The European Union and Eastern Europe

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Introduction

Relations with Eastern Europe constitute one of the European Union’s (EU) top foreign policy priorities. If for the most part of the 1990s the EU was inattentive and largely indifferent to developments in the far eastern part of the European continent, the bloc’s expansion in the direction of Central and Eastern Europe pushed relations with countries further east to the top of its external relations agenda. The 2004 and 2007 enlargements gave a boost to commercial, diplomatic and other exchanges between the EU and the post-Soviet states of Eastern Europe, and heightened interest in developments across the institutional divide that had sprung up with enlargement. As the new decade progressed, the level of contacts intensified and quickly outgrew the framework of relations provided by the Partnership and Cooperation Agreements signed with the newly independent states in the 1990s. Ranging from increasing flows of investment and trade to cultural and scientific exchanges, to opportunities for political and institutional dialogue, the new ties forged with the region created an impulse for external action aimed to safeguard EU interests and priorities. The immediate effect of geographical proximity brought about by enlargement was a flurry of EU foreign policy activity directed at the new neighbours to the east.

The external activity of the EU is to a large extent motivated by the need to address a multiplicity of security concerns that stem from the bloc’s eastward expansion. These concerns arise from the fact that the countries of Eastern Europe lie in close proximity to some of the world’s most unstable regions and serve as a potential gateway for asylum seekers and dangerous or illicit cargoes bound for the EU. They also play a pivotal role in the East–West hydrocarbons trade owing to their location on the pipeline route between consumers in Western Europe and the oil and gas producing regions of the former USSR. The Eastern European states are also important for securing peace and stability around the EU on account not only of their proximity to an area where poor governance and armed conflict abound, but also because of the uncertainty of their democratic transformation which carries with it the risk of political instability and civil strife. These and other related factors combine to turn the states of Eastern Europe into an object of intense interest for, and a target of systematic intervention by, the EU and its member states anxious to control the security situation on their eastern periphery.
This chapter examines recent EU attempts to influence the politics, economics and administration of its three immediate neighbours to the east—Belarus, Ukraine and Moldova—with which the Union shares a long land border. After introducing some of the theoretical approaches used in the study of EU external governance, followed by a discussion of the challenges and opportunities the EU faces in the region, the chapter focuses on the recent regional and bilateral initiatives advanced in the framework of the European Neighbourhood Policy (ENP) by the central institutions in Brussels. In doing so, it tries to evaluate the degree of success with which these initiatives have been met.

External governance

The management of transboundary risks that lies at the centre of EU relations with Eastern Europe is closely bound up with the theory and practice of external governance (Lavenex and Schimmelfennig 2009). It can be argued that, strictly speaking, the EU does not have a foreign policy as such. What exists instead is the externalization of certain internal policies, such as justice, liberty and security, or transport and energy, and the involvement of selected neighbours in their implementation without the offer of immediate prospect of membership. For instance, co-operation among EU ministries of the interior to curb the influx of illegal migrants and asylum seekers has been pushed up and into the realm of foreign affairs in an attempt to enhance the effectiveness of their co-operation (Guiraudon 2000; Lavenex 2006). As a result, the EU has since the mid-1990s at least practised a form of ‘immigration diplomacy’ whereby neighbouring states have been induced to tighten their borders with countries further east and south in an effort to prevent more immigrant arrivals. The same goes for energy where the progressive liberalization of the internal energy market and the concomitant need to diversify supplies has prompted the EU to give these policies an external dimension by engaging with neighbouring countries to transform their power-generating sectors so as to facilitate the bringing of new sources of energy to the single market. If a common foreign policy approach can be said to exist in the current European context, it is to be found at the level of these and other sector-specific initiatives rather than in the realm of grand strategy.

The externalization of internal policies is based on a strategy of Europeanization whereby parts of the acquis communautaire are extended beyond the circle of member states and transposed upon nearby states. Europeanization, defined as the process of change in national and institutional policy practices that can be attributed to European integration (Olsen 2002), acquires an external dimension when the legal boundary of European rules is extended without a parallel institutional expansion. The extension of the regulatory scope of the acquis communautaire beyond full institutional integration—limited forms of participation in common, sector-specific organizations is still possible—is a key feature of relations with Eastern Europe. The ENP opens the perspective to nearby countries of the furthest possible association with the EU below the threshold of membership. By promising them ‘everything but institutions’, Brussels is able to implicate Belarus, Ukraine and Moldova in projects of economic, political and institutional reform. This, according to Sandra Lavenex, should be understood not only as a benevolent projection of civilian virtues, but also as a strategic attempt to gain control over policy developments through external governance (Lavenex 2004). The extraterritorialization of EU governance is an example of how states are governed at a distance by regional blocs, despite not belonging to them formally.

Challenges and opportunities

Relations with Eastern Europe have developed against the backdrop of certain challenges and opportunities to which the Union has had to respond. As the EU arrived at the western border
of what used to be the USSR, it came to the realization that from now on its own security and stability would be affected by developments across that border, i.e. developments over which it had limited control. This perception of vulnerability is closely tied to the growing awareness in the Western world of the challenges posed by threats of a transnational, non-military character (Andreas 2003). The end of the Cold War and the collapse of bipolarity in Europe gave rise to the recognition that the putative danger presented by the USSR in the latter half of the 20th century had given way to a range of non-conventional threats stemming from the social, economic and political processes set in train by globalization. Challenges pertaining to the cross-border movement of persons and goods, political instability and the breakdown of law and order, environmental degradation, and the scarcity of natural resources, as well as other sources of insecurity, have taken on a level of concern warranting a robust policy response from regional blocs such as the EU.

While the non-traditional threats that have preoccupied EU strategic thinking since the end of the Cold War are understood to transcend the boundaries of nation-states and therefore to be truly transnational, if not global, in character, the policy responses they have elicited have been surprisingly territorial and state-centric in nature (Ó Tuathail 1999). EU relations with the outside world are guided by the notion of territoriality as individual countries or groups of countries have been identified as sources or carriers of risks to the EU and appropriate measures towards them have been adopted. The sense of unease caused by these country-specific threats and the intensity of the response they have drawn from both national and supranational authorities in Europe rise in inverse proportion to their geographical distance from the EU. The strong connection existing between the notions of security and proximity has meant that the countries directly adjacent to the Union’s expanding borderline have been the object of intense interest and activity on the part of the EU, and that developments within their own borders have been interpreted as being of immediate consequence to the security requirements of the emerging European polity.

In this context Eastern Europe can be said to occupy an important place in the new security paradigm dominating EU strategic thinking. Rather than a source of conventional security threats, many of the states lying on the EU’s eastern border have been identified as countries of origin and transit for illegal migrants and dangerous goods. Several of them have also attracted attention due to their position as intermediaries in the trade in vital commodities such as oil and natural gas on which European economies depend. The security logic governing EU external relations also extends to issues of democracy and political freedom which are considered to be conducive to stability and good governance in the region. What is more, the different threat perceptions associated with geographical proximity are not seen as discrete, but as part of a ‘security continuum’ (Bigo 1994) in which any setbacks to a nearby country’s democratic development are expected to lead to instability and the breakdown of law and order. This in turn may put in jeopardy the EU’s energy supplies and imperil its other soft security interests.

Threat perceptions and vulnerabilities, imagined or real, are not the only drivers of external action. EU relations with the states of Eastern Europe are also animated by certain opportunities afforded by the eventual integration of their economies in the Single Market. Although the three countries at the centre of this inquiry are much poorer in comparison with the EU, their markets nevertheless present significant opportunities for economic gain. Bringing their legislation, commercial practices and business culture in line with Western standards would give EU investors in Eastern Europe a competitive edge, particularly over commercial operators from other parts of the world. In addition, the region is home to certain industries, notably the military-industrial and power-generating sectors, which have excess capacity or technological advantage from which the EU could benefit. Finally, their strategic location makes the eastern
neighbours desired partners in the construction of new pipelines that would help meet the Union’s growing energy needs. It is with these considerations in mind that the EU devised an integrated strategy for managing relations with the states in its vicinity. The second part of this chapter will delve into the specific programmes that have been launched and supported by the EU and that embody the principles and objectives outlined above.

**Historical development**

Before turning to the modalities of the neighbourhood initiative, this chapter will outline the evolution of EU relations with Eastern Europe. In the 1990s these relations were rather limited in character, reflecting the political realities on both sides of the European continent. The challenges of political and economic integration in the West and the difficult process of nation-building in the East precluded the EU from actively engaging with the former Soviet states. While contacts were made and did develop in this period, they were generally assigned a low priority and lacked the intensity necessary to produce a qualitative change in relations. Although the Commission and the member states did run programmes in far Eastern Europe during the 1990s, these lacked the financial wherewithal and tended to focus on what were considered to be priority areas at the time, namely economic restructuring and the environmental legacy of the Chernobyl nuclear accident. The qualitative jump in EU commitment to the region in both financial and administrative terms did not occur before enlargement had become a close prospect.

Furthermore, EU relations with the states further east lacked a regional approach that would only appear with the neighbourhood initiative in the early 2000s. Relations thus proceeded on a bilateral basis with Brussels interacting with individual countries in the post-Soviet space without much differentiation according to their importance. This was evident in the drafting of policy documents, such as Partnership and Cooperation Agreements and Common Strategies, the structure and wording of which mirrored one another, reflecting an EU organizational routine to use the same document for multiple purposes with minimal alteration. The tendency to develop initiatives first with Russia, which were then replicated for the other neighbours, lent strength to the accusation that the Union was pursuing a Russia-first policy (Sasse 2002). The bloc’s expansion, or the anticipation thereof, brought about a radical rethink of relations with the Eastern European states which manifested itself in a number of multilateral initiatives designed to advance the Union’s interests in the region. This is what the chapter will turn to next.

**Black Sea Synergy**

One of the first regional initiatives targeting the new eastern neighbours was the Black Sea Synergy (BSS). The BSS is an initiative that aims to develop co-operation between the countries of the Black Sea region and the EU. Initiated by Germany and the new entrants Bulgaria and Romania, and launched by the Council in May 2007, it covers the Black Sea littoral states of Moldova in the west, Ukraine and Russia in the north, Georgia, Armenia and Azerbaijan in the east and Turkey in the south (European Commission 2007b: 2). The initiative also foresees the involvement of the Black Sea Economic Cooperation (BSEC) active in the region since 1992.

The main task of the BSS is the development and interconnection of energy, transport and communication infrastructure in view of the rapidly evolving production and transit needs of the region. At the same time, the initiative comes as a response to the challenges and opportunities associated with increasing trade, investment and migration flows. Because the activities envisaged under the Synergy impinge upon neighbouring regions, such as the Caspian and Central
Asia, its scope could extend beyond the Black Sea region itself. In this sense, the initiative contains important ‘interregional elements’ (European Commission 2007b: 3).

One of the areas where the EU hopes to achieve concrete results is energy sector reform. The Black Sea region is deemed an area of strategic importance for EU energy security. To this end the Union seeks to initiate a process of convergence between energy producers, consumers and transit countries aimed at ensuring access to energy resources and markets. The process would promote legal, regulatory and technical harmonization through, inter alia, the eastern expansion of the Energy Community originally created for the Western Balkans and the advancement of the Baku Initiative directed at the creation of a regional energy market in the Caspian littoral states and its progressive integration into the wider EU market.

Over and above energy, the EU through the BSS aims to tackle other concerns, such as population movements, the so-called ‘frozen’ conflicts, and issues of democracy and human rights. For example, the initiative prioritizes the exchange of information pertaining to cross-border traffic and puts emphasis on maritime safety and security. It also prescribes an increased political involvement and a more active role for the EU in addressing the causes of the armed conflicts in Transnistria and the South Caucasus (European Commission 2008c: 5). Similar, though less concrete, measures are envisaged in the area of environmental protection and democracy promotion.

In February 2008 the ministers of foreign affairs of the EU and the participating states met in Kyiv, Ukraine and issued a joint declaration in support of the BSS (Council of the European Union 2008a). This political support notwithstanding, the initiative has subsequently lost momentum due in part to the emergence of a new approach to managing relations with Eastern Europe.

**Eastern Partnership**

The new approach is embodied in the latest initiative to develop relations with the East European states. The ‘Eastern Partnership’ (EaP) formulated in May 2008 seeks to deepen relations with Eastern Europe on a bilateral and multilateral basis. The initiative, jointly proposed by Poland and Sweden, emerged as a response to the establishment of the Mediterranean Union under the French presidency and gained momentum after the conflict in Georgia in the summer of 2008. Both developments highlighted the need for even closer relations between the Union and its Eastern European partners.

The EaP is advanced through a series of bilateral agreements that the Union hopes to conclude with its eastern neighbours. These agreements, already signed with some of the Mediterranean partners, contribute to the overall objective of the Partnership, namely ‘to accelerate political association and further economic integration between the EU and interested partner countries’ (Council of the European Union 2009b: 6). The Association Agreements cover the entire spectrum of relations between the Union and the eastern partners, and while they do not offer a membership perspective, they do not specifically rule it out. Once the agreements enter into force, they will replace the Partnership and Cooperation Agreements concluded with the Soviet successor states in the 1990s.

The initiative also foresees the creation of a Deep and Comprehensive Free Trade Area (DCFTA) with the eastern neighbours. Negotiations on the establishment of such an area will be conducted with each of the partner countries individually subsequent to their joining the World Trade Organization (WTO). The DCFTA encompasses all spheres of economic exchange, including energy, and foresees the synchronization of the eastern partners’ entire legislative base pertaining to commerce and trade with that of the EU.
The EaP is also advanced through multilateral channels. Political dialogue takes place at the level of heads of state or government, foreign ministers, senior officials and experts. The dialogue focuses on a number of topics or ‘thematic platforms’, including democratization, good governance and stability; economic integration and convergence with EU policies; energy security; and people-to-people contacts. The multilateral track also advances through a number of flagship initiatives in the area of borders, markets and the environment (European Commission 2008a: 3).

The EaP foresees the selective involvement of third countries and actors both below and above the state. Third countries may be invited to take part in the initiative when their participation is deemed indispensable to its implementation. The involvement of the Russian Federation, for example, in the realization of certain energy projects is regarded as desirable. Indeed, the EaP documentation makes it clear that the initiative is implemented in parallel with the Strategic Partnership with Russia and is considered to be in no way directed against it (European Commission 2008a: 3). Other than third states, representatives of regional organizations, international financial institutions and the corporate world are also invited to participate. National parliaments, local authorities and a wide range of stakeholders will also be involved.

Funding for the initiative is allocated from the European Neighbourhood and Partnership Instrument established to provide assistance to the countries covered by the ENP, and amounts to several hundred million euros over a period of five years. Bodies such as the European Investment Bank and the European Bank for Reconstruction and Development will also be involved in the financing of the project. It should be noted that the EaP draws on financial resources earmarked for the Black Sea Synergy.

In fact, the two initiatives overlap not only at the level of finances (European Commission 2008b: 11). Their geographic remit and thematic approach are quite similar, raising the question of whether the BSS and the EaP should be regarded as competing, as opposed to complementary, projects. An important difference between the two lies in the ad hoc character of Russia or Turkey’s involvement in the implementation phase provided under the EaP, which stands in marked contrast to the planned engagement of the two countries envisaged in the BSS.

Country developments

The regional initiatives advanced by the EU in Eastern Europe are accompanied by country-specific actions designed to further EU interests in the states situated on its eastern periphery. The following paragraphs outline the main developments in the Union’s relations with its eastern neighbours that have taken place since 2005.

Belarus

Relations with Belarus have not developed to the EU’s satisfaction. Negotiations on a Partnership and Cooperation Agreement with the country came to an abrupt end in 1997 following the constitutional reforms pushed through by President Alexander Lukashenko, which the EU characterized as undemocratic. Subsequent developments in the country led to further deterioration in relations culminating in the adoption by the Council in 2006 of a series of restrictive measures against members of the Belarusian establishment and the President himself. While Belarus is included in the ENP, no Action Plan laying out the strategic objectives of its cooperation with the EU is foreseen, and the country has received significantly less EU assistance than other states in the region. Much of the assistance that is provided to Belarus is directed towards supporting democracy, human rights and civil society, and is often delivered in ways that are not sanctioned by the authorities in Minsk (European Commission 2007c: 17). The EU
has co-operated with the Belarusian Government in the areas of migration management and humanitarian relief where official support has been forthcoming. An important part of the annual allocation of around €5m. for Belarus is channelled into projects designed to mitigate the effects of the 1986 Chernobyl nuclear disaster.

At the same time, the EU has continued to appeal to the pragmatism of the Belarusian authorities and the population at large. In a non-paper titled ‘What the European Union could bring to Belarus’, the Commission outlined the advantages of co-operation, which include greater economic and trade liberalization and an increase in people-to-people contacts (European Commission 2006a). Such promises to raise the country’s economic prospects and improve the quality of life of its citizens in exchange for co-operation on EU terms have not struck a chord with decision-makers in Minsk. Likewise, the ‘step-by-step’ or ‘benchmarks’ approach offered to the Belarusian authorities since 2002, whereby the EU has promised to match incremental political liberalization in Belarus with greater economic assistance, has not led to a marked improvement in relations. Neither the country’s inclusion in the EaP initiative, nor the rare visit by the External Relations Commissioner Benita Ferrero-Waldner to Minsk in early 2009 have so far yielded identifiable results.

Ukraine

In contrast to Belarus, EU-Ukrainian relations have progressed rapidly and to the EU’s satisfaction, particularly after the 2004 Orange Revolution in which the Union played an important role. This is reflected above all in the expanding treaty base between Brussels and Kyiv. The EU and Ukraine signed a Neighbourhood Action Plan in early 2005 (European Commission 2005b). Later that year they concluded a Memorandum of Understanding on co-operation in the field of energy. The Memorandum constitutes a blueprint for the progressive integration of the Ukrainian energy market with that of the EU. In March 2007 the two sides began negotiations on an Association Agreement provided under the EaP. Negotiations are also underway to replace the 2005 Action Plan with a ‘New Practical Instrument’ designed to take relations further. Finally, in 2008 the EU and Ukraine revised their 2001 Action Plan on Justice and Home Affairs which requires the latter to bring its judicial, asylum and border management systems fully in line with EU standards (European Commission 2007a), and concluded a readmission agreement in which Ukraine took it upon itself to take back its own nationals residing illegally in the member states along with citizens of third countries who have transited Ukraine on their way to the EU.

In practical terms, the co-operation between Brussels and Kyiv has proceeded apace. In October 2006 Ukraine, together with Moldova, was admitted as observer to the Energy Community designed to extend the EU _acquis_ in the area of electricity and gas to the Western Balkans and beyond, and has since been negotiating the terms of its full membership in the organization. As a key transit country in the East–West hydrocarbons trade, Ukraine has attracted EU investment in the modernization of its aging gas transit network. A large share of the €494m. allocated to the country under the National Indicative Programme for the period 2007–10 is earmarked for infrastructure development, including energy infrastructure (European Commission 2007g: 4). There are developments in the area of transport as well, where work is underway on the creation of a common aviation space to integrate Ukraine into European aviation structures (European Commission 2007f: 15). Ukraine’s accession to the WTO in May 2008 opened the way for negotiations on a DCFTA with the EU.

In the field of immigration and borders, practical co-operation between the Ukrainian Border Guard Service and the newly created FRONTEX agency has resulted in joint policing
operations of the EU border with Ukraine (European Commission 2009b: 13). In a separate development, Brussels, Kyiv and Chisinau (Moldova) established in the autumn of 2005 an EU monitoring mission on the border between Ukraine and the breakaway region of Transnistria. The mission, based in Odesa, became operational in the summer of 2006. Ukraine is involved in foreign and security policy issues other than the settlement of the Transnistrian conflict, in particular by aligning itself to Common Foreign and Security Policy (CFSP) declarations.

This apparent progress notwithstanding, the real legal, regulatory and technical approximation to EU standards that underpins any meaningful integration in the Single Market has proceeded in fits and starts due mainly to the permanent political crisis existing in the country since the autumn of 2005. Reform has also been hampered by the sharp economic downturn induced by the global financial crisis, which severely affected the Ukrainian economy (European Commission 2009b: 3).

Moldova

Like Ukraine, relations with Moldova have developed in a manner that broadly reflects EU interests and priorities in the region. In February 2005 the two sides adopted a Neighbourhood Action Plan that commits Moldova to wide-ranging reforms designed to bring the country closer to EU standards and policies (European Commission 2005a). The Plan, initially adopted for a period of three years, was prolonged in the beginning of 2008. The document foresees, among other things, close co-operation in the fight against illegal migration. Because Moldova is considered a source of illegal migrants to the EU, Brussels and the Moldovan Government concluded a readmission agreement which entered into force in January 2008 (European Commission 2009a: 16). The agreement requires Moldova to take back not only its own nationals but also citizens of third countries who have crossed its territory on their way to the EU. There have been moves towards economic integration as well. In October 2008 the Commission began a feasibility study on the creation of a DCFTA with Moldova. The study assesses the ability of the Moldovan economy to withstand the effects of far-reaching economic liberalization implied in the establishment of such a free trade area. An important part of the €210m. of EU funding allocated to Moldova for the period 2007–10 is spent on supporting regulatory reform and administrative capacity building designed to move the country closer to EU commercial and trading standards (European Commission 2007e: 4).

It is in the area of high politics, however, that the EU has sought to make the greatest impact. The Country Strategy Paper 2007–13 for Moldova adopted by the Commission in March 2007 declares as a priority in relations with Moldova the ‘deepening of political co-operation including in the area of foreign and security policy and in the resolution of the conflict in Transnistria’ (European Commission 2007d: 3). The EU has remained strongly engaged in the diplomatic effort to resolve the Transnistrian conflict. In 2003 it introduced, together with the USA, a visa ban on the separatist leadership and eventually deployed its own security personnel on the Transnistrian section of the Moldovan–Ukrainian border. The operation known as EUBAM has sought to help Moldova establish full control over its entire border and customs territory. Active since 2006, the EUBAM mission has seen its duration extended at Moldova’s request beyond November 2009 (European Commission 2009a: 9). In return, when invited Moldova nearly always aligned itself with EU declarations on regional and international issues, including on the 2008 conflict in Georgia. In conclusion, it could be said that the outlook of relations with Moldova remains positive despite the troubled 2009 parliamentary elections in the country, the conduct and aftermath of which received relatively mild criticism from the EU.
Conclusion

Relations with the states of Eastern Europe have been shaped by a range of factors and concerns at both the upper and lower ends of the security spectrum. Considerations include soft security threats, such as illegal immigration and the traffic in dangerous goods. They also comprise various political and economic objectives regarding access to strategic commodities like petroleum and natural gas, and the desire to promote political pluralism as a way of tackling instability and bad governance in nearby regions. EU activity in Eastern Europe is explicitly motivated by the need to counter these and other perceived threats. In doing so, Brussels has engaged in direct and purposeful foreign policy action advanced through a series of bilateral and multilateral initiatives. These initiatives directed at the Eastern European states have been met with partial success.

In trying to influence developments along its eastern periphery, the EU has run into certain obstacles arising both from within the target countries and from without. The success of external governance has depended on the willingness and ability of national elites to carry out administrative and economic reforms compatible with EU interests in the region. This willingness is absent in Belarus, while weak administrative capacity and political instability in Ukraine and Moldova have affected the ability of governments there to bring about change. EU engagement in Eastern Europe is also constrained by the interdependence between the countries discussed in this chapter and their neighbours further east. This is particularly the case when it come to Russia, which, by nature of its extensive social and economic ties with the former Soviet republics, presents a challenge to EU power over its neighbourhood (Dimitrova and Dragneva 2009). If it succeeds in overcoming these challenges, the EU could transform the region, taking a step closer to asserting itself as the primary integration project in Europe.