the last years. Russia is the EU’s third most important trading partner in goods (after the US and China), with 66 billion EUR in exports to Russia (6 per cent of all EU exports, fourth place) and 115 billion EUR in imports in 2009 (9.6 per cent of all EU imports, third place after China and US, mostly natural resources). The EU is thus the largest market for Russian goods. In 2009 both imports and

exports fell by a third due to the global economic crisis. FDI flows from the EU to Russia reached 25.5 billion EUR in 2008 before dropping during the crisis. Still, Europe clearly remains the largest investor in Russia. In 2009 inverse investment flows from Russia to the EU amounted to 3.3 billion EUR. Energy represents 65 per cent of total EU imports from Russia, nearly 40 per cent of gas imports, 27 per cent of crude oil imports and 24 per cent of coal imports originate in Russia. At the same time raw material sales to the EU represents 40 per cent of the Russian budget and around 70 per cent of the revenue of Gazprom. EU companies hold 75 per cent of cumulative foreign investments in the Russian Federation, backed by a dense network of oil and gas pipeline interconnections. The EU–Russia energy dialogue is the most developed energy forum between the EU and any other country in the world. Russia has been a reliable energy supplier to the EU, and it is only in the last decade there have been interruptions. From the Russian point of view, these problems are not simply between the EU and the Russian Federation; they are also created by the adjustments linked to the formation of new transit states. Ukraine, Belarus, Moldova, all constitute an issue of security of supply and demand. There are fundamental differences in the way Russia and the EU have organised their markets, but the Russian Federation has taken considerable steps to open up its electricity market. There are also domestic suppliers of gas in Russia who compete successfully. However, the activity and influence of Russian companies in the EU meets challenges because, contrary to the Russian centralisation model, the increasingly energy-dependent EU’s open, integrated and competitive market model is open to suppliers throughout the world. That has been the basis of reforms around the energy markets in Europe, ending up with the Third Energy Package (TEP) in 2009. The energy sector is one of the most regulated in the world, because the conduct of companies alone cannot be relied on to move towards an open and competitive market structure.

Given the significant recent improvements in the Russian Federation’s fiscal position, the need for large volumes of financial assistance has declined. In fact, Russia herself has become a donor. Financial cooperation is now specifically targeted to meet the objectives defined in the roadmaps to the EU–Russia Common Spaces. Cooperation is now carried out on the principle of co-financing by the EU and Russia. Most notably, Russia is co-financing Cross Border Cooperation programmes. Emphasis is on higher education cooperation, with Erasmus Mundus and Tempus supporting mobility of students and teaching staff. Furthermore, funding for Russia also came from the Nuclear Safety Instrument (€500 million since 1991) and a number of other thematic programmes. The European Democracy and Human Rights Instrument (EIDHR) financed 14 human rights projects in Russia in 2010 for nearly €2 million, and the Institution Building Partnership Programme supported 16 projects with NGOs for a total of €5 million.

The future bilateral agenda will likely continue to be clouded by the authoritarian trends in Russia. At the same time, the EU is aware that Russia is a vital partner in terms of energy supply (mainly natural gas) and in resolving some

sensitive international situations, ranging from the Middle East to Belarus and the southern Caucasus. Russia has shown that it takes the EU seriously when it is confronted with a united voice. For example, it basically had to accept EU proposals for transit between the Russian mainland and Kaliningrad. The EU will need to remain firm and united in future if it is to develop its strategic partnership with Russia according to its own democratic principles and values.

Although some progress has been made in EU–Russia relations, there remains considerable mutual distrust, partly through ignorance of the other side's motives. What is needed is a frank dialogue covering all sensitive issues including values, multilateralism and minority rights. Russia is still driven by a great-power mentality that tends to view developments as a zero-sum game. It will be important to engage with the coming generation of Russian leaders to explain the importance of 'soft power' in international relations. The EU needs to do more to attract Russian students and facilitate travel for genuine business and tourist travellers. For its part, Moscow should accept the EU as a serious negotiating partner and not try to undermine it by seeking special deals with member states or bypassing PCA structures. Both sides are condemned to live with each other and will increasingly rub up against each other as a result of enlargement. But a genuine strategic partnership can only be developed if there is acceptance of common values. Russia will inevitably be confronted with its internal problems for many years. It has come to recognise the growing influence of the EU in certain areas but it does not see any need to make major concessions to achieve a rather nebulous 'strategic partnership' with the EU. The same holds true for Brussels. It knows that it is heavily dependent on Russian energy but it also recognises that the energy card is not a strong one – after all, Russia has to sell its oil and gas to live. Overall, therefore, there is no major underpinning of the relationship.

Ukraine

The EU has found it difficult to establish a normal relationship with Ukraine, partly because of the lack of reform in that country and partly because it does not want to encourage Ukrainian ambitions of joining the EU. When President Kuchma was in power there was considerable EU reticence to go beyond the PCA that Ukraine enjoyed, like other ex-Soviet republics. In December 2004 there was a political earthquake in Ukraine following the 'Orange Revolution' when the pro-Western leader Viktor Yushchenko came to power, largely as a result of grassroots pressure for reform. The EU, in the guise of Solana plus the presidents of Poland and Latvia, played an important mediation role in ensuring the peaceful outcome of the Orange Revolution. But the new government in Kiev also failed to make much headway with political and economic reforms, and this led to further EU doubts about Ukraine's ability to change as rapidly as it had planned. In March 2006, Yushchenko's party came third in national elections, forcing it into a coalition with the party led by Julia Timoshenko, his former prime minister whom he had dismissed in 2005. She in turn resigned after less than a year in office and was later replaced by Viktor Yanukovich.

Ukraine joined the ENP but continued to insist on a signal from the EU that it wanted to see Ukraine as an eventual member state.

In 2007 the EU and Ukraine began negotiations on a deep and comprehensive free trade agreement (DCFTA). This was meant to be a test case for all countries in the Eastern Partnership. As of mid-2011 the remaining issues to be agreed included energy, agriculture and geographical indicators of origin (GIs). At the same time Russia has been wooing Ukraine not to move too close to the EU by offering it various inducements including subsidised energy and membership of its customs union with Belarus and Kazakhstan. A free trade agreement between a Russia-led customs union and Ukraine would not be a problem for the EU. However, if Ukraine joined such a customs union it would de facto have to align its trade policy with that customs union, which would cause problems for the EU.

The southern Caucasus

The EU's interest in the three countries in the Caucasus has been fragmentary. Its main interest is in ensuring the secure supplies of energy from the Caspian region to the EU. The region is also crucial for relations with Russia, Turkey and Iran. The EU hopes to play a constructive role in the 'frozen conflicts' in the region but is aware of its limitations. These conflicts include Nagorno-Karabakh, South Ossetia and Abkhazia (both annexed by Russia in 2008). In July 2003 the EU appointed a special representative to the southern Caucasus with a wide-ranging mandate to assist the process of reconciliation, the promotion of democracy and human rights, and regional cooperation. A final point was to enhance EU effectiveness and visibility in the region. Of the three countries in the region Azerbaijan is the EU's largest trading partner, although this primarily relates to cotton, oil and gas, and occupies a strategic location between the EU and Central Asia. A high-level dialogue on energy and transport in the Black Sea and Caspian Sea was launched at the Commission's initiative with the November 2004 Baku ministerials aimed at the development of a regional energy and transport market and its progressive integration with the EU market. The EU has also been supportive of attempts to improve relations between Turkey and Armenia.

The European Economic Area (EEA)

Many critics of the ENP have suggested that the EEA might be a more suitable alternative. But this would not be an option as the EEA agreement is tailored to the requirements of advanced industrial neighbours of the EU. The EEA has its origins in the European Free Trade Area (EFTA) that was created in 1960 by seven countries then less keen to go down the integrationist path pioneered by the original six founding members of the EU. Relations between the EU and EFTA were cordial, with the focus being on the gradual establishment of a free trade area for industrial products. Following the announcement that the EU intended to establish an Internal Market by 1992, Jacques Delors, then President of the

In 1992 the mainly Russian- and Ukrainian-speaking region of Transnistria sought to secede from Romanian-speaking Moldova. The Moldovan government in Chisinau was unable to enforce its sovereignty over the whole country as thousands of Russian troops remained in Transnistria. The OSCE, together with Russia and Ukraine, has been trying to broker a political settlement. In early 2006 the EU sent a border mission to help monitor and train customs officials on the Moldova-Ukraine shared border.

Abkhazia broke away from the Republic of Georgia when the Soviet Union disintegrated in 1991-92. The Georgian government in Tbilisi used force in an attempt to regain control over the region but was defeated in 1993 by Abkhaz forces, backed by Russian units. Subsequently, thousands of ethnic Georgians were expelled from the region. An uneasy truce has been in place since 1994, policed by Russian peace-keepers.

There was a similar situation in South Ossetia, which did not support Georgia's quest for independence in 1991. Attempts by the government in Tbilisi to regain control failed, and a fragile truce was maintained until August 2008 when a shooting war broke out, which resulted in the de facto Russian annexation of both South Ossetia and Abkhazia. Each side blamed the other for starting the conflict, which ended following mediation by President Sarkozy, then holding the EU Presidency. Some critics speculated whether the EU could have played this mediation role if the Presidency had been held by one of the smaller member states.

Conflicts between ethnic Armenians and Azerbaijanis broke out in the late 1980s, with the most extensive fighting taking place in Nagorno-Karabakh, a region that was part of Soviet Azerbaijan but whose population is largely Armenian. A 1994 ceasefire established de-facto Armenian control over the region. OSCE talks to resolve the problem have not met with success. Both Azerbaijan and Turkey keep their borders with Armenia closed.

European Commission, proposed a new and more structured form of partnership, which was to become the EEA Agreement. The EFTA states at that time - Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland - welcomed the idea, and formal negotiations with the EU (then the European Community) began in June 1990. The Agreement for a European Economic Area was signed on 2 May 1992 in Oporto and came into force on 1 January 1994. The objective of the EEA Agreement, as laid down in Article 1, is 'to promote a continuous and balanced strengthening of trade and economic relations between the Contracting Parties... with the view to creating a homogenous European Economic Area'.

Switzerland voted against EEA membership in December 1992, and has since maintained and developed its relationship with the EU through bilateral agreements. Following the accession of Finland, Austria and Sweden to the EU in 1995, the EEA was composed of just three countries - Norway, Iceland and Liechtenstein - that nevertheless wished to maintain the arrangements in order to participate in the internal market, while not assuming the full responsibilities of EU membership. All new Community legislation in areas covered by the EEA is integrated into the agreement through an EEA Joint Committee decision and subsequently becomes part of the national legislation of the EEA states. The agreement gives them the right to be consulted by the Commission during the formulation of Community legislation, but not the right to a voice in decision making, which is reserved exclusively for member states. Through the double impact of the participation in the decision shaping and the high level of integration of Community *acquis* into their national legislation, the EEA states are, of all the countries associated with the Union, technically the most closely linked to the EU. The EEA Agreement is concerned principally with the four fundamental freedoms of the internal market, i.e. freedom of movement of goods (excluding agriculture and fisheries, which are included in the agreement only to a very limited extent), persons, services and capital. Horizontal provisions relevant to these four freedoms in the areas of social policy, consumer protection, environment, company law and statistics complete the areas that the EEA states take over Community legislation. As one of the primary obligations under the agreement is to ensure equal conditions of competition, the substantive competition rules of the agreement correspond to the Community *acquis* in this area. This covers the rules concerning cartels, abuse of dominant positions, merger control, state monopolies and state aid. In addition to the obligation to accept the Community *acquis* in the fields of the four freedoms, the agreement contains provisions to allow cooperation between the Community and the EEA states in a range of Community activities: research and technological development, information services, the environment, education, social policy, consumer protection, small and medium-sized enterprises, tourism, the audiovisual sector and civil protection. Where the EEA states are admitted to participate in these programmes, they contribute to the budgets of the programmes in question and participate in the committees that manage them, but with no right to vote. The EEA states also make a financial contribution towards the reduction of economic and social disparities in the EU.

The EEA Agreement is made up of 129 articles as well as 22 annexes and 49 protocols. The annexes refer to the *acquis communautaire* applicable in the EEA. The protocols include provisions on specific areas such as rules on the origin of goods, transition periods for the EEA states in certain fields and simplified customs procedures. The EEA Agreement does not cover the following EU policy areas: common agriculture and fisheries policies (although the agreement contains provisions on various aspects of trade in agricultural and fish products); a customs union; a common trade policy; a common foreign and security policy; justice and home affairs (even though Iceland and Norway are part of the Schengen network) and the Monetary Union (EMU). The EEA states have not

transferred any legislative competences to the EEA institutions, and all decisions on the EEA side are therefore taken by unanimity.

The EEA Agreement is implemented through a set of special institutional arrangements. The EEA Joint Committee is responsible for the ongoing management of the EEA Agreement. It is a forum in which views are exchanged and decisions are taken by consensus to incorporate Community legislation in the EEA Agreement. The Joint Committee is made up of ambassadors to the EU from the EEA states, representatives of the European Commission and EU member states. The Joint Committee may set up subcommittees, which prepare the decisions of the Joint Committee and where discussion of different aspects of the Joint Committee's work can take place. There are currently five such subcommittees. The EEA Council, composed of the foreign ministers of the EU and EEA states, provides political impetus for the development of the agreement and guidelines for the Joint Committee. It meets twice a year, usually briefly and on the margins of an EU Foreign Affairs Council, and it is chaired for six months on a rotating basis. The EEA Joint Parliamentary Committee comprises members of the national parliaments of the EEA states and Members of the European Parliament (MEPs). The Committee is supposed to contribute, through dialogue and debate, to a better understanding between the Community and the EEA states of the fields covered by the agreement.

The EEA is the most advanced arrangement that the EU has with any group of countries and reflects both their proximity to and long-standing ties with the EU, and also the high levels of their political and economic development. Globally, the EEA machinery runs smoothly after ten years of operation. The updating of the agreement through the incorporation of new relevant Community legislation has become a day-to-day business, and some 4,000 EU legal acts are applicable across the EEA. The basic deal of the EEA is that the three states have access to the EU's internal market, pay substantial amounts for the privilege and yet have no real say in the legislation that they must accept in this area. It is true that EEA states can request consultations on matters of concern and they can also negotiate adaptations to Community legislation when this is called for by special circumstances and agreed on by both sides; but the reality is that the prevailing EU attitude is 'take it or leave it'. Compromises painfully negotiated among 27 EU member states are not going to be unravelled at the EEA stage. The EEA states, of course, do have the opportunity to influence the shaping of EEA-relevant legislation, i.e. proposals at the preparatory or pre-pipeline stage by the EU. This opportunity is enshrined in the EEA Agreement as a right for representatives of the EEA states to participate in expert groups of the European Commission, and to submit EEA comments on upcoming legislation. While the EEA states use these opportunities to shape legislation actively, they have little influence on the final decision on the legislation on the EU side. They can neither sit nor vote in the European Parliament or the European Council of Ministers (co-legislators on the EU side for most EEA-relevant legislation) and hence have to incorporate into the EEA Agreement what has ultimately been decided, if not necessarily shaped, by others.

Following the collapse of its banking system in 2008, Iceland decided to apply for EU membership. The European Commission gave a favourable opinion of the application in 2010 noting the likely difficult areas of fisheries, agriculture, financial services and regional policy. Whilst the elite were in favour of joining the EU, much of the population was hostile because of tough conditions the British and Dutch governments demanded for repayment of money lost to their investors in Icelandic banks. Negotiations only started in mid-2011.

Conclusion

The EU devotes more time, energy and resources to its immediate neighbourhood than to any other part of the world. Its various contractual arrangements with its neighbours reflect the level of political and economic development in each country. The more advanced the neighbour (e.g. Norway), the closer the arrangement. The EU has never gone out to solicit countries to join the EU but rather adopted criteria for membership. The carrot of membership has been very successful in promoting the reform process in those countries eligible for membership. Where membership is not on offer the Union has considerably less leverage. The ENP was launched to deal with the challenges resulting from enlargement. The Eastern neighbours may be eligible for EU membership at some date in the future, but the Southern neighbours do not have this option. The Jasmine Revolutions in North Africa in the spring of 2011 prompted a rethink of the EU's entire approach to its neighbours with more money going to support democratic change. EU-Russia relations will remain difficult for some time to come. The roadmaps for the four common spaces are rather vague and contain neither deadlines nor plans for specific projects. But with more than 50 per cent of Russia's trade going to the EU and the number of Russians visiting the EU growing at 20 per cent a year the relationship is bound to become closer. Although the EU has little appetite for further enlargements, the EU will have little alternative but to become even more active with its neighbours in future.

Key questions

1. Why did the EU launch the ENP?
2. How would you assess the Barcelona Process and the Union for the Mediterranean?
3. How did the EU respond to the waves of unrest in North Africa?
4. What are the main EU interests in Russia? What does Russia want from the EU?
5. How have the new member states tried to influence EU policy towards Russia?
6. Could the EEA be a model for other countries in the EU's neighbourhood?
7. The ENP is doomed to failure, as it does not hold out the prospect of EU membership. Discuss.
8. Should the EU attempt to define the final borders of the Union? If so where should they be?

Further reading

The wider Europe debate is covered in Dannreuther (2004) and the foreign policy aspects in Zielonka (2002). Given the newness of the ENP, there are more articles than books available. Some to consider are:

- Alboni, R. (2005) 'The geopolitical implications of the European neighbourhood', *European Foreign Affairs Review*, vol. 10, no. 1.
- Balfour, R. *et al.* (2005) 'The challenges of the European Neighbourhood Policy', *The International Spectator*, vol. 40, no. 1.
- Cameron, F. (2006) *The ENP as a Conflict Prevention Tool*, EPC issue paper no. 47.
- Emerson, M. *et al.* (2011) *The Reluctant Debutante: The European Union as Promoter of Democracy in Its Neighbourhood*, Brussels: Centre for European Policy Studies.
- Lynch, D. (2004) *The Russia-EU Partnership and the Shared Neighbourhood*, EU Institute for Security Studies, July. See <http://www.iss.eu.org/new/analysis/analy090.html> (accessed 5 May 2011).
- Tocci, N. (2005) 'The Challenges of the European Neighbourhood Policy - Does the ENP Respond to the EU's Post-Enlargement Challenges?', *The International Spectator*, vol. 40, no. 1.

9 The Balkans and Turkey

Summary

In the early 1990s the EU failed to deal effectively with the break-up of the former Yugoslavia. It had to rely on the US intervening twice to stop Serbian aggression. The EU's early failures and the Kosovo war spurred the EU into a more coherent and strategic policy towards the Balkans. Gradually the EU developed a roadmap for membership agreed in Thessaloniki in 2003. The EU played an important role in the downfall of Milošević and brokered agreements in Bosnia, Kosovo and Macedonia. The Balkans remains important as instability there, whether political, economic or social, affects the stability of member states. The next enlargement of the EU could well include the countries of the Western Balkans and Turkey. Given the Union's internal problems and the prevalence of 'enlargement fatigue', no one can predict when the next enlargement will take place. Croatia is due to join the EU in 2013 while the negotiations with Turkey have scarcely moved in years. Turkey is a major neighbour of the EU, and its accession would be of a very different order of magnitude from any Balkan country. It is also predominantly Muslim, and this causes hesitation in some European circles.

Introduction

The Balkans has been a major testing ground of the EU's developing international role and in particular of the CFSP and the ESDP. Few could have imagined, when the CFSP was agreed in 1991, that it would have such a baptism of fire. In the summer of 1999, Southeastern Europe emerged from yet another violent conflict in the region. NATO forces had just ended a bombing campaign against the former Yugoslavia and had taken control of Kosovo. Yugoslavia was still under international sanctions, with detrimental effects on the whole region, especially from organised crime. Albania and Macedonia were recovering from the refugee influx due to the Kosovo crisis, which aggravated the situation in Macedonia to a degree that led to ethnic violence in the summer of 2001. While fighting had ceased in Bosnia and Croatia with the Dayton agreement in 1995, the situation resembled more an uneasy truce than good-neighbourly relations.