

## Germany and the Eastern Partnership

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Germany perceives the Eastern Partnership as an initiative that is conducive to German interests, but at the same time as one that could undermine them. Berlin would like the Eastern Partnership to be an instrument that brings the partner countries closer to the EU economically but not politically. Germany has opted for a tightening of the economic cooperation with the partner countries, by signing deals on deep free trade areas and harmonising part of the legislation of these countries with the *acquis communautaire*. On the other hand, Germany does not want the Eastern Partnership to evolve and turn into an initiative that offers the partner countries prospects of membership and antagonises Russia. Therefore Germany is trying to counteract any elements of the Eastern Partnership that would help it develop in the aforementioned direction. Moreover, Germany has set its own bilateral cooperation with partner countries in the east above the joint projects of the Eastern Partnership. In doing so, Berlin's guiding principle is that German money allocated for the projects on development cooperation in the east should bring political and economic benefits first of all to Germany.

### The Eastern Partnership vis-a-vis German policy towards the EU's Eastern neighbourhood

Germany's position on the Eastern Partnership (EaP) is shaped by three factors:

1. Within the framework of the EaP, Germany's priority is to tighten economic cooperation with the partner countries<sup>1</sup>. From the standpoint of Germany, these countries are attractive to German exporters and investors because of their prospects for economic growth and a growing domestic demand, the cheap labour force, geographic proximity, cultural bonds and the fact that German companies have broadened their knowledge of the region and its specific character<sup>2</sup>. Berlin has stepped up its activity in these countries which is signified by a dynamic growth of both German exports and investments<sup>3</sup>.
2. From Germany's standpoint, the EaP should not become a pre-accession instrument which would fuel membership expectations in the partner countries and their 'advocates' among the EU member states. Germany is stressing that this initiative should be perceived exclusively as part of the European Neighbourhood Policy and be bound by its confines. Berlin therefore objects to any declarations and actions within the EaP framework, which may emphasise the exceptionality of the partner countries in their relations with the EU and which could eventually become

<sup>1</sup> See statements by the representatives of the Committee on Eastern European Economic Relations, a German organisation that associates large, medium and small business, and co-creates the state policy towards Eastern Europe, the South Caucasus and Central Asia. Source: <http://www.ost-ausschuss.de/ost-ausschuss-%C3%B6stliche-partnerschaft-kommt-zum-richtigen-zeitpunkt>

<sup>2</sup> Germany's economic relations with Eastern and Central European states, OSW Report, Warsaw, September 2008, pp. 4-12 (publication in Polish).

<sup>3</sup> In 2006-2008 Germany noted a double figure percentage growth in exports to the countries included in the EaP. Even though 2009 brought a considerable decline connected with the global crisis, it is still unlikely to change the positive tendency. Moreover, Germany remains one of the main investors in the countries included in the EaP.

an incentive for negotiations concerning their possible accession in the future. Ever since the EU enlargement of 2004, and especially that of 2007 (Bulgaria and Romania), Germany has suffered from *enlargement fatigue* – the political elite and society have grown increasingly tired of the enlargement process. Up to now, the issue of Eastern partner countries joining the EU has been treated as an open question, although put off till some indefinite time in the future. However, recent programmes and declarations by German Christian Democrats<sup>4</sup> suggest that it is impossible to offer prospects of membership to all European neighbours and that

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the borders of the European Union should be marked out, while internal integration and implementation of the Treaty of Lisbon reforms should be prioritised. From Germany's standpoint, the EU has grown less 'steerable' following the enlargement, while the accession of new members has weakened the hitherto leading tandem of Germany and France. Any further enlargement

(including Ukraine or Turkey) would significantly change the arrangement of influences in the EU, undermining Germany's position.

3. The stand taken by Germany comes down to the declaration that the EaP must not antagonise Moscow and jeopardise the strategic partnership between the EU and Russia, which is Berlin's priority. Germany is still guided by the *Russia first* principle, although this approach is currently counterbalanced by Germany's support for the EU's greater economic involvement in the Eastern neighbourhood and bilateral activity in these countries. With regard to members of the EaP, Germany is opting for the 'common neighbourhood' model wherein the EU and Russia would cooperate and reconcile their economic interests – hence German diplomacy's 'trust-building' measures with regard to Russia and regular reassuring declarations coming from politicians that the EaP is not designed as a rival project with regard to Russia<sup>5</sup>.

## German support for the development of economic cooperation

Germany is opting for a tightening of bilateral economic cooperation between the EU and the EaP members, and for the development of instruments that would be conducive to the intensification of these relations. Among the issues supported by Germany are:

1. **The bilateral dimension of the EaP**, i.e. concluding new association agreements between the EU and partner countries, which include deals on Deep and Comprehensive Free Trade Areas (DCFTA). Germany initiated<sup>6</sup> the conclusion of such agreements by the EU in 2007. According to the German concept, these agreements provided for extension of the European legal framework to the partner countries not just in the sphere of foreign trade, but also in the sectors that were of greatest interest to Germany and the EU, namely the energy sector, environmental protection, transportation, and internal security. Association agreements and DCFTA as well as a harmonisation of the legislation of the partner countries with the *acquis* are in Berlin's interest because of the structure of German exports and the specific features of German companies. Germany exports medium and highly processed products (machinery, devices, chemical products, and ever more often technologies used in the energy sector and environmental protection). The structure of German exports is complementary to the economies of the partner countries in the east, who from the German point of view produce mostly semi-finished products, agricultural goods and groceries. Even though there has been no official German standpoint and no analyses published on how DCFTA could influence the German economy

<sup>4</sup> CDU distances itself from further EU enlargement, BEST OSW 11 (86), 18 March 2009 (publication in Polish).

<sup>5</sup> Before the EaP summit in Prague on 7 May 2009, Günter Gloser (SPD), the then Minister of State for European Affairs in the German Ministry of Foreign Affairs, declared during the European Union Commission session in the Bundestag, that EaP is not a rival project towards Russian activity and is not designed to push Russia out of the region. For details see 'Eastern Partnership should not be a rival of Russia' (Östliche Partnerschaft soll keine Konkurrenz zu Russland sein), European Union Commission session, hib-Meldung, 4 March 2009.

<sup>6</sup> This idea was included in the ENP+ concept, presented by the German presidency in the EU at the turn of 2006 and 2007, although not supported in full by all the EU member states.

(especially in the case of Ukraine), it seems that Germany would not rule out – as opposed to other EU member states – extending DCFTA to sectors such as agriculture and metallurgy. Moreover, Germany is even likely to support Ukrainian appeals to open the EU market to Ukrainian agricultural products because of extensive German investments in Ukrainian agriculture and its food industry, as well as prospects of increasing German exports of machinery, devices, agricultural technologies, seeds and plant preservatives. Furthermore, similarly to many other EU members, Germany is seeking to harmonise Ukrainian legislation and norms with European standards, amend legislation to improve the investment climate and to curb state interference with the economy. It also wishes to strengthen the institutions that are responsible for the implementation of the aforementioned tasks. Such changes would support

**Within the EaP framework Germany is interested in institution building programmes.**

small and medium-sized German enterprises, which are dominant in the exports sector and whose overseas activity is highly dependent on the stability of conducting business activity and investments.

**2. Comprehensive Institution Building Programme (CIB<sup>7</sup>).** A natural consequence of Germany's support for the conclusion of association agreements and DCFTA and a harmonisation of the legislation, is its involvement in programmes of institutional development within the framework of the EaP<sup>8</sup>. These programmes are aimed at strengthening the institutions that are crucial for the successful implementation of the above mentioned agreements; they are to be put into operation in 2010. In all likelihood, they will be based on a twinning partnership of administrations of the EU members and the partner countries. So far, Germany has been the most active EU state involved in the implementation of twinning projects. Since 2009, German ministries and subordinate institutions on the federal level have been preparing for the distribution of funds allocated for these projects within the framework of the EaP<sup>9</sup>. From the German perspective, these EU projects are complementary to the bilateral instruments of German external economic policy since the twinning projects include the establishment of contact networks which are used for developing bilateral economic cooperation and supporting German export priorities.

<sup>7</sup> The funds allocated for the implementation of CIB in 2010-2013 amount to €175 million.

<sup>8</sup> Germany appealed for allocating EU funds for programmes of this type during its presidency in the EU.

<sup>9</sup> E.g. at the turn of 2009 and 2010 the Federal Ministry of Food, Agriculture and Consumer Protection (BMELV) organised a series of seminars on how to use the possibilities offered by twinning projects, implemented with the members of the EaP.

## Germany cautious about the elements of EaP with possible political implications

German diplomacy is being cautious about all those elements of the EaP that could have implications for the relations between the EU and the partner countries and for the relations with Russia, such as:

**1. The language of statements and documents concerning the EaP** and the EU relations with the countries included in the initiative. Germany attaches great importance to purging the language used of any statements that could be referred to by these countries in their possible pursuit for EU membership. Germany was the leader of a group of EU states who raised numerous objections to the text of the Joint Declaration adopted during the EaP summit in Prague (7 May 2009). It was Germany who insisted on using the term 'Eastern European Partners' instead of 'European states', which was supposed to prevent these countries from referring to Article 49 of the Treaty of Lisbon. Germany also persisted in its objections to calling the new deepened bilateral agreements 'the association agreements' in order to avoid connotations of Europe Agreements (concluded with Eastern and Central European states in the 1990s)<sup>10</sup>. German diplomacy remains cautious about the language of the documents prepared within the bilateral and multilateral dimension of the EaP; e.g. it avoids terming relations with the partner countries 'strategic' and calling the harmonisation of their legislation with the *acquis* an 'integration process'.

<sup>10</sup> Germany eventually gave its consent to the term 'association agreement' under pressure from the French presidency in the EU (second half of 2008). The French pointed out that a similar term had been used to describe agreements with the countries included in the Union for the Mediterranean.

**2. Development of the visa dialogue with the countries included in the EaP.** Germany is opting for a visa regime liberalisation, although it remains sceptical about the introduction of a visa free regime and maintains that the visa negotiations do not have to lead to that. Germany agreed to include the following statement in the Prague summit declaration: 'The EU will take gradual steps towards full visa liberalisation as a long term goal for individual partner countries'. Nevertheless, in the EU dialogue with the partner countries, German diplomacy tries to prevent the use of any statements that could suggest that this goal is feasible in the near future. Instead, Germany prefers to use terms like 'long term' and 'gradual'. It also opposes the introduction of any 'road maps', which they perceive as the EU's legal commitment to introduce a visa free regime, once the given country fulfils the criteria laid down by the EU.

Germany's cautious stand on visa issues stems from its concerns that by lifting visa regimes the EU would fuel the partner countries' expectations, and that such a decision would be interpreted as a step towards full membership.

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So far, the EU has applied a visa free regime in its relations with the countries who were offered EU membership prospects (Western Balkans). Another factor that influences the German standpoint on this issue is the situation on its internal political scene. German public opinion and regional politicians are extremely cau-

tious about a liberalisation of the visa regime with Eastern European states; there is serious anxiety over a possible increase in illegal immigration, organised crime and an uncontrolled arrival of a cheap labour force from the east.

**3. Cooperation within the multilateral dimension of the EaP.** Apart from pushing through Russia's participation in multilateral projects, Germany is not actively involved in the multilateral dimension of the EaP, for three main reasons:

Firstly, the multilateral projects of the EaP are much less significant for Germany which has a well developed bilateral system of political, economic and cultural cooperation<sup>11</sup> (see Appendices). Germany prefers to finance its own projects in the partner countries rather than transfer more funds to the EaP projects. Compared to multilateral projects, bilateral cooperation brings Germany many more political and economic benefits, such as contacts with state administrations, a deeper understanding of local systems of governance, expert assessments in selected areas, easier access to foreign markets for German companies through pilot programmes, and image-building. German bilateral development cooperation is being carried out by federal and even regional ministries<sup>12</sup>. The areas of greatest interest to Germany include renewable energy and energy efficiency, support for small and medium-sized enterprises, agriculture, environmental protection, internal security and programmes that strengthen the rule of law and the judiciary. Germany also spends substantial resources on scholarships for students from the EaP member states, and on promoting German culture, education and science abroad<sup>13</sup>.

Secondly, the multilateral cooperation format within the EaP does not fit in with the German concept of a 'common neighbourhood' of the EU and Russia, wherein Russia and the EU are equal partners<sup>14</sup>. Even though the concept presented in 2007 by the German presidency of the EU stated that Germany supported regional cooperation between the EU and Eastern Europe and South Caucasus states, this cooperation – according to German intentions – was supposed to include Russia to the greatest extent possible<sup>15</sup>. As a result, a Black Sea

<sup>11</sup> See the press release of the German Ministry of Foreign Affairs on 21 May 2010: 'Germany actively supports the process of drawing the Eastern neighbours closer to the European Union. Germany is involved in the Eastern Partnership projects and complements this activity by numerous bilateral projects in the sphere of politics, economy and culture'.

<sup>12</sup> The projects are developed by the ministries themselves or implemented by German development cooperation organisations, specialised consultancy firms and NGOs.

<sup>13</sup> Germany attaches increasing importance to the 'foreign cultural and education policy' and is constantly increasing the amount of funds from the federal budget spent on those needs (from 0.43% in 2006 to 0.46% in 2008).

<sup>14</sup> See the statement by Klaus Mangold, the chairman of the Committee on Eastern European Economic Relations: 'Russia is not sufficiently involved in the Eastern Partnership'. Source: <http://www.ost-ausschuss.de/ost-ausschuss-%C3%B6stliche-partnerschaft-kommt-zum-richtigen-zeitpunkt>

<sup>15</sup> A quote from the ENP+ concept: 'We are interested in Russia's greater involvement in the organic modernisation of the common neighbourhood with the EU'.

Synergy initiative was raised during the German presidency that was to encompass the countries surrounding the Black Sea<sup>16</sup>. Black Sea Synergy was designed as a 'trust-building' measure and a way of developing common projects in the EU-Russian neighbourhood. Initially, Germany even suggested merging the EaP with the Black Sea Synergy (which would mean Russia's participation on equal terms with other countries from the initiative) and appealed for granting both the initiatives equal status. Currently, in mind of the difficulties with projects within the Black Sea Synergy, Germany is pushing through Russia's involvement in the initial phase of the projects implemented within multilateral platforms and flagship initiatives of the EaP.

<sup>16</sup> The Black Sea Synergy encompasses all the countries included in the EaP (apart from Belarus) as well as Turkey and Russia.

**Prospects of implementing joint Polish-German initiatives and projects within the framework of the EaP seem therefore rather limited, although they cannot be ruled out in such spheres as support for civil society and trilateral projects with Russia's participation.**

Thirdly, Germany's greater involvement in the multilateral format of the EaP could increase the significance of the whole initiative and therefore invoke Russia's negative reaction as well as encourage some of the EaP members to seek EU membership.

**4. Eastern Partnership Civil Society Forum.** German NGOs, think tanks and foundations do not seem excessively interested in operating within the EaP, contrary to the Polish ones. The first Civil Society Forum in Brussels in November 2009 was attended by few German organisations (three<sup>17</sup> out of 70 from the entire EU). This, however, does not mean that German organisations are not active in the east. They are quite numerous represented there, although engagement in tightening political relations between the partner countries and the EU has rather not been their priority. Most German organisations seem to share the view of the German government which supports bilateral involvement, the rule of law, democratisation and modernisation in those states, but not their political rapprochement with the EU.

<sup>17</sup> European Exchange located in Berlin, Heinrich Böll Foundation (branch in Tbilisi) and Friedrich Naumann Foundation for Freedom (Ukrainian branch).

## Conclusions

1. Germany is not seeking to alter the nature of political relations between the EU and its Eastern neighbours – Ukraine, Moldova, Belarus, Armenia, Azerbaijan, and Georgia. Instead, Berlin is opting to keep the *status quo*, wherein the EaP is part of the European Neighbourhood Policy, which neither increases the chances of the partner countries for joining the EU, nor does it affect relations with Russia. Therefore, Germany is likely to block any increase of spending for the development of the EaP, to restrain the development of the visa dialogue and ignore multilateral cooperation within the framework of the EaP.
2. Germany insists that the EaP should be an instrument that fosters economic integration between the partner countries and the EU. Therefore Germany supports tightening economic cooperation with the partner countries and institutional development programs within the EaP, as well as within the German system of development cooperation.
3. Prospects of implementing joint Polish-German initiatives and projects within the framework of the EaP seem therefore rather limited, although they cannot be ruled out in such spheres as support for civil society and trilateral projects with Russia's participation. Germany is not likely to engage as intensively as France did in the Union for the Mediterranean, to avoid raising the significance of the EaP initiative.

## APPENDICES

### 1. Germany's official development aid for the countries included in the EaP\*

Recipient country	Yearly average for 2007 and 2008 (million USD)	Germany's position on the list of multilateral and bilateral contributors of development aid
Armenia	25	4 (after USA, IDA**, Japan)
Azerbaijan	29	4 (after IDA, USA, Turkey)
Belarus	20	1
Georgia	58	4 (after USA, IDA, EU)
Moldova	10	7 (after EU, IDA, IMF, USA, Sweden, Turkey)
Ukraine	74	3 (after EU, USA)

\* Data quoted after the OECD, Aid Statistics, Recipient Aid Charts, [http://www.oecd.org/countrylist/0,3349,en\\_2649\\_34447\\_25602317\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/countrylist/0,3349,en_2649_34447_25602317_1_1_1_1,00.html)

\*\* IDA – International Development Association is a part of the World Bank.

### 2. German development aid in Ukraine\*

economic	€134.5 million (total by year end 2009)
financial	€104.5 million (total by year end 2009)
technical	€30 million (total by year end 2009)
legal	€310,000 (in 2009)
projects within the framework of the International Climate Initiative of the German government	€4.5 million (total by year end 2009)
projects supporting human rights	€130,000 (in 2009)
scholarships granted by the German Academic Exchange Service (DAAD)**	about 1,100 scholarships a year

\* Data provided by Germany's Ministry of Foreign Affairs, <http://www.auswaertiges-amt.de/diplo/de/Laenderinformationen/Ukraine/Bilateral.html>, accessed on 27 May 2010.

\*\* It should be stressed that DAAD is not the only German organisation financed from the state budget, which offers scholarships to students from the countries included in the EaP.



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