



# Neighbourhood Policy and EaP

The Right Instruments for Europe?

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# Synopsis

- EU policies towards the Eastern Neighbours have had multiple objectives:
  - Political, both internal and external
  - Economic
- Results over the past 8 years have been mixed at best, on all fronts → lack of membership prospects a major weakness
- Analysis of current approaches suggests that Europe would be better served by a more differentiated agenda, including accession for one or two country partners



# Brief History of EU Policies



- ENP – Established in 2003-4
- Lofty objectives:
  - “offers our neighbours a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development)”
  - “goes beyond existing relationships to offer political association and deeper economic integration, increased mobility and more people-to-people contacts. The level of ambition of the relationship depends on the extent to which these values are shared.”



# Brief History of EU Policies - 2



- Eastern Partnership (EaP) – Complements and expands objectives of the NP
- Content:
  - New association agreements including deep and comprehensive free trade agreements
  - “mobility and security pacts”, allowing for easier legitimate travel to the EU
  - “The ENP remains distinct from the process of enlargement although it does not prejudice, for European neighbours, how their relationship with the EU may develop in future, in accordance with Treaty provisions”



# In the Words of Ferrero-Waldner



(T)he Eastern Partnership sets out proposals for the most ambitious programme of institution building yet, reinforcing the European Neighbourhood Policy, going further than we have ever gone before with countries in transition short of offering a specific promise of membership. In offering intensive expert support to governments in Eastern Europe and the Caucasus, we are not only investing in the economic and political stability of these countries, but also in our own well-being.





# What Results?

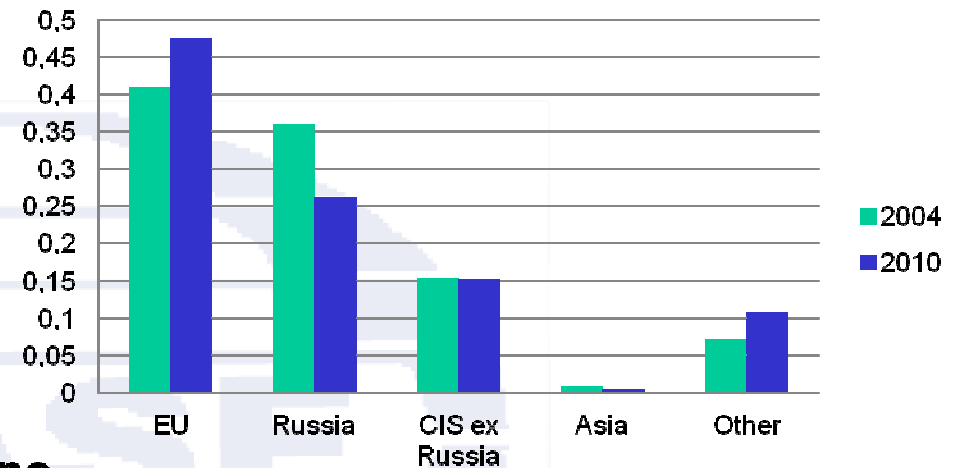
- Difficult to find in official documents a way to assess success or failure
- Objectives are not detailed, benchmarks not provided, criteria not divulged
- Both ENP and EaP are simultaneously political and economic programs → very different metrics
- But common sense and observation can help in gauge where countries stand after almost 8 years of this approach



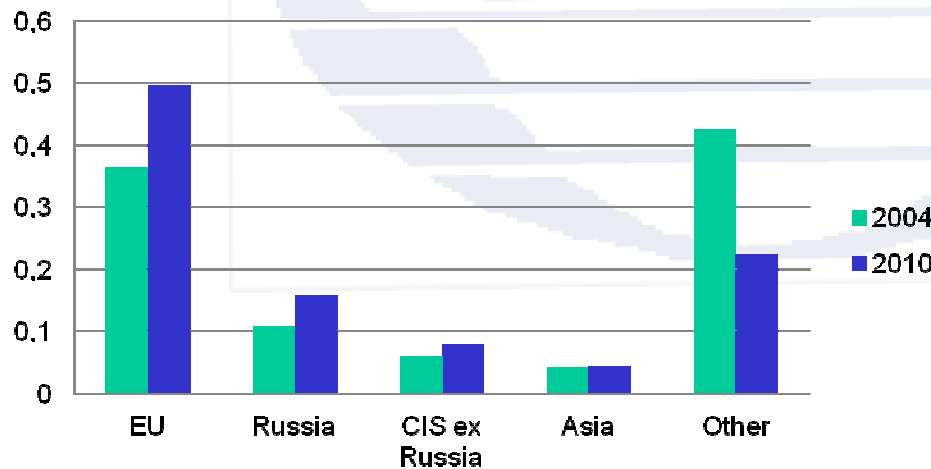
# Trade: Convergence or Divergence?



### Moldova - Export Directions



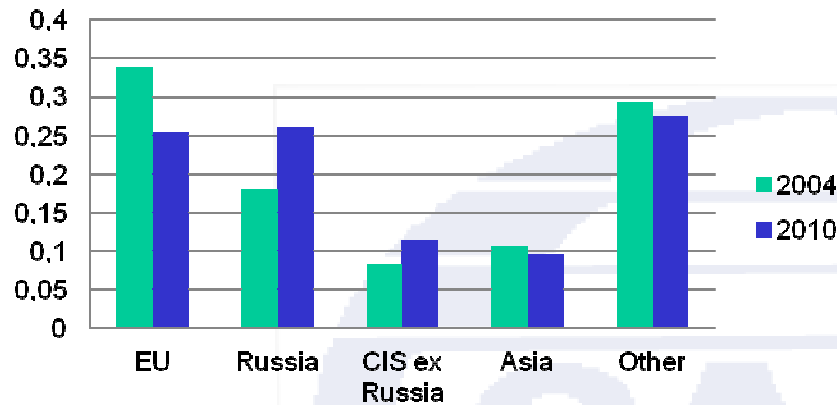
### Armenia - Export Directions



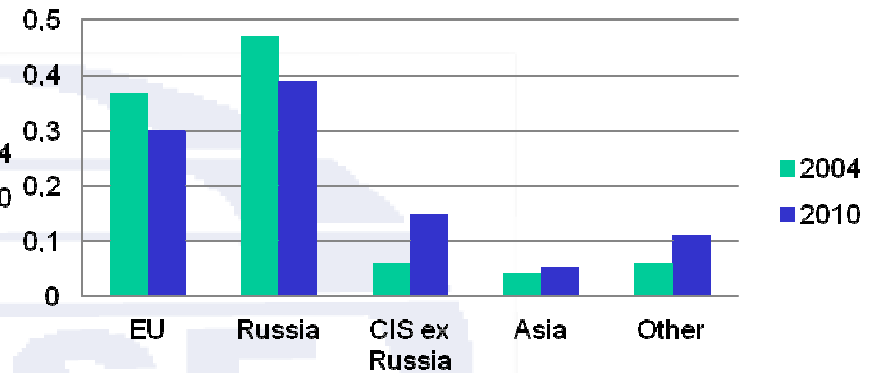


# Trade - Divergence

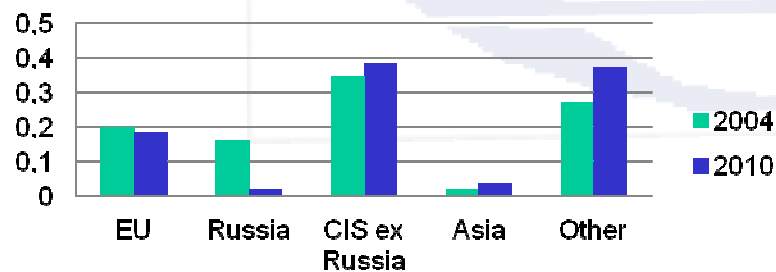
## Ukraine - Export Directions



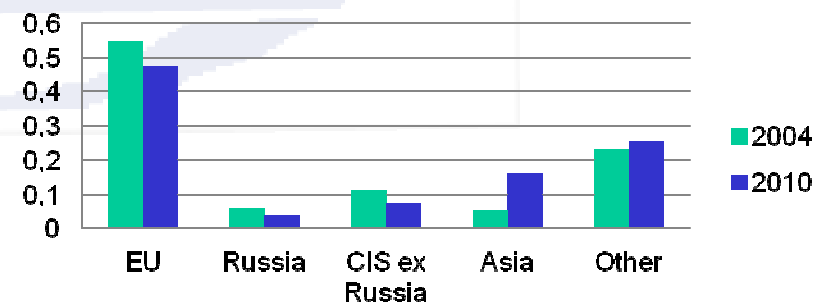
## Belarus - Export Directions



## Georgia - Export Directions



## Azerbaijan - Export Directions

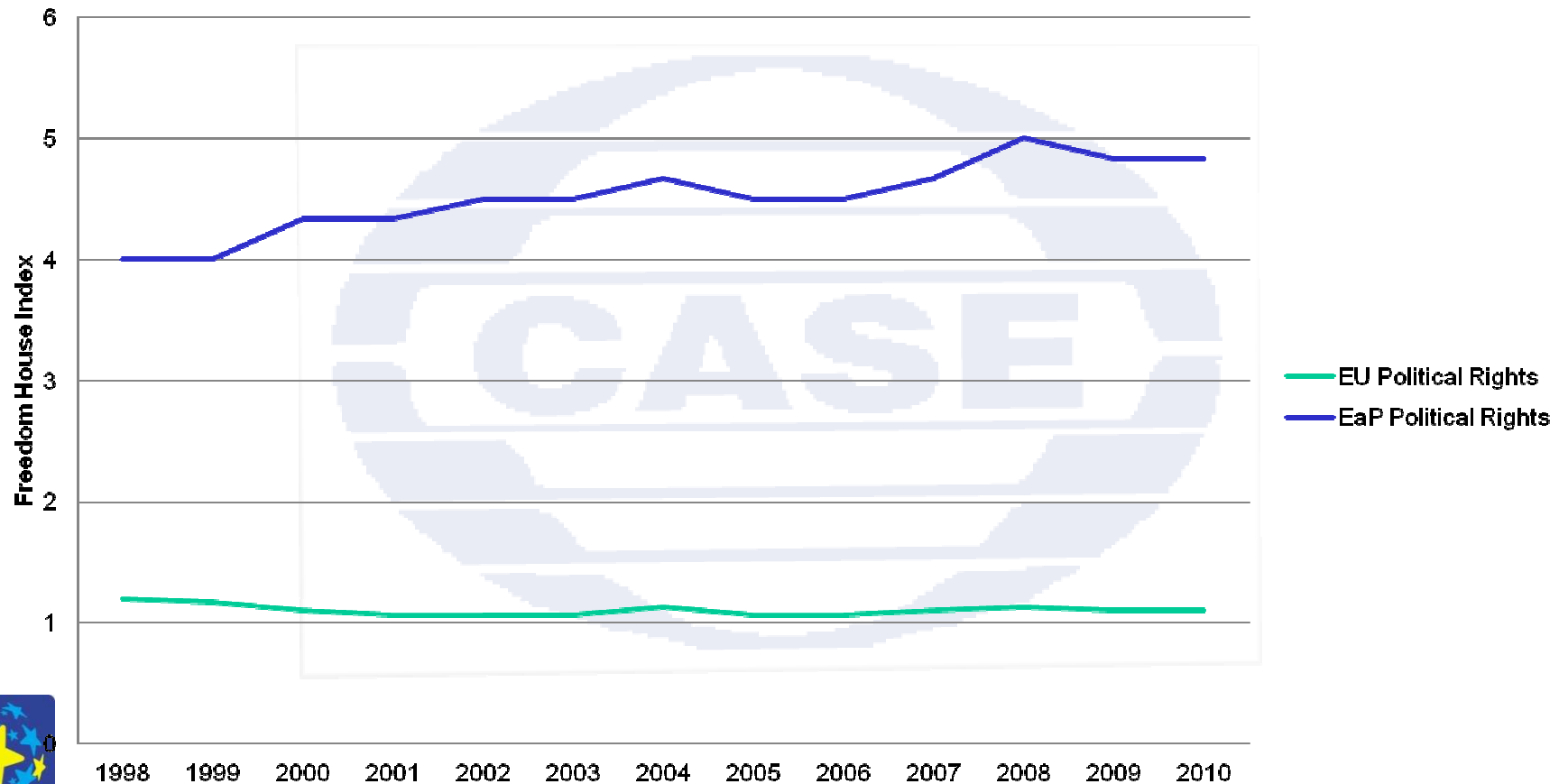




# Has Policy Induced Democracy?



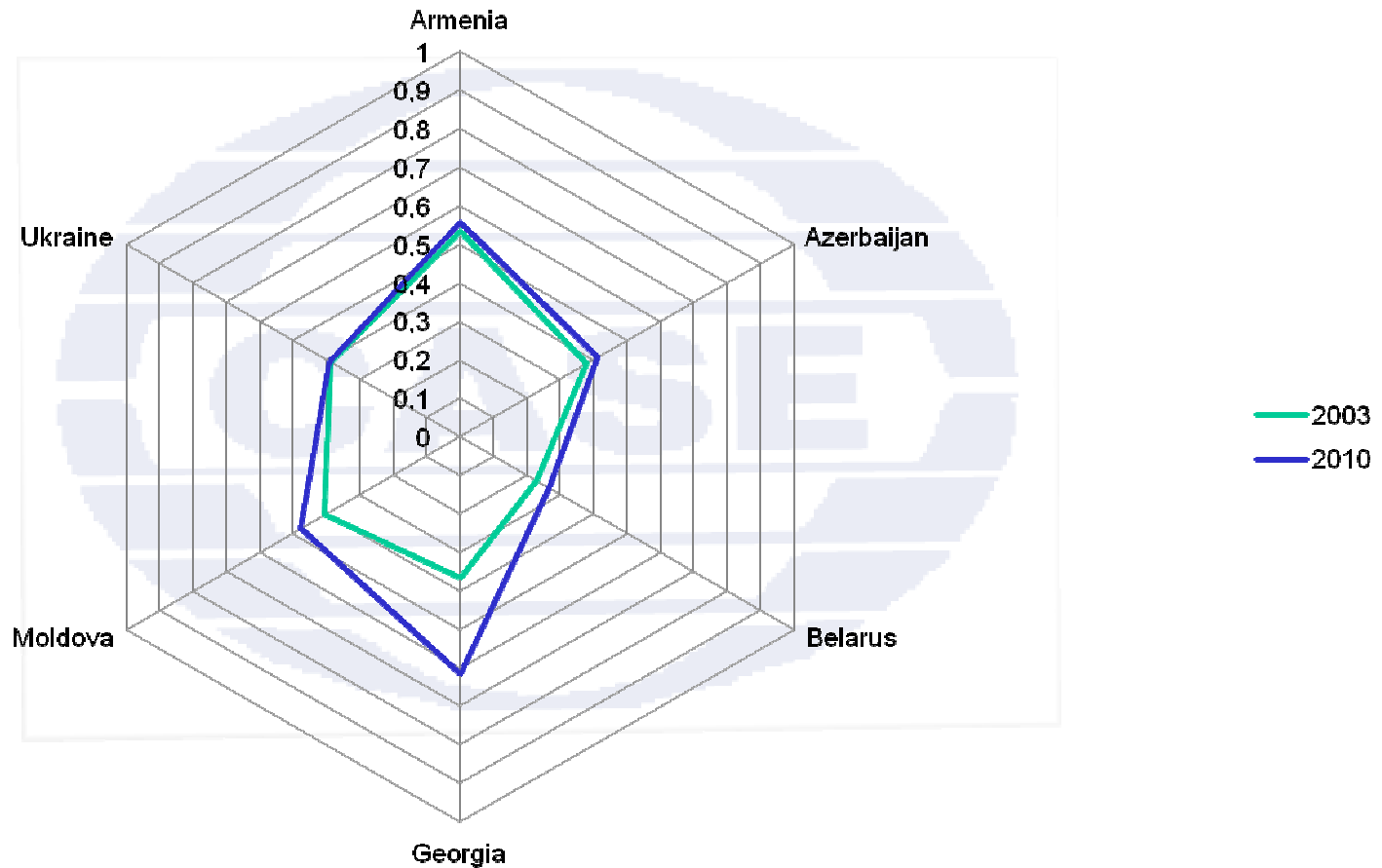
## Divergence in Political Freedom



# Improvements in the business environment?



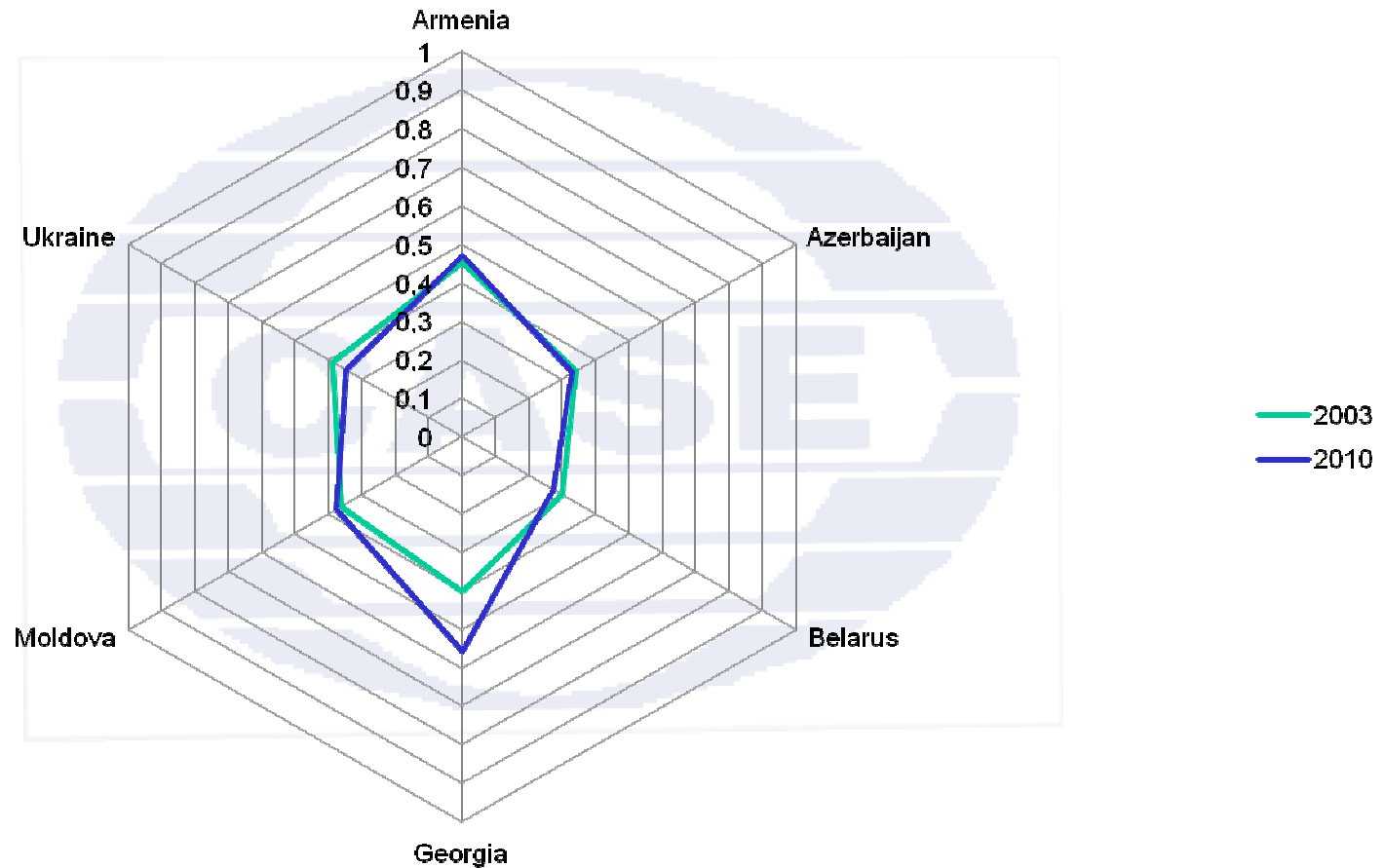
## Regulatory Quality



# More Effective Institutions?



## Government Effectiveness





# A “New Response”?

- Revamping of EU Policy in 2011 (largely in response to Arab Spring)
- Six Core Pillars:
  - Supporting progress towards ‘deep democracy’
  - Intensifying political and security cooperation
  - Supporting sustainable economic and social development
  - Establishing Mobility Partnerships
  - Strengthening the Eastern Partnership and building a Partnership for Democracy and Shared Prosperity in the southern Mediterranean
- Providing additional funding with clearer priorities





# Questions

- Why continue with one approach for such different neighbours
- Is what is offered conducive to institutional-political change?
- Is there a risk of “strategic behavior” on both sides (I will pretend to change, and you will pretend to take me seriously)
- Can one small, bold initiative, act as a multiplier?



# Deep and Comprehensive Free Trade: Is it the Right Tool?



The DCFTA concept has not been worked out properly, no attempt to assess the cost of acquis compliance

It is a matter of time and level of economic development before various parts of the DCFTA agenda become a net benefit.

The Commission should undertake a systematic cost-benefit analysis of EU internal and external market regulations considered suitable for including in the DCFTA agenda. 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).



# Summing up: What Future?



- ENP-EaP Approach reflects balancing act among several priorities → intra-EU ones prevail
- Lack of membership prospects has weakened or made irrelevant many objectives
- Formalism of approach a major hindrance (despite the talk of tailor-made approaches)
- Risk of a game on both sides

# Would it be Possible to Jump Ahead?



- EU should recognize that ENP and associated treaties need fundamental change
- Eastern and Southern dimensions very different
- Eastern Partnership approach offers too few incentives
- Time for a bold break with the past





# A Bold(er) Proposal?

- The EU should face the fact that lack of membership prospects has undermined its policies
- Bold leadership is required, bold action
- Why not offer Moldova a path for membership? (not immediate accession, but a path with a future and attainable objective)

# Moldova Membership



- Advantages:
  - A concrete demonstration of the EU willingness
  - A more convincing inducement for Moldovan reformers to change institutions
  - A true “Neighborhood Effect”, particularly on Ukraine
- Complexities:
  - The Transnistria problem
  - Handling of potentially increased migrant flows
  - But chiefly, enlargement fatigue (internal EU problem)



# Moldova Membership: Feasibility



- Small size of Moldova and strong political consensus offers an opportunity
- The Union can afford to pay the costs of the eventual accession of a poor neighbour
- The potential for changing the game for the larger neighbors is considerable
- The EU could protect itself from back-sliding



# In Conclusion

- EU policies towards the Eastern Neighbours have had multiple objectives:
  - Political, both internal and external
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- Results over the past 8 years have been mixed at best, on all fronts → lack of membership prospects a major weakness
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