

Review of the Review – of the European Neighbourhood Policy

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The Commission and High Representative have now published the results of their review of the European Neighbourhood Policy (ENP),¹ which was conceived in 2003 when the big Eastern enlargement was set to go, and became fully operational in 2006. So there are five years of experience to review. Together with their emergency March report responding to the Arab spring,² this amounts to almost 400 pages of text. Much of this consists of routine progress reports on the 12 states of the East and South where the ENP is functioning, which excludes the two virtual pariah states, Belarus and now Syria. The country reports are a useful documentary source, giving systematic appraisals of developments in these states and their cooperation with the EU according to a standard format that allows comparisons.

But any review of this kind should ask basic questions: What are the objectives, and what results are being obtained? Does the policy prove to be well conceived? The objective is to help transform these countries into democratic and open-market economies, integrated substantially with the EU, which provides the normative and regulatory anchor. The results are fairly clear but not positive: the hoped-for transformation is not happening in the East, where the semi-authoritarian and mostly very corrupt political regimes are stagnating – the so-called Rose and Orange Revolutions did not produce bright new democracies. The political stagnation in the South Mediterranean has now been overturned by the Arab spring, but not thanks to the ENP, whose actions were largely supporting the status quo.

The documents show how the EU engages in a huge number of sector-specific actions, with systematic monitoring of how far the partner states are adopting or converging upon EU norms and standards. The reason is that the Commission has been transposing its experience of the enlargement process, with a similar long list of chapters. This has led some commentators to use the term ‘enlargement-lite’, while Romano Prodi when President of the Commission used the term ‘everything but the institutions’. During these last years the member states have debated whether some of the Eastern partners might be granted ‘membership perspective’, which Ukraine, Moldova and Georgia actually want. There were some advocates of this (Poland, Sweden) but several opponents (France, Germany). Since this is a unanimity matter, the question is closed, at least for the time being. What is not closed however is the basic question whether this ‘enlargement-lite’ process, entailing much burdensome adoption of EU standards without the political or financial incentives that come with accession is a sound policy concept. Many independent commentators warned from the beginning this cost-benefit ratio was too weak in net benefits. The lack of results suggests that this warning was valid. There is

¹ European Commission and High Representative of the EU for Foreign and Security Policy, “A New Response to a Changing Neighbourhood”, COM(2011)303, 25 May 2011. Annexed to this are 16 working papers.

² European Commission and High Representative of the EU for Foreign and Security Policy, “A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean”, COM(2011)00, 8 March 2011.

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implicit recognition of this, with use of the expression “more for more” in the review documents, meaning more aid with more conditionalities.

Therefore, let us look more closely at four key aspects: aid, democracy, mobility and trade.

On aid and investment, more money has been found to support the Arab spring. A little over €1 billion extra has been found for 2011-13 from the EU budget. The European Investment Bank (EIB) has had its mandate for South Mediterranean operations increased by €1 billion. It is proposed that the European Bank for Reconstruction and Development (EBRD) should be mandated to open up operations in selected South Mediterranean states for the first time, also for around €1 billion for an initial period. These are positive steps, especially taken together with the further pledges that were discussed at the G8 summit on May 28th for much bigger total amounts. If the major official donors and investors can put together credible coherence in their conditionalities, this could make a difference.

The review document has now invented the term ‘deep democracy’, adding to the existing lexicon of ‘comprehensive institution-building’ (CIB) and the ‘deep and comprehensive free trade agreement’ (DCFTA) – we return to the latter in a moment. Support is announced for a recent Polish proposal for a European Endowment for Democracy (EED) and also a Civil Society Facility. These sound interesting, but in searching the 400 pages one finds nothing specific on how these two initiatives would be organised, which one might say is deeply disappointing. Poland has promoted the EED idea, but apparently without any idea how this should be structured – “we are open to all proposals” say their diplomats whose ‘non-paper’ launching the idea was empty of concrete ideas. Meanwhile there is a long-standing battle-royal going on between Commission and Parliament on this subject. A number of influential parliamentarians are pushing for a fund that they would be responsible for, with Parliament thus becoming an executive body in this field. We hear some parliamentarians in various seminars making the following argument: “the Commission are bureaucrats who don’t know about democracy. We in the Parliament are politicians, not bureaucrats, and know what to do”. This is a very primitive argument: the Parliament would have to create its own bureaucracy to execute a substantial programme, which would also run against central constitutional principles about the separation of powers between legislature and executive.

The Poles have borrowed the EED name from the US National Endowment for Democracy (NED). If NED’s structure, which has two subsidiaries associated with the Democrat and Republican parties respectively, would be copied there would be separate organisations for each of the main party political groups, which is how the German political foundations are organised. Incidentally the German political foundations are endowed with budget funding on the order of €450 million, which is a reference for the EU when it will come to discuss budgets. Extrapolating these models would see the EED establishing three or four separate democracy support offices in Cairo for each of the four main party political groups in the European Parliament, where NED and the German political foundations are already active. Would this really be the way to go? Maybe one dedicated democracy support office for the EU would suffice. But this connects with the bigger issue how to organise the EED, and what to do at the same time with the European Instrument for Democracy and Human Rights (EIDHR), which is a substantial operation run by the Commission and now the External Action Service. The idea that has the support of many independent observers is that the EU should establish a democracy foundation or agency to execute democracy programmes worldwide, which would incorporate the EIDHR. Whether a foundation, an endowment or an agency, this would depend on the degree of operational autonomy the body would have from the Commission and Parliament.

‘Mobility partnerships’ are a prominent feature on the EU’s agenda. These are being promoted as “comprehensive frameworks to ensure that the movement of persons between the EU and third countries are well-managed”.³ Two such agreements have been signed in 2008 and 2009 with Eastern countries – Moldova and Georgia respectively.⁴ The method would be now extended to North African

³ “A New Response ...”, pp. 11-12.

⁴ These have been analysed in detail in Sergio Carrera and Raul Hernandez i Sagrera, “The Externalisation of the EU’s Labour Migration Policy – Towards Mobility or Insecurity Partnerships”, CEPS Working Document No. 321, October 2009.

countries, notably Morocco, Tunisia and Egypt. The Moldovan and Georgian cases see the EU work together with a sub-set of 16 member states in an informal version of the ‘reinforced cooperation’ provided for in the EU treaties. The hard policy content at the EU level is thin, with little tangible beyond references to Frontex, the European Training Foundation and the visa policies of the Schengen area; whereas the actions that are aimed at “maximising the positive impact of migration on development” would seem to be the responsibility of member states without however clarifying what the mechanisms would consist of. The mobility partnerships are built up on the basis of a number of key words or concepts, including circular and temporary migration, combating illegal migration and trafficking, effective readmission and return policy. Most of these elements can be described as EU security policy, rather than “maximising the positive impact of migration on development”. The idea of circular migration sounds interesting as a matter of sociological dynamics, supposing this is a matter of voluntary individual choice. But can it be a policy, beyond various means of inciting migrants to return home, or relying on temporary residence/work permits? The case of Moldova is cited in this context, but this is a country that has already lost much of its working-age population through emigration and would like some to return. But this is not the prime concern of North African states. Visa facilitation agreements are envisaged simultaneously with readmission agreements. Visa liberalisation can only be envisaged in the long term providing readmission is working effectively and more broadly that the partner state shows that “conditions for well-managed and secure mobility are in place”.⁵ Overall the ‘mobility partnership’ slogan is using a friendly-sounding name for a policy set that is primarily about EU security interests, with at this stage mainly rhetoric suggesting that this it represents a fair balance of the interests of both parties.

The EU’s trade policies in the neighbourhood are in a lamentable state, filled with glaring contradictions between East and South, based on a poorly adapted concept, and still with zero results to the East. The general report asserts: “The main and most effective vehicle for developing closer trade ties is the Deep and Comprehensive Free Trade Area (DCFTA)”,⁶ whereas the policy has so far not been effective at all. In the case of Ukraine there is still no agreement after long negotiations. Ukrainian negotiators complain that while the EU wants free trade for industrial goods, it offers little for agriculture, which is a credible complaint, but nothing is transparent here to the outside observer.

As regards the conditions for such agreements, apart from WTO membership, it is stated: “They [partner states] must also have made sufficient progress towards common values and principles”.⁷ Later on we read: “Progress in the negotiations of the trade related part of the framework agreement with Libya was slow”.⁸ The need for progress on values is declared, yet the Commission was negotiating with Libya last year, presumably because of the oil revenues there – so much for the values.

Georgia is specifically required to “accomplish additional work as regards ... building adequate institutional structures and administrative capacity for the negotiating process”,⁹ before the Commission will agree to the opening of negotiations, whereas a table on governance issues shows in almost illegible miniscule font size that Georgia has been outstandingly successful in improving regulatory quality according to a World Bank source.¹⁰ It also fails to mention that Georgia has

⁵ “A Partnership for Democracy ...”, p. 7.

⁶ “A New Response ...”, p. 8.

⁷ “A New Response ...”, p.8.

⁸ European Commission and High Representative of the EU for Foreign and Security Policy, “Implementation of the European neighbourhood Policy in 2010 – Sector Progress Report”, SEC(2011)645, 25 March 2011, p. 4.

⁹ European Commission and High Representative of the EU for Foreign and Security Policy, “Implementation of the European neighbourhood Policy in 2010 – Georgia Country Report: Report”, SEC(2011)649, 25 March 2011, p. 11.

¹⁰ European Commission and High Representative of the EU for Foreign and Security Policy, “Implementation of the European neighbourhood Policy in 2010 – Sector Progress Report”, SEC(2011)645, 25 March 2011, p. 29.

unilaterally opened itself to basic free trade with the whole of the world, and accepts all EU standards for its imports.¹¹

It further states that “in the medium to long term” it intends to negotiate DCFTAs with South Mediterranean states.¹² Thus a DCFTA is only necessary in the medium to long term for the South, but is necessary immediately for the East. The approach taken for the South, to do relatively simple FTAs first, and deepen them later, is much more plausible. Yet this is dogmatically denied for the East, hence zero results so far.

The DCFTA concept has not been worked out properly, with the Commission making no attempt to assess the cost of *acquis* compliance, whereas these costs are often punishingly high for poor economies: it is a matter of time and level of economic development before various parts of the DCFTA agenda become a net benefit. Independent commentators have been arguing from the outset that the Commission should undertake a systematic cost-benefit analysis of all EU internal and external market regulations which it considered suitable for including in the DCFTA agenda. Where the costs of compliance would be too high for economically weak partner states, the Commission should sketch templates for low-cost applications for neighbours, or simply remove them from the agenda, or defer them to years later. This homework has simply not been done. Instead the Directorate General for Trade of the Commission insists on large blocks of *acquis* compliance before even agreeing to open negotiations (as for Georgia and Armenia now, although it was not required of Ukraine), behaving like a robotic bureaucratic bulldozer.

This review of the official review may be summarised as follows:

- The Arab spring has pushed the EU institutions into advocating a ‘more for more’ concept, confirming the view that the European Neighbourhood Policy has not been offering sufficient net benefits for its attempted conditionality to work.
- More official aid and investment finance from the EU is now offered, especially for the progressive elements of the Arab spring, but effective coherence and coordination is required between all major external financiers in order for conditionality to be effective. The EU’s resources are insufficient to do this effectively on its own.
- Democracy is making a belated return to the announced agenda, after years of neglect or only token interest. It is now to be ‘deep democracy’, but new mechanisms to achieve this have not been defined in operationally meaningful terms, and the institutions seem unable to agree on what to do.
- Much is being made of the ‘mobility partnership’ concept that would be extended to North African countries, but behind the rhetoric the policy content is mainly about EU security interests, while the competences of the EU are so far very thin, with a sub-set of member states entering into only very loose commitments.
- The trade and wider ‘deep and comprehensive free trade area’ (DCFTA) policy in the neighbourhood suffers from glaring contradictions and lack of a sound analytical basis. There has been no adequate review done here. A policy rethink is necessary, in the absence of which good results cannot be expected.

¹¹ For a full analysis see Patrick Messerlin, Michael Emerson, Gia Janderi and Alexandre Le Vernoy, *An Appraisal of the EU’s Trade Policy towards its Eastern Neighbours: The Case of Georgia*, CEPS, 2011.

¹² “A Partnership for Democracy ...”, p. 9.