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The Eastern Partnership: Towards a New Era of Cooperation between the EU and its Eastern Neighbours?

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Authors: Keti Peters, Jan Rood and Grzegorz Gromadzki

Foreword

This paper presents the revised version of an overview paper which was distributed earlier this year to introduce the issues on the agenda of the EU policy seminar ‘The Eastern Partnership: Towards a New Era of Cooperation between the EU and its Eastern Neighbours?’. This seminar, which took place at the Netherlands Institute of International Relations ‘Clingendael’ on 20-21 April 2009, was organised jointly by the Clingendael Institute and the Netherlands Ministry of Foreign Affairs. This seminar on the initiative for an Eastern Partnership (EaP) was the sixth in a series of seminars during which issues that are high on the EU agenda are discussed. It was in particular a follow-up to the seminar on the European Neighbourhood Policy (ENP), which was held on 10 - 11 April 2008 and during which the prospects for elaborating this policy were discussed.

The seminar took place on the eve of the special summit in Prague on the 7th of May during which the EU member states and the Eastern partners launched the Eastern Partnership. It aimed to analyse in what ways the EaP can enhance and deepen cooperation between the EU and its Eastern neighbours. Participants of this seminar were academics, policy-makers and top-level civil servants, both from EU member states and the Eastern partners. Under Chatham House Rule¹, they openly discussed several aspects of the Eastern Partnership. The first session provided an opportunity to discuss, in a general manner, views and expectations as regards the EaP. Consequently, specific sessions were devoted to how the EaP can stimulate economic and political transition processes in the partner countries and how it can contribute to cooperation in the field of energy security. Lastly, the participants discussed the practical steps that need to be taken in order to put EaP into effective operation.

¹ When a meeting, or a part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

1. Introduction

In June 2008, Sweden and Poland expressed the need for the EU to deepen relations with its eastern neighbours: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. In a joint proposal, they called for the establishment of a so-called 'Eastern Partnership' (EaP). This proposal was elaborated on with the support of the incoming Czech presidency in a follow-up paper in October 2008. The new policy was to strengthen the Eastern dimension of the European Neighbourhood Policy (ENP), the framework in place since 2004 to govern relations with both the Southern and the Eastern neighbours: 'such a partnership should be based on, but go beyond the current ENP'.²

During its meeting in June 2008, the European Council welcomed the Polish-Swedish initiative and invited the Commission to prepare a proposal for an Eastern Partnership in spring 2009. The crisis in Georgia in August 2008, led the European Council to ask the Commission, during an extraordinary meeting on September 1st, to speed up the initiative for an Eastern Partnership, and to issue a proposal already in December the same year. In response to the European Council's invitation, the European Commission presented a proposal on the 3rd of December.³ It was adopted by the European Council in its 19-20 March 2009 meeting. In a special summit in Prague on the 7th of May 2009, the Eastern Partnership was officially launched by means of a Joint Declaration issued by the EU member states and the Eastern partners.⁴

The main aim of the EaP, as it was stipulated by the European Council in its December meeting, is 'to help the partner countries to make progress in their reform processes, thereby contributing to their stability and helping them to bring them closer to the EU'.⁵ In this sense, the EaP can be seen as a continuation of the ENP, which is also characterised by the goal to stimulate economic and political development. At the same time though, the EaP is meant to genuinely improve on the ENP, which has been widely criticised - in fact already since its launch in 2004 - for being an ineffective policy for various reasons.

The present paper aims to analyse whether the Eastern Partnership will lead to a new era of cooperation between the EU and its Eastern neighbours. Or in other words: whether the EaP, as it is currently designed, will be able to truly address the shortcomings of the ENP. It contends that due to its ambitious policy goals and new instruments, it certainly has the potential to develop into a policy which adds value to the ENP. It remains to be seen however, whether both the EU and the partner states will succeed in committing themselves to meet these goals and giving substance to the instruments.

² Polish and Swedish Governments, *The Eastern Partnership, a proposal to the European Council*, June 2008; Polish and Swedish Governments, *Elaboration of the Eastern Partnership*, 3 October 2008.

³ Commission of the European Communities, *Communication from the Commission to the European Parliament and the Council; Eastern Partnership*. Brussels, 3 December 2008 (COM(2008)823/4).

⁴ Council of the European Union, *Joint Declaration of the Prague Eastern Partnership Summit*, Brussels, 7 May 2009, 8435/09 (Presse 78).

⁵ Council of the European Union, *Brussels European Council, 11 and 12 December 2008, Presidency Conclusions*. Brussels, 13 December 2008.

In the next section the background and content of the EaP will be elaborated on. In the subsequent section the contribution that EaP may offer to the process of economic and political transformation in the partner countries will be discussed. Cooperation in the field of energy is a vital issue in the relations between the EU and the EaP countries, and within the relationship with Russia. Therefore, in section 4, attention will be given to that issue and to the contribution the EaP may offer in this specific policy area. The concluding section will ask some questions about the implementation of the EaP and set out policy recommendations to optimise the potential of this new initiative,

2. The EaP: A General Assessment

Background

The main objective of the Eastern Partnership (EaP), as stipulated in the Commission's proposal, is to 'make a step change' in the relations with the Eastern neighbours of the EU. Since 2004, these relations have been governed by the European Neighbourhood Policy (ENP). The EaP would fall under the framework of the ENP. At the same time it attempts to provide a response to its shortcomings. In this paragraph, we will first elaborate on the ENP, explain how calls to strengthen the policy led to the EaP, and finally discuss the EaP in a comparative manner.

The ENP was launched in May 2004 by means of the European Neighbourhood Policy Strategy Paper.⁶ It is an overarching policy: it includes both the Southern and the Eastern neighbours of the EU: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Occupied Palestinian Territory, Syria, Tunisia and Ukraine. The goal of the ENP is to achieve stability in these states. Many of them suffer from internal and inter-state conflict and 'more often than not, these countries play a crucial role in the many fields that used to be the object of 'soft' security: illegal trafficking of various kinds, organized crime, terrorism, abuse of the environment etc.'⁷ The EU wants to encourage stability in its neighbouring area, in order to prevent 'spill-over' of instability into the EU.⁸

The ENP aims to achieve stabilisation by promoting economic, political and social reforms in the countries falling under its scope. The goal is to create a 'ring of friends' at the borders of the EU. As it was stated in the European Security Strategy of 2003: 'Our task is to promote a ring of well-governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations'.⁹

The ENP is a bilateral policy, as it is based on relations with the EU and each *individual* country. These relations are contractually established by Partnership and Cooperation Agreements (for the Eastern countries)¹⁰ and Euro-Mediterranean Association Agreements (for the Southern countries)¹¹. They provide the framework for cooperation in a broad range of areas.

The second instrument of the ENP is the so-called Action Plans (APs). The APs set out short- and medium term priorities for reforms. They are based on the principle of

⁶ Commission of the European Communities, *Communication from the Commission; European Neighbourhood Strategy Paper*. Brussels, 12 May 2004 (COM(2004)373).

⁷ Roberto Aliboni, 'The Geopolitical Implications of the European Neighbourhood Policy'. In: *European Foreign Affairs Review*. 10/2005, pp. 1.

⁸ Karen Smith, 'The Outsiders', In: *International Affairs*, 81, 4, pp. 757-773

⁹ European Union, *The European Security Strategy (ESS), A secure Europe in a better world*. Brussels, 12 December 2003, pp. 7-8.

¹⁰ With the exception of Belarus.

¹¹ With the exception of Libya and Syria.

differentiation. They have been negotiated between the Commission and each country separately and are meant to reflect the specific needs of the country in question.¹² Progress is evaluated periodically by the Commission. The underlying approach behind the Action Plans is conditionality. Benefits will be offered based on the progress made. These benefits have been identified by former Commission President Prodi as ‘all except institutions’.

The ENP is financed by the European Neighbourhood and Partnership Instrument. Its budget has been committed for the period of 2007-2013: approximately 12 billion. The budget is divided between country, multi-country, and cross-border cooperation programmes.

A call to strengthen the ENP in the Eastern direction

Quite shortly already after its launch, a call to strengthen the ENP started to materialise both within the EU and in academic circles. In May 2006, the Commission issued a Communication in which it called for an enhanced ENP.¹³ Based on country progress reports, and a general evaluation report of the ENP¹⁴, it concluded that most countries had made economic and political progress, but that ‘major challenges’ still remained. Consequently, it set out a number of proposals ‘to substantially improve the impact of the policy’. The ENP was to be improved, and offer more attractive incentives, in several fields of bilateral cooperation: deeper economic integration, increased mobility, more people-to-people exchanges, and strengthened political cooperation to solve the (frozen) conflicts in the region. In addition, regional cooperation needed to be enhanced. These proposals were further elaborated on in consequent EU documents.¹⁵ The academic literature, in which quite a critical attitude towards the ENP was noticeable, also called to ‘offer more’ to the ENP partner countries.¹⁶

Alongside this *general* call to strengthen the ENP, there was a pressure to do so in a way that would introduce a greater degree of regional differentiation between the South and the East within the overarching ENP. It could be noted that specifically, this pressure was related to the desire to enhance the *Eastern* dimension. Some member states, most evidently Poland, pointed out that the Eastern neighbours needed to be set apart from the Southern neighbours on account of the former being eligible for EU membership under Article 49 of the Treaty on European Union (TEU), and the latter not. For other member states, like Germany, a more general interest that the EU has in commitment to

¹² It should be noted that only the countries that have concluded a PCA or EMAA have concluded an AP.

¹³ Commission of the European Communities, *Communication from the Commission to the Council and the European Parliament on strengthening the European Neighbourhood Policy*. Brussels, 4 December 2006, (COM(2006) 726).

¹⁴ Commission of the European Communities, *Commission Staff Working Document accompanying the Communication from the Commission to the Council and the European Parliament on strengthening the European Neighbourhood Policy, Neighbourhood Strategy Paper*. Brussels, 12 May 2004 (COM(2004) 373).

¹⁵ I.e. several Commission non-papers; *Communication from the Commission to the Council and the European Parliament on a strong European Neighbourhood Policy*. Brussels, 5 December 2007, (COM(2007) 774); and several Council Conclusions.

¹⁶ See for example: Karen Smith, ‘The Outsiders’, In: *International Affairs*, 81, 4, pp. 757-773; Michael Emerson, et al., ‘European Neighbourhood Policy two years on: time indeed for ENP plus’, *CEPS policy brief*. No.126 – March 2007.

its Eastern neighbourhood applied, due to *inter alia* the existence of common borders and EU energy dependency. During its EU presidency of 2007, Germany put forward the initiative for deepening the relationship with the EU Eastern partners under the heading of *ENP-plus*. Also in academic circles, ideas about strengthening specifically the Eastern dimension of the ENP were being floated.¹⁷

At the core of the aforementioned ideas lay the argument that within the ENP, there is a bias towards the Southern dimension than needs to be redressed. This bias is believed to be two-fold. Firstly, 2/3 of the ENPI budget is committed to the Southern countries. Secondly, in contrast to the South, the East lacks an institutional framework for multilateral cooperation. Since 1995, regional cooperation in the South takes place through the Euro-Mediterranean Partnership (EMP).¹⁸ An Eastern equivalent to the EMP did not exist. Instead, there were some 'loose' commitments in the Eastern Action Plans to regional cooperation, accompanied by an allocation of ENPI budget to sectoral cooperation. In addition, there is a set of 'dispersed' regional initiatives such as the Black Sea Synergy (BSS), and the Black Sea Economic Cooperation Organisation (BSEC), to which we will come back later.

The Eastern Partnership should be seen as an answer to the criticisms of the ENP which are explained above. Yet, other factors need to be included in the picture as well to explain the timing and the content of the Eastern Partnership.

Additional factors leading to the initiative for an EaP

The Eastern Partnership can be perceived as a reaction to the initiative for a Union for the Mediterranean (UfM). Initially proposed by France, this policy was launched at a summit in Paris on the 13th of July 2008. It aims to revitalise the Euro-Mediterranean Partnership (EMP), by increasing cooperation on a range of issues. The Polish-Swedish initiative for an EaP aimed to counterbalance the 'Southern' UfM by reaffirming the importance the EU also attaches to its Eastern neighbourhood. Without doubt, the necessity of commitment with the East was shared by the other Member States as well, as they welcomed the Polish-Swedish proposal.¹⁹

Three events have enhanced the sense of urgency and the realisation that the EU needs to engage with the region. Firstly, there was the conflict in Georgia of August 2008. The conflict was a wake-up call to the EU as regards the risk of instability on the European continent. The European Council stated in its extraordinary meeting following the Georgian crisis that 'the European Union considers that it is more necessary than ever to support regional cooperation and step up its relations with the Eastern neighbours'.²⁰ The

¹⁷ See for example: Barbara Lippert, 'Beefing up the ENP: Towards a Modernisation and Stability Partnership'. In: *The International Spectator*. 4/2006, pp. 86-100; Barbara Lippert, 'The Neighbourhood Policy of the European Union'. In: *Intereconomics*. July/August 2007, pp.180-187; Iris Kempe, 'Identifying an Agenda for a New Eastern Neighbourhood Policy, etc.'. In: *Intereconomics*. July/August 2007, pp.187-190.

¹⁸ It should be noted that officially, the EMP falls outside the framework of the ENP.

¹⁹ See also Agnieszka Cianciara, 'Eastern Partnership – Opening a New Chapter of Polish Eastern Policy and the European Neighbourhood Policy', In: *Analyses & Opinion*, 4/2008, Warsaw: Institute of Public Affairs.

²⁰ Extraordinary European Council 1 September 2008, Presidency Conclusions. Brussels, 6 October 2008 (07.10).

second reminder in this respect was the gas conflict between Russia and Ukraine and its spill-over into the EU in January 2009. Finally, there is the financial-economic crisis and its detrimental impact on the Eastern European economies, as a result of which the region is currently even more vulnerable to instability. Now that the factors leading to the initiative for an EaP have been set out, its content will be analysed.

The content

The European Council has stipulated that ‘the Eastern Partnership will be governed by the principles of joint ownership, differentiation and conditionality’.²¹ This is not different from the approach underlying the ENP. In practice it means that the extent to which a country can benefit from what the EU has to offer depends on its own willingness and ability to undertake the reforms required. In this light, it remains to be seen to what extent Belarus will genuinely take part in the EaP. At present, this country does not have contractual relations with the EU because of its human rights and democracy situation. European Commissioner for External Relations and European Neighbourhood Policy Ferrero-Waldner has stated that ‘the level of Belarus’ participation in the Eastern Partnership will depend on the overall development of EU-Belarus relations’.²²

Important to note is that in continuation of the ENP, the EaP does not include a membership perspective. Approximation of the Eastern neighbours to the EU should be pursued ‘without prejudice to individual partner countries’ aspirations for their future relationship with the European Union’.²³ Instead, the incentives are to be found in increased access to the European market, increased mobility, and increased political and economic integration into the Union.

Building on the Commission’s Communication on strengthening the ENP, the EaP proposes deeper *bilateral* engagement with the East, and establishing a regional *multilateral* framework for cooperation. As it sets out ambitious policy objectives, the EaP certainly has potential. At this stage, however, it remains to be seen, if the EaP can put ‘words to deeds’. This will become clear as we discuss the objectives which are proposed.

A. The bilateral track

On the bilateral track, several new instruments are envisioned. The most far-reaching one is the establishment of new contractual relations, in the form of Association Agreements (AAs). The AAs would supersede the presently in place Partnership and Cooperation Agreements (PCAs). In contrast to the PCAs, which are quite similar for all countries, the

²¹ Declaration by the European Council on the Eastern Partnership, annex 2 to the Council of the European Union, *Brussels European Council, 11 and 12 December 2008, Presidency Conclusions*. Brussels, 13 December 2008.

²² Press release, ‘Commissioner Ferrero-Waldner to attend Belarus Troika in Brussels’. Brussels, 26 January 2009, available on: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/127&format=HTML&aged=0&language=EN&guiLanguage=en>

²³ Council of the European Union, *Joint Declaration of the Prague Eastern Partnership Summit*. Prague, 7 May 2009, 8435/09 (Presse 78)

AAs will be tailor-made, addressing the specific needs of the partner country. The potential of this new generation of agreements will depend on their content, the amount of countries which will conclude an agreement, and finally on how they will be implemented.

Currently, negotiations with Ukraine for an AA are taking place. Even though the negotiations have not been finalised yet, they can already serve as an indicator for what the AAs could look like also for the rest of the countries. The negotiation for an Ukrainian AA ‘reveals that this would be the first in a new generation of EU treaties with third countries, in being a comprehensive, multi-pillar agreement, covering economic issues, justice and home affairs, foreign and security policy and political dialogue’.²⁴ The AA goes further that the current PCA of Ukraine on several accounts. Firstly, the AA includes ‘new’ areas of cooperation. Even though cooperation between the EU and Ukraine on justice and home affairs and foreign and security policy has already taken place in the past under the Action Plans, these areas were not officially included in the PCA. Secondly, as expressed in the Joint Declaration of the 2008 EU-Ukraine Summit, there is a more far-reaching political dialogue foreseen than provided for in the current PCA.²⁵ The term used in the Joint Declaration is ‘political association’. Hillion and Mayhew have explained the potential significance of this concept. ‘Political association’ could involve, beyond dialogue, a degree of participation of the Eastern European states in the EU system, for instance in the field of CFSP’.²⁶ Thirdly, the Ukrainian AA will, in relation to some articles on cooperation, stipulate a list of EU *acquis* ‘which the partner country is expected to adopt and implement’.²⁷ Such a policy instrument is lacking in the present PCA, which talks more in general terms about a commitment of the partner state to approximate its (economic) legislation to that of the Community.

The most important innovation however of the AAs as compared to the PCAs is the fact that they will include the goal of establishing Deep and Comprehensive Free Trade Areas (DCFTAs). The DCFTAs would build on, and go beyond, existing WTO rules. Consequently, a requirement for signing a DCFTA with the EU is membership of the WTO. The Eastern Partnership proposal explains that the DCFTAs ‘will cover substantially all trade, including energy, and aim at the highest possible degree of liberalisation’. At the same time, ‘they will contain legally binding commitments on regulatory approximation in trade-related areas’. This latter element of regulatory approximation – concerning *inter alia* areas like competition policy and public procurement – is an answer to the realisation that nowadays, most trade barriers are non-tariff rather than tariff of nature. A convergence of regulation would remove these kinds of barriers, and consequently increase free trade. The eventual goal is to create a Neighbourhood Economic Community (NEC); a regional free trade area consisting of a

²⁴ Michael Emerson, et al., ‘European Neighbourhood Policy two years on: time indeed for ENP plus’. In: *CEPS policy brief*. No.126 – March 2007.

²⁵ Joint Declaration, EU-Ukraine Summit. Paris, 9 September 2008, 12812/08 (Presse 247)

²⁶ Christophe Hillion and Alan Mayhew, ‘The Eastern Partnership – Something New or Window-Dressing’, SEI Working Paper No 109, 2009; CFSP stands for Common Foreign and Security Policy.

²⁷ Christophe Hillion and Alan Mayhew, ‘The Eastern Partnership – Something New or Window-Dressing’, SEI Working Paper No 109, 2009

network of DCFTAs, and in the long run a level of integration which is more or less similar to the European Economic Area (EEA).

The potential of the AAs, and eventually the DCFTAs, does not only depend on the content of these agreements. In the first place, it remains to be seen with which EaP partner states the EU will manage to conclude AAs and DCFTAs. Ukraine will most likely sign an AA and a DCFTA, even though it is still unclear when exactly. The same holds true for Moldova, which will start negotiations on the agreement in January 2010. For Belarus, the prospects are less promising, as Belarus has not even concluded a PCA with the EU. Negotiations on this agreement were stalled in 1996, 'as result of the move towards authoritarian rule' in that same year.²⁸ Azerbaijan could in principle sign an AA, as it has a PCA, but a DCFTA is at the moment not an option since the country is not a member of the WTO. Georgia and Armenia have PCAs and are members of the WTO. For them, the conclusion of AAs and eventually DCFTAs is a more realistic goal. The future will tell if they are 'willing and able to take on the resulting far-reaching commitments with the EU', the condition that the Commission has expressed as regards AAs.²⁹

At this point, it should be noted that signing an AA is one thing, implementing it is another. Presently, the PCAs are to be implemented by means of the Action Plans (APs). The idea is that the PCAs set out the areas of cooperation, and that the APs stipulate the reforms needed from the partner countries in these areas.³⁰ The EaP envisions a new generation of APs to accompany the new AAs. In the past, the APs have been criticised in the academic literature on several accounts. The main criticism concerns the lack of clear 'benchmarking' in the documents. While the reforms required are in general quite demanding, the incentives offered in return are not that straightforward, limiting the extent of positive conditionality of the ENP.³¹ In addition, the reforms themselves have not always been defined specifically enough, which makes it sometimes difficult for the signatory to understand what is really asked. By taking these criticisms into account when concluding a new generation of APs, the EaP could increase the chances of successful implementation of the new AAs. In section 3, we will elaborate further on the EaP's ability to stimulate reform processes in the partner states.

The second new bilateral objective of the EaP is increased mobility between the EU and the Eastern partner states. The main goal of the EaP in this respect is to offer so-called 'Mobility and Security Pacts' (MSPs) to the EaP partners. These pacts aim to improve mobility, while also putting in place the necessary security conditions (e.g. fighting illegal immigration, establishing border management structures). It is unclear how the MSPs would differ from the instrument that is currently used: the 'Mobility Partnerships'. Such a partnership has been concluded as a pilot project with Moldova. Its objective is identical to that of the Mobility and Security Pacts: it 'will have the purpose of facilitating legal

²⁸ As stated on the website of the European Commission.

²⁹ Commission of the European Communities, *Communication from the Commission to the European Parliament and the Council; Eastern Partnership*. Brussels, 3 December 2008 (COM(2008)823/4).

³⁰ It should be noted that there are more areas of cooperation included in the APs than in the PCAs.

³¹ See for example: Karen E. Smith, 'The Outsiders: the European Neighbourhood Policy', In: *International Affairs*, 81/2005.

migration’, ‘whilst working to ensure better management of migration flows, including preventing and reducing illegal migration flows’.³² The Mobility Partnership has been criticised for not offering enough incentives as regards the freedom of movement, and focusing too much on the implementation of security conditions which are in the direct interest of the EU.³³ The added value of the Mobility and Security Pacts could lie in giving a response to this criticism, reconsidering the balance between what is required and what is offered.

An important element of the Mobility and Security Partnerships is visa facilitation. Currently, the EU has concluded visa facilitation agreements, in combination with readmission agreements, with Moldova and Ukraine. The EaP aims at extending these agreements to all EaP countries. Moreover, the objective is to revise the scope and depth of the existing agreements. In the current agreements, all Moldovan and Ukrainian citizens pay 35 for a visa instead of the 60 which applies to the other EaP countries. Only for a limited category of citizens however, like students and participants in international sports events, a visa is free of charge.³⁴ The revised agreements would waive the price of a visa completely for all citizens. Eventually, the agreements are to lead to a dialogue on visa-free travel between the EU and the partner states. In sum, there is much ‘to be gained’ in the area of mobility. Freedom of movement is a prerequisite for establishing close ties with the Eastern neighbours by guaranteeing ‘people-to-people contacts’; one of the main cornerstones of the ENP.

The last bilateral objective of the EaP to be mentioned here is enhanced cooperation in the field of energy security. A number of specific policy goals have been stipulated, *inter alia* concluding Memoranda on Energy Issues with Moldova, Georgia and Armenia, and integrating Ukraine’s energy market with that of the EU. Again, there is no lack of ambition. There is enough potential also here for the EaP to develop into a policy with substance. The topic of energy will be dealt with in more detail further on in this paper.

B. The multilateral track

The second dimension of the EaP consists of the multilateral track, which is in line with the Commission’s call in 2006 to strengthen the thematic dimension of the ENP by means of addressing cross-cutting themes in a regional context. The EaP foresees Eastern regional cooperation on the basis of four ‘policy platforms’: democracy, good governance and stability, economic integration and convergence with EU policies (including cooperation on transport and environment), energy security, and contacts between people. In addition, the Commission sets out several ‘flagship initiatives’, which could be undertaken collectively by the Eastern partners. The initiatives identified lie in the fields of integrated border management, the development of Small and Medium Enterprises, energy, and dealing with man-made disasters.

³² European Union, Joint Declaration on a Mobility Partnership between the European Union and the Republic of Moldova, 9640/08 ADD 1.

³³ Roderick Parkes, ‘Mobility Partnerships: a valuable addition to the ENP repertoire?’, Working Paper for Stiftung Wissenschaft und Politik Berlin, 2009.

³⁴ *Agreement between the European Community and the Republic of Moldova on the Facilitation of the Issuance of Visa*, 19/12/2002, Official Journal of the European Union, L334/169.

The operational structure of the multilateral track is organised at four levels. The EaP Heads of State and Government will meet once every two years, and the EaP Ministers of Foreign Affairs will meet once a year. Each policy platform would meet at least twice a year at senior official level. Lastly, panels are foreseen which will support the policy platforms. The frequency of meetings in these panels depends on the existing need. This operational structure is meant to provide an opportunity for the Eastern states to interact with each other and for the Eastern states and the EU to interact.

A multilateral track as included in the EaP is new to the East. As noted, there is at present not *one* overarching institutional framework for multilateral cooperation with and amongst the Eastern countries (as it exists for example for the South). Instead, there are *several* regional initiatives. Some deal with a specific sector. TRACECA, for instance, is a regional organisation focusing on cooperation on transport. In the field of energy, there is the 'Baku initiative' for the EU-Black Sea-Caspian Basin area. Other regional initiatives cover a broader range of thematic issues. The first one is the Black Sea Synergy (BSS). This organisation was adopted by the European Council in May 2007. The policy includes Turkey, Russia, Greece, Bulgaria, Romania, as well as five of the EaP partners (Belarus being the exception). Cooperation is to take place in a number of specific fields. It should be noted that these fields overlap to a great extent with the fields identified in the Eastern Partnership proposal. The big difference however between the EaP and the BSS is the composition of participating countries, the latter including only some of the EU member states, and not all of the Eastern EaP partners (i.e. Belarus). The second significant organisation in the region is the Organisation for Black Sea Economic Cooperation (BSEC). Like the BSS, it deals with many areas of cooperation. The list of participating countries is largely the same as well. In contrast to the BSS, however, it is not a European initiative. The role of the Commission only lies in it having observer status.

With this dispersed set of regional initiatives already in place, the question arises what the added value of the multilateral track of the EaP is. The answer to this again depends on the way in which this instrument will be 'operationalised' in practice. Without doubt, there is a risk that the multilateral framework will turn out to be yet another initiative with yet more meetings to be attended. With largely the same issues covered as existing initiatives, activities could be duplicated, leading to an inefficient situation. However, this situation is not inevitable. The instrument could also develop into a useful overarching framework serving to coordinate and streamline the present dispersed initiatives. Whether it will live up to this potential, depends amongst others on the ability of the EaP partners to formulate specific objectives in the policy platforms, and the ability to make concrete agreements in the multilateral meetings.

In addition to the risk of organisational overlap, there are three other challenges which the multilateral element of the EaP will have to cope with. Firstly, it remains to be seen to what extent the six EaP partners will manage to cooperate as a group. Taking into account the significant heterogeneity that exists amongst this set of countries, this will be quite a task. *Inter alia* they have different European aspirations and different levels of economic and political development. Furthermore, their different geographical locations are an important complicating factor. Belarus, Ukraine and Moldova are set apart from Georgia, Armenia and Azerbaijan by Russian territory. In addition to this, there is the

conflict over Nagorno-Karabakh between Armenia and Azerbaijan which will hamper regional cooperation.

Secondly, there is the matter of participation of third states in the multilateral initiative. It is clear that the involvement of countries like Russia and Turkey is indispensable for the success of regional cooperation in the area. For example, one of the multilateral objectives, as identified by the Commission, is 'the development of new energy infrastructures where appropriate, including energy interconnections between partner countries and with the EU'.³⁵ Since the EaP partner states are divided by Russian land, Russia will need to partake in dialogues on this subject. Another objective is the introduction of 'integrated border management at the EaP countries' non-EU borders, as a precondition for effectively tackling customs fraud, trafficking and illegal immigration, and thus for progress in key policy areas such as trade, customs and visas'.³⁶ The most important non-EU border in this respect for Georgia and Armenia, is the border with Turkey, the country situated in between the EU and these countries. Again, a third state will need to be incorporated in the framework of cooperation. Despite the clear case for involvement of third states, the EU seems to have anticipated this insufficiently. In the Joint Declaration it is stipulated that 'Third states will be eligible for the participation on a case-by-case basis in concrete projects, activities and meetings of thematic platforms, where it contributes to the objectives of particular activities and the general objectives of the Eastern Partnership'.³⁷ Yet, it is unclear who exactly will decide on this 'eligibility' (the European Commission, the Eastern partners states, the third states themselves etc.), what the exact procedure/conditions for this kind of approval will be, and how their participation will be structured.

The last challenge as regards the multilateral track of the EaP is a likely tension with the bilateral track. For Moldova, Ukraine and to a lesser extent Georgia, all eyes have been, and will continue to be, on the direct bilateral relationship with the EU. Considering their membership ambitions, what matters is cooperation with and approximation to the EU. This already is a time-consuming and costly endeavour. As a consequence, they do not want to 'spill' attention and resources to the multilateral framework. In addition, they feel uncomfortable to be grouped together/associated by the EU with countries which do not opt for EU membership (Belarus), or might not be eligible for it in the first place because they are not considered European (Armenia and Azerbaijan).

Financing

The financing of the EaP takes place through the ENPI. A total amount of 600 million will be made available via this instrument. 250 million of this amount will come from a re-distribution of the ENPI budget as it is currently committed for the period 2010-2013. The rest, 350 million, will consist of new funds within the current financial framework.

³⁵ Commission of the European Communities, *Commission Staff Working Document Accompanying the Communication from the Commission to the European Parliament and the Council; Eastern Partnership*. Brussels, 3 December 2008, (COM(2008)2974/3).

³⁶ Ibid.

³⁷ Council of the European Union, *Joint Declaration of the Prague Eastern Partnership Summit*. Prague, 7 May 2009, 8435/09 (Presse 78)

In addition, financial assistance to the East will be increased by raising the 'Eastern indicative ceilings' of the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). Lastly, the Commission calls upon the Member States to increase their contributions to the Neighbourhood Investment Facility (NIF). The NIF provides funding for infrastructural projects in fields like transport and energy, and could also be used for the EaP. It remains to be seen whether the proposed funding will be sufficient to finance the ambitious goals of the EaP. The new round of negotiations on the EU budgetary period for 2013-2020 will be crucial in this sense.

3. Partners in Transition

The aim of transforming the neighbours of the Union lies at the heart of the Eastern Partnership for two reasons. Firstly, because it is the *overall* objective of the policy. In line with the ENP, it aims to create a ‘ring of friends’ at the Eastern borders of the EU, consisting of countries that are economically stable, well governed, and where respect for human rights is guaranteed. Secondly, because the objectives it envisions, cannot be achieved if the countries do not undertake the necessary reforms. This latter point will be elaborated on further.

The objectives of the EaP are, as explained earlier, the establishment of (a network of) Deep and Comprehensive Free Trade Areas (DCFTAs), a certain degree of mobility between the EU and the partners, and cooperation in several fields, both amongst the EaP countries and between the countries and the EU. For all three objectives it holds true that they cannot be realised without the right internal conditions in place – that is, without the EaP partners having undertaken the necessary economic, political, and institutional reforms. Seen from this perspective, the core question concerning EaP seems to be whether it offers the partner countries enough incentives to enable them to undertake the reforms required.

For the establishment of DCFTAs, and eventually a Neighbourhood Economic Community (NEC), with increased access to the EU market as a result, a broad range of reforms is required from the partner countries. Many of these reforms are of course economic of nature. The countries will need to, as an essential part of the DCFTAs, approximate their trade-related regulation to the EU system. Political/institutional reforms are however also essential to achieve the policy objectives in question. Regulatory approximation, which implies the adoption of often complex European or international regulations, is impossible when there is lack of an effective and stable domestic political system. Furthermore, DCFTAs cannot work effectively without independence of the judiciary, and transparent and non-corrupt institutions. These conditions are vital for creating the right climate for trade, investment, and international business to prosper.³⁸ A consideration which is so much more important in view of the EaP’s ambition to integrate the Eastern neighbours in the long run into the EU’s internal market.

The EU, whenever it talks about increasing mobility for the Eastern countries, stresses that without the right security conditions in place, concessions on mobility cannot be made by the Union. In this light, the Mobility and Security Partnerships (MSPs), as foreseen in the EaP, would include commitments as regards to ‘fighting illegal immigration, upgrading the asylum systems to EU standards, setting up integrated border management (...) as well as enhancing the abilities of police and judiciary in the fight against corruption and organised crime’, as preconditions for increased mobility.³⁹ Again,

³⁸ See for example: Europa’s bureau, Europese Verkenning 6, Sociaal Cultureel Planbureau and Centraal Planbureau, May 2007.

³⁹ Commission of the European Communities, *Communication from the Commission to the European Parliament and the Council; Eastern Partnership*. Brussels, 3 December 2008 (COM(2008)823/4).

it is clear that in this respect as well, internal reforms in the partner countries are needed to achieve an EaP goal.

The last objective of the EaP, effective bilateral and multilateral cooperation in a number of fields (e.g. energy, transport, justice and home affairs, foreign and security policy), also implies a broad spectrum of reforms to be undertaken first. As regards this objective, the EaP foresees that the partner countries adopt the relevant *acquis*. The more a country does so, the more it integrates economically and politically into the EU.

In sum, it is clear that the EaP's objectives will not be realised if economic, political and institutional transformation in the countries involved is not achieved. This reveals a real challenge for the EaP. The incentives – increased market access, increased mobility and political/economic integration – are very long-term prospects as they require many difficult reforms to be taken first. In addition, these carrots 'at the end of the road' are not that clear-cut. Their 'attractiveness' is hard to determine.

As for access to the European market, it remains to be seen if the EU will apply liberalisation to *all* products – including those from the agricultural, steel and textile sectors – which are traditionally excluded from its free trade agreements, but which are important export products of the Eastern countries. Moreover, the question can be asked whether the liberalisation of trade is beneficial for the partner states in the first place. There is an elaborate debate in the academic literature about the potential negative consequences of trade liberalisation on infant industries.⁴⁰ Related to this point, it has been suggested by some that free trade areas can lead to unbeneficial *trade diversion*: a decrease in trade with 'third countries', even though in these 'third countries' products are produced more effectively.⁴¹ An example of potential trade diversion would be between Ukraine and Russia.

As regards increased mobility, the real significance of the MSPs – judged by the Mobility Partnership of Moldova which can serve as an indicator for the content of these agreements – can be questioned. Indeed, the price of visas will be waived for all citizens. Yet, a *visa-free travel regime* will most likely be included in these agreements only as a long-term goal. Moreover, the MSPs will not include concessions regarding the free movement of workers. And as Hillion and Mayhew have pointed out, 'the current situation on European Union labour markets suggests that little progress will be made before the current economic downturn is overcome'.⁴²

Specifically as regards bilateral and multilateral cooperation, it is hard to define what the accompanying incentive is. The EaP envisions that political and economic integration into the EU can be achieved by means of the partner countries adopting the *acquis* in a broad

⁴⁰ See for example: Enrique Valerdi Rodríguez, 'The European Union Free Trade Agreements: Implications for Developing Countries', a Real Instituto Elcano Working Paper, February 2009.

⁴¹ See for example: Europa's buren, Europese Verkenning 6, Sociaal Cultureel Planbureau and Centraal Planbureau, mei 2007.

⁴² Christophe Hillion and Alan Mayhew, 'The Eastern Partnership – Something New or Window-Dressing', SEI Working Paper No 109, 2009.

range of policy fields. Yet, what exactly are the benefits of this kind of integration, only to be achieved by taking difficult reforms?

In conclusion, apart from the fact that the rather ambitious and long-term goals of the EaP require difficult reforms, the question arises whether the partner countries will find the incentives that are on offer worth taking the reforms for in the first place. This touches on the debate about the possibility of transformation without membership: the ‘conditionality debate’. It has been raised often in relation to the ENP. The EaP, as it also does not include a membership perspective, will not make an end to these discussions, particularly not if the EaP countries consider the incentives of the EaP not to be very credible and substantive. In this light, the EaP should aim to apply a substantial level of ‘benchmarking’: *on their way* towards achieving the long-term incentives which are at the end of the road, the partners should be offered certain incentives based on the progress made, to stimulate them to continue their transition processes. A crucial tool in this respect would be the new generation of Action Plans. When listing the reforms required, the EU should at the same time mention the specific ‘rewards’ that are attached to them. The Action Plan would then constitute a so-called ‘roadmap’, directing the signatory country towards a certain objective with intermediate incentives throughout the process. In the case of economic reforms, the intermediate incentives could consist of opening the EU market for certain categories of products, instead of letting the Deep and Comprehensive Free Trade Agreement be the ultimate reward. Specific timeframes should also be indicated in relation to the reforms listed, going beyond the current *total* coverage for the APs of three or five years.⁴³ When progress is made, the Action Plans could be ‘opened up’ and new reforms, incentives and timeframes can be included, introducing a type of flexibility in the instrument.

At the same time, it is clear that, in line with the EaP’s principle of ‘joined ownership’, the partner countries’ willingness to undertake reforms cannot only be dependent on what the EU has on offer, but should also derive from a conviction of the merits of reform in these countries themselves. In case of the ENP, it has become clear that since its launch, significant reforms have only been made in the countries that were already convicted of the need for progress, like Ukraine.⁴⁴

Even if it can be assumed that conditionality in the EaP works without the prospect of membership, a second question for discussion arises. Are the countries able to take the required reforms *to begin with*? Hillion and Mayhew question ‘the ability to adopt and implement the *acquis* and notable their administrative capacities’ and also point to the ‘financial cost of implementing EU integration, especially in the light of the current financial and real economy problems’.⁴⁵ In this regard, an important question will be what the Commission’s proposal to introduce a ‘Comprehensive Institution Building programme (CIB)’ – aiming to support the EaP countries’ efforts to improve their capacity to implement the necessary reforms – will mean in practice.

⁴³ Three in the case of Ukraine and Moldova, five in the case of Armenia, Azerbaijan and Georgia.

⁴⁴ Rosa Balfour and Antonio Missiroli (2007), ‘Reassessing the European Neighbourhood Policy’, EPC Issue Paper No 45.

⁴⁵ Christophe Hillion and Alan Mayhew, ‘The Eastern Partnership – Something New or Window-Dressing’, SEI Working Paper No 109, 2009.

4. Cooperation in the Field of Energy

Energy for sure is one of the most crucial issues in the relations between the EU and the EaP countries. It is also a key challenge for EaP countries in their internal and foreign policies, not only towards the EU but to others as well, Russia especially. Therefore, it seems to be a right decision that cooperation in the field of energy was included in the EaP as one of the main topics in both dimensions of the new policy – bilateral relations between the EU and each EaP country, and multilateral cooperation among the EaP countries as a group, and between them and the EU. One can even say that both in the EaP's bilateral and multilateral track, energy takes a central position.

In relation to the bilateral track, energy is one of the five priorities, as they are identified in the Commission's proposal on the EaP, through which 'deeper bilateral engagement' is to take place. A number of ambitious policy objectives are set out with the aim to 'strengthen the energy security of the EU and of the partners with regard to long-term energy supply and transit'. The most notable ones will be described.

Firstly, the envisioned Association Agreements are to include provisions of 'energy interdependence'. The second objective is related to the European Energy Community, an initiative established in 1995 by means of a treaty which entails a commitment to adopt the *acquis* related to the field of energy, originally aiming to set up a regulatory framework for energy in South East Europe. Ukraine and Moldova are the only two EaP countries involved in the Energy Community; they have observer status. The EaP foresees that they will become members. For the other EaP countries, observer status should be considered. As a third objective, Memoranda of Understanding (MoUs) on energy issues should be concluded with Moldova, Georgia and Armenia. For Ukraine and Azerbaijan, these MoUs already exist. Belarus does not have an MoU on energy with the EU, in line with the general state of play regarding EU-Belarus relations. The EaP aims to take a step forward and envisions 'the finalisation of a European Commission-Belarus declaration on energy, as a basis for further development of energy cooperation'.

Concerning the multilateral track, energy security constitutes one of the 'thematic platforms' of the envisioned framework for multilateral cooperation. Specifically, cooperation should take place on 'enhancing framework conditions' (i.e. mutual energy support and security mechanisms), 'support for infrastructure conditions, interconnection and diversification of supply', and the 'harmonisation of energy policies'. Within the multilateral framework, two 'flagship initiatives' dealing with energy security are foreseen. The first one focuses on the regional electricity market, the improvement of energy efficiency of production, transmission and use, and lastly an increased use of renewable sources. The second initiative deals with the development of a so-called 'Southern energy corridor', with a view to diversify energy transport routes and energy sources.

Four crucial questions should be addressed in the context of energy within the EaP. Firstly, EaP countries do not compose a homogenous group. There are two subgroups at least, especially from the EU's point of view, namely the security of supplies. The first group is composed of transit countries for Russian gas (and crude oil), first of all Ukraine, but also Belarus and to a much lesser extent Moldova. The second group is composed of South Caucasus countries Azerbaijan and Georgia, connected with the Caspian Sea crude oil and natural gas reserves. Azerbaijan as a producer, and Georgia as a transit country for

Azeri gas and oil, are very important for the Union. Both countries could play a crucial role in relation to the transit of gas and oil from Central Asian countries to Europe. Armenia is 'isolated', because it does not play any role in the supply of energy raw materials to Europe. In fact, these two groups provoke two different challenges for the EU. Therefore, even though the EaP in energy matters proposes a common framework for all six countries, at the same time it should be tailored to those two groups and even to each country separately, because their situation in the energy sphere, and their energy relations with the EU differ significantly, sometimes fundamentally.

Secondly, cooperation in the field of energy should not only include energy security, but should also focus on energy efficiency. Energy security is mentioned frequently in the EaP documents. This issue is one of the five main points of bilateral cooperation between the EU and each EaP country. Energy efficiency is much less present in the official documents of the EaP. This gives rise to the observation that the topic of energy in the EaP concerns first of all the energy security of the EU, leaving out the energy security and energy efficiency of the EaP countries.

The EU's energy security is and will be a driving force for its engagement with the EaP countries, but a type of balance between these two approaches (EU energy security on the one hand and EaP countries energy security plus their energy efficiency on the other hand) should be found. It should be underlined that these goals are not contradictory, but can be addressed in a complementary manner,

Why is energy efficiency so important? There are two reasons at least. Firstly, energy consumption is very high in the EaP countries, resulting in ineffective economies. This is a heritage of their Soviet past. One can say that EaP countries' economies cannot be modernised and approximate towards the EU member states' economies without solid steps towards energy efficiency. Secondly, increased energy efficiency is necessary to combat climate change, an important objective in the EU's internal and external actions. Neighbouring countries should be included step by step in this policy. It is important to note however, that the costs involved for the Eastern countries are high. As a consequence, energy efficiency should be achieved gradually, and accompanied with the much needed know-how, technological and financial support of the EU, which could be provided in the framework of the EaP. In sum, it is clear that the energy efficiency aspect should be strengthened in EaP documents and actions, and that cooperation in the field of energy in the EaP should not only be directed towards energy security, since both elements are indispensable.

The third question concerns the position of the EaP countries in the energy map of Europe. Hypothetically, there are three possible scenarios, which are especially valid for the transit countries between Russia and the EU. In the first scenario, the EaP countries are part of Russia's energy system. The second scenario is a kind of mixed 'ownership' of the energy sector by the EU, Russia and the EaP countries. The last scenario consists of the EaP countries (some of them at least) being part of the EU system and the common market.

The first scenario is out of the question because the EaP countries and the EU have expressed their interest in cooperation in the field of energy. There is not a small number of supporters as regards the second scenario which according to the opinion of this group,

could lead to a better understanding and cooperation between the EU and Russia⁴⁶. Yet it seems that the third scenario would be best. This scenario was already proposed by some EaP countries, Ukraine especially. Moreover, this solution was already proposed officially by the EU itself. Ukraine and Moldova, along with Norway and Turkey, have received a proposal in 2006 for full membership of the Energy Community. Negotiations have already started in 2008, and Ukraine could join the Community in 2009 or 2010. But the modernisation of Ukraine's gas transit system, proposed by the EU in March 2009, followed by a Joint Statement of Intent regarding Support to Gas Sector Reform in Ukraine and the Purchase of Gas from Russia signed in July 2009, seems to be the most concrete proposal.⁴⁷ The EU has been active in energy issues in the neighbourhood even earlier. The Baku initiative launched in 2004, is an example of this. The initiative was devoted to strengthen cooperation in the field of energy between the EU and the littoral states of the Black Sea and the Caspian Sea.

There is a good case to be made for the third scenario. This scenario could help establish clear rules, and thus more transparency, in the energy sector of the EaP countries. It would lead to more predictability of the EaP countries as transit countries, a matter which is crucial for the EU. Such a process would also provide a basis for integration with the Union not only in the energy sphere, but in general as well. It is evident that the EaP countries should decide for themselves whether they are interested in joining the common EU energy market or not.

There are however two serious obstacles which should be overcome before the third scenario can be successfully implemented. Firstly, the EU has to create a real common energy market (with gas and electricity as the main components). This market is currently still *in statu nascendi*. EU institutions and member states have up to date, not been able to find a compromise which would lead to a well-functioning energy market in the EU as a whole. It is of course extremely difficult to join something which does not exist fully. One can thus say that the creation of a common energy market is important not only for domestic reasons but also crucial for relations with the neighbours. The second obstacle is the fact that the EaP countries have to prove that they are ready for the implementation of serious reforms in the energy sphere. At present, the energy sectors in neighbouring countries are characterised by non-transparent links between business and politics, benefiting only a small elitist group. The third scenario needs a fundamental change in the mentality of political and business elites of the EaP countries, and would be a proof of their pro-European intentions. In general, one could say that a success story for the third scenario would strongly advance the integration of the EaP countries into the EU because of the high economic and political significance of the energy sectors in these countries.

The fourth question concerns Russia's position vis-à-vis cooperation in the field of energy within the EaP. For Russian authorities and representatives of the energy sector, the issue is extremely sensitive. Prime Minister Putin and others, have strongly criticised the Joint

⁴⁶ See for instance: Elena Gnedina, Michael Emerson, 'The Case for a Gas Transit Consortium in Ukraine: A Cost-Benefit Analysis', CEPS Policy brief no. 180, January 2009, available on: <http://www.ceps.be/node/1605>.

⁴⁷ See: Joint Declaration, Joint EU-Ukraine International Investment Conference on Modernisation of Ukraine's Gas Transit System, March 23, 2009 and Joint Statement of Intent regarding Support to Gas Sector Reform in Ukraine and the Purchase of Gas from Russia, 31 July 2009

Declaration on the Modernisation of Ukraine's Gas Transit System, which has been mentioned before⁴⁸. Representatives of the Russian government and Gazprom have argued that this issue (and other issues related to the energy systems in EaP countries) cannot be resolved without Russia's participation, and they see the EaP as an attempt to exclude Russia from what they perceive as the 'common neighbourhood'. Of course, the Russian objection can be explained by the strong engagement of this country in the energy sectors of the EaP partner states. In the gas sector for example, there is a firm Russian presence in the transit infrastructure in Belarus and Moldova, as well as a strong Russian position in the downstream in Armenia, Moldova and Ukraine. The aforementioned third scenario, in which its presence in the EaP energy sectors would be regulated by European rules, is thus unthinkable for Russia. Yet at the same time, the implementation of these rules is a sovereign decision of the EaP countries themselves. At present however, only Ukraine, Moldova and Georgia would maybe be ready for such a direction.

Finally, there is the question of what the added value of the EaP is in the field of energy cooperation. It should be noted that *prima facie*, this is rather limited. The most important proposals, namely the Energy Community membership, the modernisation of Ukraine's gas transit system, and the Nabucco project/Southern energy corridor, were presented before the official launch of the EaP in May 2009. But EaP is an official EU policy and energy issues are structured and presented as a coherent package which can be developed further. Therefore EaP could be a good umbrella for present and future initiatives related to energy. Such a situation should create a synergy in EU efforts in the energy sphere and help to avoid unnecessary duplications. The new policy is trying to combine two approaches: the bilateral and multilateral tracks mentioned above. Both tracks are very important because some questions can be better resolved at the bilateral level, but others need multilateral cooperation, like new gas routes to the EU. Their combination could provide an added value in energy matters as well as in the EaP as a whole.

⁴⁸ See: 'Putin warns EU over Ukraine pipeline deal', EurActiv 30 March 2009, available on: <http://www.euractiv.com/en/energy/putin-warns-eu-ukraine-pipeline-deal/article-180577> and 'FM warns Ukrainian gas transit system overhaul may disrupt gas supplies', ITAR-TASS 23/03/2009, available on: <http://www.itar-tass.com/eng/prnt.html?NewsID=13709810>

5. From Proposal to Policy: Some Recommendations

The conclusion of the preceding sections is that the EaP can be seen as a potentially positive contribution to deepening and strengthening the relations between the EU and its Eastern neighbours. By taking this initiative, the EU has in particular given a clear signal that within the broader framework of the neighbourhood policy, the Eastern European countries should be treated separately from the Southern ENP partners. Apart from emphasising the importance of the relations with the Eastern European countries, the novelty of the EaP compared to the ENP concerns in particular the introduction of the Association Agreements as the formal framework for deepening and institutionalising cooperation, the introduction of the goal of deep and comprehensive free trade as a stepping stone towards integration in the EU's internal market, and the adding of an extensive multilateral dimension to the existing patchwork of bilateral relations. To some extent these elements were already present or envisaged in the neighbourhood policy⁴⁹, but the potentially added value of the EaP is that they have been put in a broader overall policy initiative which focuses *specifically* on the Eastern European neighbours. The symbolic importance of this expression of commitment to the Eastern partner states should not be underestimated.

At the same time it is clear that it will very much depend on the practical implementation whether the Eastern Partnership will be able to deliver in terms of tangible results and thus genuinely add value to the ENP. As has been argued, there still are many questions regarding the operationalisation of the initiative. In this light, and in conclusion to this paper, we would like to propose the following policy recommendations to the EU:

- The realisation of the full potential of the EaP depends to a large extent on the ability and willingness of the partner countries to bring about internal reforms. At the same time it is clear that the EU can strongly stimulate these countries in this process, by applying its conditionality approach in an effective way. The EU should be ready to make the necessary compromises and to offer clear and interesting incentives in terms of financial support, increased market access, and increased mobility. The Action Plans should list straightforward benchmarks with the relevant timeframes on the basis of which progress will be measured and rewarded with 'intermediate prizes'.
- The Association Agreements, which will establish a new institutional framework for cooperation between the EU and the EP countries, are indispensable instruments for the implementation of the goals of the EaP. They will need to be concluded, and accompanied with matching Action Plans, as soon as possible for *all* Eastern partner states. This would solve the current tension between differentiation on the one hand, and the EaP as an overarching framework on the other, which is caused by the different contractual situations for these countries.

⁴⁹ Christophe Hillion and Alan Mayhew, 'The Eastern Partnership – Something New or Window-Dressing', SEI Working Paper No 109, 2009.

- The EU will need to think thoroughly about the fundamental question of what future there still is for the ENP, beyond merely stipulating that the EaP will constitute ‘a specific Eastern dimension of the European Neighbourhood Policy’⁵⁰, while ‘respecting the character of the ENP as a single and coherent policy framework’⁵¹.
- As regards the multilateral dimension of the EaP, the EU should ensure that this framework for cooperation will not duplicate the work carried out under the initiatives already in place. Rather, the framework should serve as coordinator of the ongoing regional activities. In addition, concrete, value-adding projects could be formulated. To certify the effectiveness of these projects, it is crucial that in every separate case, an assessment is made of which countries should be involved. This is of specific importance given the heterogeneity of the partner states. Sometimes, it will also necessarily imply the participation of third countries, most notably Russia and Turkey.
- In the sphere of energy, the EU should propose and support the integration of partner countries in the EU energy market of gas and electricity. Energy security of the EU and the partner countries can be assured by the creation of a common market governed by European rules. The bigger common market will need transparency and energy efficiency in neighbouring countries. Therefore, the EU should make a serious effort to stimulate reforms in the energy sectors of the EaP countries.
- Finally, realising the potential of the EaP requires a long term strategy and commitment of the EU towards its Eastern partners – and, must be added, towards Russia. It remains to be seen whether such a long term perspective will be credible without including the issue of membership for those countries that aspire to join the EU. Or, in other words, whether the EaP will provide the framework for relations between the EU and the Eastern partners for a long time to come, or whether it will turn out to be a transitional stage towards another type of relationship. In any case, independent of the future framework of relations, the EU should grasp the window of opportunity which exists *at present* for the Eastern Partnership, by putting its objectives high on the EU’s policy agenda, before the momentum of the initiative has evaporated.

⁵⁰ Council of the European Union, *Joint Declaration of the Prague Eastern Partnership Summit*, Brussels, 7 May 2009, 8435/09 (Presse 78).

⁵¹ Commission of the European Communities, *Communication from the Commission to the European Parliament and the Council; Eastern Partnership*. Brussels, 3 December 2008 (COM(2008)823/4).