

The Future of the Eastern Partnership: Challenges and Opportunities



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Prospectus

The new Eastern Partnership (EaP) seeks to develop the EU's relations with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine that go beyond the broader European Neighbourhood Policy (ENP). The EaP has ambitious goals of transforming the EU's Eastern neighbours into well-governed, secure and economically prosperous countries by bringing them closer to the Union. Within the EaP bilateral and multilateral channels, the EU offers Eastern partners increased economic integration and convergence with EU laws and standards through association agreements with comprehensive free trade arrangements; increased citizen mobility through gradual steps towards full visa liberalisation as a long term goal; cooperation on energy, border management and in sectors, including aid for institution-building and regional cohesion. Neighbours' progress in democratisation and in establishing the rule of law while meeting human rights obligations will be a precondition for deepening bilateral relations with the EU.

The establishment of multilateral thematic platforms and 'flagship initiatives' and the new EU–Eastern partners Parliamentary Assembly (EURONEST) and the EaP Civil Society Forum have contributed to the development of the EaP. Each of the four multilateral thematic platforms (on democracy, good governance and stability; economic integration and convergence with EU policies; energy security; and people-to-people contacts) has met twice since the inaugural EaP summit in Prague in May 2009. Two-year work programmes for all of the thematic platforms were officially endorsed by the first ministerial meeting held on 8 December 2009. The envisaged 'flagship initiatives' have been launched for integrated border management, regional electricity markets, energy efficiency and renewables, and

natural and man-made disaster prevention, while the launch of the remaining initiatives on small and medium size enterprises and environmental governance is expected in early 2010. The EaP Civil Society Forum convened in November in Brussels and provided its first recommendations to the ministerial meeting in December.

The negotiations of the Association Agreement between EU and Ukraine – the first country in the region to have such an agreement – will hopefully be finalised in 2010, while the EU also launched similar negotiations with Moldova in January. After Ukraine and Moldova, Georgia is the next country to endorse the visa facilitation and readmission agreements with the EU. Brussels is also making an effort to tackle the consequences of the economic crisis in the region by providing macro-financial assistance to the Eastern partners.

So, much has been done in establishing the EaP institutionally, but what are its future prospects? Will the initial dynamics of the EaP development be preserved during the coming EU presidencies and by the new Commissioner for Enlargement and Neighbourhood Policy and the High Representative for Foreign Affairs and Security Policy? Will the ambitious EaP agenda be backed up with relevant funding and the active involvement of EU institutions and member states?

With the aim of addressing and discussing these issues, the Ministry of Foreign Affairs and Cooperation of Spain, the Embassy of the Czech Republic and the Embassy of Poland in Madrid in cooperation with FRIDE decided to organise the seminar Future of the Eastern Partnership: Challenges and Opportunities to discuss these questions while looking ahead and further setting the agenda.

The four co-organisers all take a keen interest in the Eastern Partnership and are actively involved in its promotion and implementation. Over the last few years, Spain has sought to step up its relations with 'Eastern' partners, as was highlighted during the Spanish OSCE Chairmanship in 2007 and Spain's leadership of the Council of Europe last year. This time around it will further facilitate strong ties since Spain has declared full support for the Eastern Partnership by further developing and consolidating the policy during its EU Presidency. Poland, a country that shares borders, history and close contacts with the Eastern European countries and has advocated on several occasions a stronger EU engagement with the region since its accession negotiations in 1998, initiated the Eastern Partnership together with Sweden in May 2008. The Czech Republic is a consistent advocate of strengthening the Eastern dimension of European Neighbourhood Policy. Having made the Eastern Partnership into one of key priorities during its EU presidency, the Czech Republic inaugurated the Eastern Partnership at the summit in Prague in May 2009. FRIDE is a European think-tank based in Madrid. Through independent research, it primarily focuses on European policies including those related to enlargement in the Western Balkans and Turkey, the European Neighbourhood countries, Russia, Central Asia and the Middle East. FRIDE regularly publishes on European security, democracy promotion and development policies including those that affect Eastern Partnership countries. FRIDE also took part in the first EaP Civil Society Forum.

We believe the time is right to discuss the challenges facing the EU in making the Eastern Partnership a success and guaranteeing that the EU and the partners maintain momentum. After the official opening on Wednesday, January 27, EU officials, representatives of EU Member States and international experts will have a chance to learn about the views of a variety of experts and practitioners that deal with the Eastern Partnership on a daily basis, as well as to debate the future of the EaP. We have tried to design a balanced agenda, that in the first session takes a fresh look at the role of financial institutions and donors; in the second session, assesses the bilateral dimension by highlighting the relations that the six East European and South Caucasus countries are developing with the EU; and discusses, in the last session, the four thematic EaP frameworks and the flagship initiatives as well as involvement of non-government actors.

Report

(Outline of main discussion points highlighted by speakers and participants)

Session 1 Implementation of the EaP: EU institutions and Member States

The EaP region is suffering from the severest economic crisis in twenty years

Over 2009, the East European and South Caucasus countries experienced the severest economic crisis since the transition recession of the 1990s. The region's output declined by an average of 9 per cent, with Armenia and Ukraine suffering from 16 and 14 per cent declines. Fortunately no institutional reversals in the transition process took place.

Institutional challenges remain substantial in the EaP region

In addition to external factors, weak institutions make these countries vulnerable to the crisis. While International Financial Institutions (IFIs) have been quick in helping countries to overcome the immediate consequences of the crisis (for example, by assisting the banking sector), weak institutions and the macroeconomic policy framework remain the main challenge to stable growth. In terms of economic recovery, the region is lagging behind the new EU member states as well as EU candidate countries from Southern East Europe, according to EBRD reports.

The EU has to offer tangible benefits to EaP countries

The global economic crisis has made implementation of the EaP even more relevant and important. Through a number of external incentives such as access to the EU market, labour mobility, energy market security and aid to institution-building, the EaP provides an opportunity for participating countries to strengthen their policies and institutions and reduce their economic vulnerability. Public financial flows are particularly important for smaller Eastern Partner countries such as Armenia and Moldova.

To make the EaP a successful project, the EU has to offer tangible benefits. Meanwhile, the EU has to be aware of possible capacity constraints in the Eastern partner countries, such as implementation capacities in the public sector and the costs of implementation for the public and private sector. The IFIs' experience in the region shows that not only lending is necessary, but also increased technical assistance through projects.

There is a need for better coordination between the EC and IFIs

In order to face the challenges coming from the Eastern Partnership region, a partnership is required between the European Commission, EU member states and IFIs working in the region to strengthen planning and avoid overlap. There is also a need for dialogue between the IFIs and an improved division of labour.

Session 2 The bilateral dimension of the EaP: reinforced EU-driven transformation?

The bilateral track lies at the heart of EaP

The main goals of the EaP – political association and economic integration of the participating countries with the EU – are to be implemented through bilateral instruments such as association agreements, deep and comprehensive free trade areas (DCFTA) and visa liberalisation. Access to the EU market is the EaP's most promising offer; but is also the most difficult to implement. The bilateral track is also important in the sense that the more advanced countries of the EaP (e.g. Ukraine) serve as a stimulus for those lagging behind (e.g. Belarus and Azerbaijan).

Conditionality and differentiation

Concerns have been raised about the application of principles of conditionality and differentiation within the EaP framework. Insufficient levels of differentiation and conditionality put the implementation of the EaP at risk, as this could discourage those partners who are more advanced in applying EU values and acquis. The

EU should have a clearer position on democratic standards. For example, democratic reforms are a clear precondition for deepening relations with Belarus, while Brussels has a more hesitant approach towards democratisation in its relations with energy-rich Azerbaijan. This policy undermines EU credibility as far as values are concerned.

The importance of mobility

Visa liberalisation is seen as crucial by all partner countries as it provides benefits to ordinary citizens and boosts genuine integration. The Prague declaration promised visa liberalisation as a long-term goal only. Ukraine, the first EaP country to have a visa dialogue with the EU, has not been offered a roadmap setting clear benchmarks for a gradual advancement towards visa liberalisation. This sends the wrong signal to partners, especially in the context of visa regime lift for the Balkan states. For instance, some South East European countries have had a higher rate of illegal migration to the EU during the past few years than Ukraine, but have a firm prospect of visa free travel with the EU.

Quick EaP results are needed; strong incentives are too long-term

Most strong EaP incentives such as visa liberalisation and access to the EU market are too distant: the EaP needs to offer tangible short-term benefits. For example, a comprehensive institution building programme should cover all the institutions necessary to move towards deeper integration with the EU. Targeting selected institutions will not have sufficient impact on transformation and thus integration. Meanwhile, the EaP regional development programme should follow a model of EU cohesion tools extended to EaP countries. The time has come to move from political discussions about the EaP to concrete action at the level of programming and projects.

Security concerns

Security remains a key challenge to EaP countries' development and stability especially in the South Caucasus. The engagement of the EU on security issues is, however, blurred; the European Security and Defence Policy (ESDP) is only partially engaged while the EaP does not take up direct security issues. The EU has to respond to the security deficit in the region. This is particularly urgent at a time when NATO involvement in the region is likely to decrease (the memberships of Georgia and Ukraine are on hold). The Obama administration also seems to take less interest in the region. With Turkey and Russia not being regarded as neutral players, the EU should step up its security policy in the Eastern Partnership region as an impartial player.

Session 3 The multilateral framework of the EaP: towards political association and economic integration

The multilateral track is the main novelty of EaP, but it lacks funding

The EaP multilateral framework has several major strengths such as a focus on regulatory reforms, a simple and flexible operational structure and involvement of non-governmental actors, such as parliaments and civil societies. The flagship initiatives should respond to the pressing needs of the region.

However, EaP ambitions do not match with funding. The available 350 million Euros envisaged for the multilateral dimension until 2013 have already been allocated to support the four thematic platforms and to implement flagship initiatives and events within the Civil Society Forum. What is more, due to the uneven fund allocation over the four years, only 85 million Euros is reserved for all EaP activities in 2010. This raises concerns among EaP countries that there will be no room for the regional projects that are currently being proposed by a group of the states (for example, the 19 project proposals made jointly by Lithuania, Belarus and Ukraine).

Will the multilateral dimension work?

The main risk of failure for the multilateral track is that it will end up as a talking shop. Some EaP countries see the multilateral track as no more than a platform for communication, exchange of experience and networking.

The most advanced EaP countries are sceptical about the multilateral track, mainly due to a fear that the regional approach will slow down their integration process. Another problem is the absence of an 'Eastern' region as such; the EaP connects three East European countries with the South Caucasus. Though these two regions have some developments in common, mainly as a result of their Soviet past, they cannot be

considered one region.

Not all affairs within this track are essentially multilateral: while people-to-people contacts within Platform 4 are multilateral, matters within Platform 1 such as public administration reform are purely domestic. Concerning the flagship initiatives, an important 'hard' energy security initiative on the Southern corridor was initially planned, but has now disappeared from the EaP agenda.

The EaP overlaps with other regional initiatives, first of all Black Sea Synergy in issues of transport, energy and environment. It is still unclear how these regional initiatives relate to each other. To avoid competition for resources between initiatives and to better respond to the needs of the EaP region, an open budgeting process within defined project priorities for bilateral and multilateral tracks would be beneficial.

To make the EaP work, more short-term measures are needed alongside EU political engagement, to prevent the EaP turning into a bureaucratic project. The focus of EaP should be on building state capacities and ability to reform in EaP countries. One example of such measures is the EU mission in Crimea aimed at development, building infrastructure and cultural cooperation in order to contribute to long-term stability. EU engagement with break-away regions on conditions acceptable to EaP countries is another aspect that should be taken up in the EaP.

Civil society involvement

The Civil Society Forum aspires to stronger links with the thematic platforms and flagship initiatives. The forum also seeks funding for common projects between civil society organisations from EU countries and those of the Eastern Partners with a view to sharing experiences and building capacity to fulfil a critical yet constructive role.

The EURONEST Parliamentary Assembly will be made up of representatives of the European Parliament and national assemblies of Azerbaijan, Armenia, Georgia, Moldova and Ukraine as well as observers from Belarus. EURONEST will work through committees that should link up with the EaP thematic platforms.

Inclusiveness

Third countries' participation is a largely unexplored part of the EaP. There has been a lack of consensus so far with regard to the participation of Russia and Turkey in one of the EaP projects. Nevertheless, evolution of the EaP should avoid creating new dividing lines. The EaP should be built as an opportunity for inclusiveness rather than competition, thus the EU and the partners should decide on a case-by-case basis when to request third country participation.

Most importantly, the EaP's reference to joint ownership should be real in terms of strengthening cooperation and Brussels taking seriously suggestions and proposals by partner countries.

The first meeting of the 'Friends of EaP' is likely to take place in Poland within the framework of the informal EaP ministerial meeting in May 2010 under the Spanish Presidency.

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