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**THE EUROPEAN NEIGHBOURHOOD POLICY.
CONCEPT, PRACTICE, FUTURE
AND THE PRIORITIES OF HUNGARY**



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IN LIEU OF A SUMMARY¹

The European Union has a vital interest in stability, better governance and economic development along its southern and eastern borders. At the same time, the concept of a European Neighbourhood Policy arose out of the need for the EU to manage the aspirations of the neighbouring countries after the 2004 enlargement. The basis for it was formulated in a Commission concept paper: “Wider Europe—Neighbourhood”, published in March 2003 and followed by the EU Council’s conclusion. In a revised concept paper of May 2004, the Commission finalized the process of conceptualizing the new EU policy and introduced for it the new name of European Neighbourhood Policy (ENP). However, the roots of the ENP go back the 1960s, as the newly formed Common Market built relations with its southern periphery, the countries of the southern and eastern Mediterranean.

¹ The study first appeared in Ágh, Attila, and Judit Kis-Varga, eds.: *The global crisis and the EU responses: The perspectives of the SBH team presidency*. Budapest: Together for Europe Research Centre, 2009.

1) THE COMMUNITY'S MEDITERRANEAN POLICY

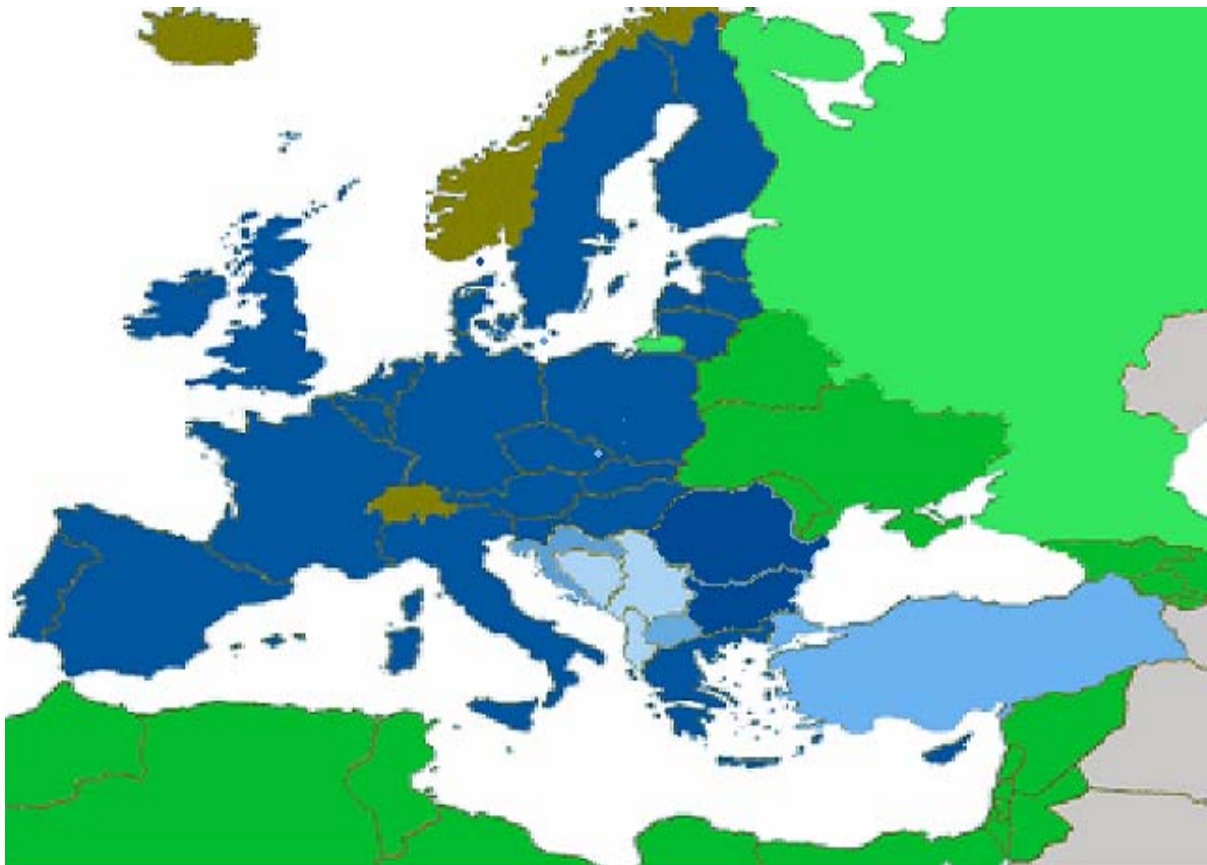
The Mediterranean has always received a lot of attention from Europe (and the EC) due to its geographic proximity and to former colonial ties. But probably due to clash of interests arising from concern over each other, there was hitherto no concept governing relations across the Mediterranean, between Europe and the African colonies governed by the Lomé Convention. The Community showed a reactive policy, rather than a proactive one, mainly following events, not shaping them. The several agreements it made with coun-

tries in the region were all bilateral.

The first generation of partnership contracts were made before the first enlargement of 1973, with the South European countries: with Greece in 1962, with Turkey in 1963—to reinforce the southern wing of the NATO, after pressure from the United States, then with Malta in 1970 and Cyprus in 1972. Each contracting party was a European state expecting to achieve full membership in the future.

Morocco and Tunisia, as former protectorates of France, were already being treated in a special way based on a protocol of the Rome Treaty. In 1963 they restarted talks to renew the negotiations, and in 1969 they agreed on a five-year programme of partial partnership. The agreements mainly covered trade preferences. As these preferences given to the Maghreb

Map 1
The EU and its neighbourhood



countries amounted to discrimination against other Mediterranean countries, the EC gradually made agreements for preferential treatment with other countries in the region. The number of regional agreements reached 15 by the early 1970s.

The agreements resulted in disputes, as the Mediterranean countries—depending on the interests of single EC states—were treated differently and their agricultural exports were hampered by the Community's Common Agricultural Policy. Food and textiles were also problem areas. Meanwhile other economically underdeveloped countries were offered special preferences by the GSP, and when the United Kingdom joined, the Commonwealth countries gained preference, so devaluing the Mediterranean agreements.

An attempt to remedy the deficiencies of the bilateral agreements and compensate Mediterranean countries for the outcomes of the Northern Enlargement of 1973 was made in the Global Mediterranean Policy (GMP) introduced in 1972. This sought to provide free trade (unilaterally) within five years for industrial goods (except for some critical products such as textiles), while the EC gave preferential treatment to some 80 per cent of agricultural imports from the Mediterranean countries and offered financial aids and the unified treatment of the labour force issue. Under the GMP, several new agreements were made from 1974 onwards, such as association agreements with Morocco, Algeria and Tunisia in 1976, and with Egypt, Jordan, Syria and Lebanon in 1977. For political reasons, a free-trade agreement rather than an association agreement was made in 1975. Libya had no wish to reach any agreement with the Community.

After the 1973 crisis the chances to achieve a general agreement decreased.

The EC protected its agriculture with one-sided actions, if needed, and the development of the light industry was hampered by the restrictions concerning textile exports. The partnership agreements provided more advantages than a free-trade agreement in theory, although they offered few consultation rights and did not mention the prospect of full membership at all. As a result of protests from the USA, the Mediterranean countries themselves were unable to provide the EC with preferential treatment. The Southern Enlargement of the EC in the 1980s had a further detrimental effect on the southern Mediterranean countries, as the agricultural products of Spain, Portugal and Greece could enter EC markets freely and crowd out products of the region's other states.

By the 1990s, EC policy towards the Mediterranean had changed. The end of the confrontation between the two world systems was followed by a shift of concern from Eastern Europe to the South. The conclusion of Maastricht and of a peace settlement in the Middle East made it possible to add new dimensions to relations. This process began to speed up in 1995 under the Euro-Mediterranean Partnership (EMP) programme. The previous agreements reached with Arab countries were now replaced by EMP agreements under which a free-trade zone could form.

The new, global EMP consists of three separate but complementary "pillars":

- * Politics and security, aimed at defining a region of peace and political stability.
- * Economy and finance, aimed at forming an area of mutual prosperity.
- * Social, cultural and humanitarian affairs, aimed at developing human resources, inter-cultural understanding and relations between civil societies.

The process began with bilateral agreements between the EU and certain countries in the region. Most Mediterranean countries had already signed Euro-Med contracts (Tunisia, Morocco, Israel, the Palestinian Authorities, Egypt, Jordan, Algeria and Lebanon). Negotiations with Syria had been completed but the agreement had not yet been signed.

Although the concluded contracts were not identical, their structure and main points were the same. They included both

varied and it is useful to look at the three pillars separately.

The achievements in *political and security dialogue* are minor. By the launch of the process in the mid-1990s, the Middle East Peace Process was at its peak, which provided an optimistic milieu for the Partnership: peace in the region seemed within a reach, along with a wave of democratization and pluralism in the Arab countries, as in other parts of the world at that time (Latin America, Eastern Europe).

The realities of the last decade have been sobering. The prospect of peace between Palestinians and Israelis is still remote, while political and civil freedoms have been curbed further in several countries. No significant security dialogue is in place and fear of Islamist election victories paralyzes EU efforts to promote regional opposition movements or press for free elections (Geiger 2008). Yet despite the obvious failures, the Partnership is providing a framework for regular dialogue (not only on political issues), even between countries still in a state of open hostility.

Table 1
The European Neighbourhood Policy agreements

ENP countries	EU contract	Adoption of ENP Action Plan
Morocco	AA, March 2000	27.7.2005
Algeria	AA, September 2005	Not yet
Tunisia	AA, March 1998	4.7.2007
Libya	Not yet started to negotiate an AA (Euro-Med)	
Egypt	AA, June 2004	6.3.2007
Jordan	AA, May 2002	11.1.2005
Lebanon	AA, April 2006	19.1.2007
Syria	AA signature pending (expected in 2009)	
Israel	AA, June 2000	11.4.2005
Palestinian A.	Interim AA, July 1997	4.5.2005
Moldova	PCA, July 1998	22.2.2005
Ukraine	PCA, March 1998	21.2.2005
Belarus	PCA ratification suspended since 1997 (deemed undemocratic)	
Georgia	PCA, July 1999	14.11.2006
Armenia	PCA, July 1999	14.11.2006
Azerbaijan	PCA, July 1999	14.11.2006
Russia	PCA, December 1997	Opted for bilateral framework
Kazakhstan	PCA, July 1997	Expressed interest in ENP

Source: EU Commission website (<http://ec.europa.eu>)

Note: ENP = European Neighbourhood Policy. AA = Association Agreement. PCA = Partnership Contract Agreement.

the free flow of goods and terms covering capital flows, competition law and investment protection. Improved political dialogue and social and cultural cooperation were also envisaged alongside financial and economic cooperation.

How can EMP performance be rated after more than 14 years? The results are

The *economic results* have been mixed too. The Southern partners have reduced their tariffs in line with the Euro-Med agreements, but their agricultural exports to the European market have not gained compensating access, though this is a sector where the South has a comparative ad-

vantage. Attainment of the Euro-Med Free Trade Area was scheduled for 2010, but with no free trade agreements among Southern countries, it still relies on bilateral structures² that threaten the region with a negative “hub-and-spokes” structure.³ One piece of evidence for this is a persistently low level of FDI in the region by European countries.

Humble progress has been made in the *cultural field*, but the strengthening of civil society faces the same barriers as the democratization process: lack of will by the EU to face up to existing political regimes.

So the challenges in 2009 are almost the same as they were in 1995. The question is how they could be handled more successfully.

2) THE EUROPEAN NEIGHBOURHOOD POLICY (ENP)

The EU initiated a new policy for the Eastern periphery after finalizing its decision on a “Big Bang” enlargement in 2002. The Southern member-states insisted that the new policy should also cover the Mediterranean countries involved in the EMP.

The original idea was to offer the new ENP to the EMP countries and to four Eastern European countries (Russia, Ukraine, Belarus and Moldova), but in June 2004, a few months after the “Rose Revolution” in Tbilisi, it was decided to include the Cau-

² The Agadir Agreement signed in 2004 by Egypt, Tunisia, Morocco and Jordan will establish free trade between the signatories.

³ The “hub and spoke effect” applies when a large country has bilateral free trade agreements with several smaller, developing countries that have no such agreements among themselves. Production tends to cluster at the “hub”, with its better access, and be exported from there to the “spokes”.

casian republics of Georgia, Armenia and Azerbaijan. In the event, the biggest “neighbour”—Russia—opted to stay out of the scheme and develop bilateral cooperation on an allegedly more equal basis, although it remained open to similar policies and actions as those implemented with countries involved in the scheme.⁴

The EU intended to encourage the states participating in the ENP to implement serious political and economic reforms along with European standards, to create conditions for a future common space and market.

The ENP is primarily bilateral, but links in with regional and sub-regional processes. The Euro-Mediterranean Partnership remains a cornerstone for EU interaction with its Southern neighbours. The ENP and Euro-Med are mutually reinforcing: the bilateral frameworks of the ENP are better suited to promoting internal reforms, while the Euro-Med framework provides the regional context (EC 2007).

3) THE EASTERN PARTNERS

The EU enlargements in 2004 and 2007 moved the external borders of the EU eastward, changing radically the EU’s geopolitical and economic perception of the CIS region and its potential importance as economic and political partners (particularly for the new EU member-states). Before the enlargements, the CIS countries

⁴ The ENP excludes countries that have embarked on the process of acceding to the EU (Turkey, Croatia, Republic of Macedonia), those covered by the Stabilization and Association process (Serbia, Montenegro, Bosnia-Herzegovina, Albania) with the same aim, and the EFTA states (Iceland, Norway, Switzerland, Liechtenstein).

formed a second, outer ring of the EU neighbours, geographically separated from the EU by Central and East European (CEE) countries. The economic and political importance to the EU 15 of all CIS countries but Russia was limited. The EU 15's real economic and foreign policy interests in cooperating with CIS countries lay in securing oil and natural gas supplies from Russia and on obtaining a relative geopolitical stability in the post-Soviet area (avoiding a proliferation of regional and ethnic conflicts).

3.1. The Partnership and Cooperation Agreements (PCAs)

The PCAs with the CIS countries were concluded in 1994–6 and came into force in 1997–9. They have established a political dialogue between the parties and provided for a very wide range of cooperation fields.

Though the PCAs were drafted in similar fashion to the European Agreements (EAs) with CEE countries, there were important features that gave the emerging relationship a different character. Though both types of agreement established political dialogue, their aims differed substantially: dialogue under the EAs served the pre-accession process, while dialogue under the PCAs aims to consolidate rapprochement and support political and economic changes. Though the EAs, like the PCAs, contained a “political conditionality” clause, the effects were dissimilar, as the membership incentive was far more powerful than the prospect of establishing a wider area of cooperation. In addition, the institutions provided by the PCAs generally responded to those set up by the EAs, which provided for similar institutions re-

ferred to as “association” instead of “cooperation”. The main difference affecting the nature of the agreements is that the Cooperation Council of a PCA is not entitled to take decisions that impose obligations on the parties, which diminishes the importance of the institution.

Central to the failure to achieve the aims of the agreements was the lack of incentive or eagerness by both sides to implement them. The partnership was “a label on a mere trade agreement”.

The situation changed substantially with the Eastern Enlargement. Four CIS countries—Russia, Ukraine, Belarus and Moldova—became direct land neighbours of the enlarged Union. The Caucasian countries still lie some 1000 km from the nearest EU member (Romania), and only Georgia shares a maritime border with the enlarged EU, on the Black Sea. Looking further ahead, however, to Turkey's potential EU accession, that would make Armenia and Azerbaijan direct neighbours of the Union as well.

The ENP has included the PCAs as a sound basis for developing future partnership. The “political dialogue” feature introduced by the PCA has acquired a different nature under the ENP. The ENP is intended to be based on political dialogue, instead of the demand-driven approach usual under the PCAs, where there was only one party, the EU, that was obviously deciding on the scope, measures and mechanisms of the cooperation.⁵ It can be concluded that the EU, by adding the principles of joint ownership and differentiation, has tried to adapt the pre-accession

⁵ The need for political dialogue was realized even before the launch of the ENP, when the Council adopted a regulation re-launching the TACIS programme based on “an understanding that cooperation is a reciprocal process, encouraging a move from a ‘demand-driven’ to a dialogue-driven approach” (Ghazaryan 2008).

policy to the ENP as far as possible, but these principles do not sit well with the main principle of conditionality borrowed from the enlargement experience. Nevertheless, the greatest tension comes generally from the question of using the enlargement policy when membership is not offered, since this, if successful, will spawn new candidates. So the EU cannot demand similar commitments from countries being offered only “a stake in the internal market” as it can from those being offered the prospect of membership. On the whole, the ENP seems to suffer from being neither enlargement, nor foreign policy (Misroli 2008), with elements of both, but neither working appropriately.

Despite the problems outlined, these features of the ENP have been able to bring neighbours closer to the Union politically and economically. The Union can still rely on its “high status” among these countries and motivate them to undertake necessary processes for possible integration, within the region itself or with the Union. What is required from the EU is adaptation of elements in a way that allows the integration expectations of the neighbouring countries to be met. This will also allow the Union to pursue its own interests and guarantee its own security. To attain this, the Union has to make the ENP a comprehensive policy in which principles of conditionality, joint ownership and differentiation do not conflict.

3.2. The Black Sea Synergy

The prosperity, stability and security of neighbours around the Black Sea became a more immediate concern for the EU with the accession of Bulgaria and Romania,

both on the Black Sea littoral. A new EU initiative called the Black Sea Synergy was established to develop cooperation in the Black Sea region and between the region as a whole and the Union, thus adding a regional dimension to the ENP. In this sense, the Black Sea Synergy completes a chain of regional cooperation frames in the EU neighbourhood, alongside Euro-Med and the Northern Dimension.

The Black Sea Synergy will not have a secretariat, but it will try to assist in reaching political agreements and actions to be implemented by existing institutions, such as the Black Sea Economic Cooperation group (BSEC) or the Black Sea Forum (BSF), and it will be co-funded from the EU's neighbourhood policy and other existing funds. Regular meetings are envisaged between foreign ministers of EU members Romania, Bulgaria and Greece, candidate member Turkey, ENP participants Ukraine, Georgia, Armenia, Azerbaijan and Moldova, and finally Russia.

4) THE EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT (ENPI)

One of the major innovations in the Union's relations with neighbouring countries is the establishment of a unique financial instrument for the ENP as a whole. The European Neighbourhood and Partnership Instrument (ENPI) replaced the TACIS and MEDA programmes in 2007.

For the budgetary period (2000–6), the funds available were about EUR 5.3 billion for MEDA and EUR 3.1 billion for TACIS, as well as about EUR 2 billion in European Investment Bank lending for MEDA benefi-

ciary countries and EUR 500 million for TACIS beneficiary countries. For the next budgetary period (2007–13), about EUR 12 billion in EC funding is available to support these partners’ reforms—an increase of 32 per cent in real terms. Still, the new endowment lies below the initial requests of the Commission in the 2005 budget negotiations; it now incorporates headings that were previously included elsewhere in the EU budget; and ENPI money has already been used for reconstruction of Lebanon, so reducing the ac-

tion capacities, and implementation of agreed reforms. An important aim of the ENP is to improve cross-border cooperation with countries along the EU’s external land and maritime borders, thus avoiding new dividing lines.

It is also important, however, that the shares have slightly changed: 62 per cent of the Funds now goes to the South (70 before 2007), and 38 to the East (30 previously). But internal disputes over regional allocations are not over: while the “Club Med” keeps fighting, there are now more

Table 2
Basic indicators of the EU 27 and the ENP countries

	Area (km ²)	Population (’000s, 2008)	GDP (nominal USD, 2007)	GDP p. c. (PPP USD, 2007)
<i>EU</i>	4 325 675	496 200	16 905 620	32 700
Ukraine	603 700	46 191	140 484	6 916
Moldova	33 844	3 572	4 396	2 560
Belarus	207 600	9 690	44 771	10 850
Armenia	29 800	3 230	9 177	4 946
Azerbaijan	86 600	8 630	31 248	9 500
Georgia	69 700	4 380	10 176	4 667
Algeria	2 381 741	33 858	135 285	6 539
Morocco	446 550	31 343	73 275	4 063
Tunisia	163 610	10 328	35 020	7 506
Libya	1 759 540	6 160	58 333	14 721
Egypt	1 001 499	75 860	128 094	5 352
Syria	185 180	19 929	38 081	4 513
Jordan	89 342	5 924	15 832	4 903
Lebanon	10 452	4 099	24 001	10 113
Israel	22 072	7 356	161 822	25 918

Source: World Bank.

tual availability of funds (Missiroli 2008).

The ENPI is designed to target sustainable development and approximation to EU policies and standards—supporting the agreed priorities in the ENP Action Plans (as well as the Strategic Partnership with Russia, which was previously also covered by the TACIS programme). The new funding will be a far more flexible, policy-driven instrument, and the allocation of funds will depend on countries’ needs, absorp-

tion capacities, and implementation of agreed reforms. An important aim of the ENP is to improve cross-border cooperation with countries along the EU’s external land and maritime borders, thus avoiding new dividing lines.

5) ENP PARTNERS—EAST V. SOUTH

The countries participating in the ENP are quite varied, even from the EU’s point of

view. The Eastern partners are all European countries, members of the Council of Europe, and as such, based on Paragraph 237 of the Treaty of Rome, entitled to apply for full EU membership.

Of the Eastern partners, Ukraine and Moldova have the closest relations with the Union and were the first to have an Action Plan adopted. In 2007, negotiations for an enhanced agreement with Ukraine began, and it will be extended to free-trade issues once Ukraine has joined the WTO. The Commission proposed a draft regulation introducing autonomous trade preferences for the Republic of Moldova. Both countries have done well, but mainly as a consequence of internal political strife, the position of Ukraine has deteriorated substantially. The third Eastern European country, Belarus, supports the ENP in general, but Brussels set political conditions for full-scale participation. Since 2003, Belarus has nonetheless taken part in several “border programs” (with Poland and Ukraine, and with the Baltic countries), and if there is a political change, it may join the other two in the partnership process.

With the Caucasian countries, feasibility studies for possible free-trade agreements with Georgia and Armenia are being made. Much will also depend on Turkey’s future status, as their neighbour status depends largely on Ankara’s accession prospects.

The Southern partners are non-European neighbours. The three Maghreb countries among them have the closest relations with Europe, mainly due to former French colonial rule. Morocco even applied for EC membership in 1987, but the Council turned this down, saying Morocco was not a European country. Morocco and Tunisia were the first to sign Euro-Med agreements and are doing everything to exploit the opportunities in them. With

Algeria there were several problem areas, like the tense, almost warlike political situation, and the lack of economic preparedness: a one-sided structure of exports and a domestic market closed to the outside world. But Algeria’s natural resources are indispensable to the EU. The case is similar with Libya, although it opted out of the partnership in the mid-1990s. It later became an observer and both sides are looking for warmer relations now.

The partnership status of the five states of the Eastern Mediterranean and the Palestine Authority dates back to the 1970s, although their ties with the EU is not so close as those of the Maghreb countries. Their involvement was justified by the ongoing peace talks in the Near East and the active EU role in these, indeed cooperation with EU countries was rather dependent on the peace talks. Israel has an edge over other partners in the region as concerns its economy and in being an equal partner with the EU. At the beginning of the partnership process, there were hopes of economic cooperation between Israel and neighbouring Arab countries, but this did not materialize and the Arab–Israeli tension has remained.

So the question remains why the EU did not choose to make the distinction between countries and regions more explicit and treat the “sub-regional cluster” of the Union’s neighbours separately. This logic seems to be followed in some newer EU initiatives.

6) UNION FOR THE MEDITERRANEAN

The idea of a Union for the Mediterranean, previously known as a Mediterranean Union, was put out by the French President Nicolas Sarkozy. It originally implied a selective approach, suggesting that only France, Spain, Italy, Portugal and Malta should confederate with the five North African countries Morocco, Algeria, Tunisia, Mauritania and Libya. The Union was supposed to place emphasis on cooperation in the fields of counterterrorism, illegal immigration, sustainable development and energy security. It was planned as a looser grouping than the EU. Backed especially by Italy and Spain, the proposed Union was to reduce imbalances between the North and South of the EU. It later emerged as a possible alternative to Turkish EU membership, with Turkey instead forming the backbone of the new Mediterranean Union.

With modifications to the plan in March 2008, it was agreed that it would only “complete and enrich” existing EU structures and policy in the region and built upon the existing Barcelona process. Furthermore, the project would include all EU member states, not just those bordering the Mediterranean, as Sarkozy had originally planned. Turkey accepted an invitation to participate once it had received a guarantee that this would not form an alternative to Turkish EU membership.

The Union for the Mediterranean as an international organization was initiated in July 2008, as a development of the Euro-Mediterranean Partnership. It unites 43

states: all EU members and several non-EU members that border the Mediterranean.⁶ It is still not clear, however, what innovation the Union for the Mediterranean will bring to EU-Med relations, how it will help to resolve the problems of the region, and whether it will operate better than the earlier Mediterranean initiatives of the EU.

7) THE EASTERN PARTNERSHIP⁷

The Eastern Partnership (EaP) is a project formally initiated by the European Union, presented by the foreign minister of Poland with assistance from Sweden at a meeting of the Council in May 2008.

The European Council in June 2008 invited the Commission to prepare a proposal, stressing the need for a differentiated approach towards countries participating in the ENP. An extraordinary European Council in September 2008 asked for the work to be hastened, responding to a need for a clearer signal of EU commitment following the conflict in Georgia.

Poland and Sweden suggest the existing instruments for cooperation between the EU and its Eastern neighbours be complemented by intensified EU support to be directed towards the EU neighbours that have advanced furthest in implementing the European Neighbourhood Policy (ENP) instruments. It will allow for their gradual inclusion in EU policies and programmes, along with gradual integration into the EU common market. Cooperation with

⁶ Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, Palestinian Authority, Syria, Tunisia and Turkey. Libya remains an observer.

⁷ Based on EC 2008.

Ukraine is envisioned within this framework, as the country most ready for an advanced relationship with the EU. The plan is open-ended: other countries may join when willing and ready. The details were due to crystallize by March 2009.

In the medium term, the free trade areas with each country and greater support for meeting the related requirements could lead to the establishment of a network of FTAs that grow later into a Neighbourhood Economic Community. The Partnership would also cover progressive visa liberalization, deeper cooperation on energy security for the partners and the EU, and support for economic and social policies to reduce disparities in each partner country and across borders. A new Comprehensive Institution-Building (CIB) programme is planned to improve the capacity of each partner to undertake the necessary reforms.

Building on previous Commission proposals to strengthen the ENP, the EaP will reinforce interaction with all six partners, tailored to each partner's specific situation and ambitions. The level of Belarus participation will depend on the overall development of EU—Belarus relations.

The contractual frame for stronger engagement, Association Agreements (AAs), to supersede the current Partnership and Cooperation Agreements will be negotiated with partners willing and able to take on the far-reaching commitments to the EU entailed. These new agreements will create a strong political bond and promote further convergence by establishing a closer link to EU legislation and standards. They will also advance cooperation on Common Foreign and Security Policy and European Security and Defence Policy.

AAs will include the goal of establishing a deep and comprehensive free trade area

(DCFTA) with each partner country, once these countries have joined the WTO.⁸ They will cover almost all trade, including energy, and aim at the highest possible degree of liberalization (with asymmetry in its pace). They will contain legally binding commitments on regulatory approximation in trade-related areas, and create real long-term prospects of enhanced movement of goods, capital and service supply. In parallel, sectoral measures will be pursued to facilitate market access for partners.

The EU will encourage these countries to establish a network of regional free-trade agreements among themselves, based on the bilateral commitments undertaken in the DCFTAs with the EU. This will strongly enhance intra-regional trade and economic integration and complement efforts to integrate better with the EU economy. An important contributor to further economic integration will be the diagonal cumulation of origin. A further possible step is to create a Neighbourhood Economic Community similar to the existing European Economic Area.⁹ In the longer term, such a Community could offer full access to the single market as well.¹⁰

To promote the legal movement of people, the Commission plans to offer a Mobility and Security Pact, under which the EU will initiate talks on visa facilitation with partners, create better consular coverage through Common Visa Application

⁸ Only Azerbaijan and Belarus have yet to conclude their WTO accession negotiations.

⁹ Iceland, Liechtenstein, Norway and the EU member-states.

¹⁰ This would require partners to develop the capacity of their economies to withstand the competitive pressures of the single market and show not only willingness to adopt all relevant elements of the EU *acquis*, but a capacity to implement them, with comparable standards and practices. This will call for substantially increased technical assistance.

centres, and in the longer term open up dialogues on visa-free travel. Of course, the speed will be tailored to situation in each partner country.

Unlike the Union for the Mediterranean, the EaP will not have a secretariat, but be controlled directly by the European Commission.

8) DISPUTES ON THE FUTURE OF THE ENP

Germany, France and some other countries are not quite happy with the possibility of the EaP being seen as a stepping stone to membership (especially for Ukraine), whereas Poland and other Eastern states have explicitly welcomed this. Bulgaria and Romania are cautious, fearing the Black Sea Forum for Partnership and Dialogue and the Organization of the Black Sea Economic Cooperation could be undermined.

The German position is rather ambiguous: the initiative can be considered as a counter to the Mediterranean Union proposed by French President Nicolas Sarkozy, approved in March 2009—albeit in a limited version. Germany initially opposed the French initiative as too broad, with nine different agencies and even a Mediterranean Union bank, so that it could have diverted most EU development aid to the Mediterranean basin. So the EaP may be an attempt by Germany (and Poland and Sweden) to restore balance to the way the EU deals with its neighbours and potential future EU members—although most countries covered by the initiatives have next to no chance of EU membership in the next decade or two.

Poland, which crafted the proposal, brought Sweden to lend it the credibility of a more established member-state in the Union's eyes. This was a sound decision, because the European Union would not have taken kindly to Poland alone shaping EU policy for dealing with its Eastern European neighbours, some of them still firmly in the Russian orbit. Modern history has left Poland staunchly anti-Russian, and there are directly competing economic interests in their shared neighbourhood.

Moscow is understandably displeased with Warsaw's leadership in the initiative. As it happens, Polish interests on this matter mesh well with those of the EU, for Brussels also wants to isolate Russia and continues to chip away at its periphery. In this sense the Polish proposal ties in better with EU interests than does the French concept for the Mediterranean.

The presence of a strategic policy is a must for three other reasons. (1) The existing framework policy, the ENP, covers at least 15 countries in four regions (Eastern Europe, the Caucasus, the Levant and North Africa) and the challenge is not to tailor ENP policies to individual countries but to address the regional level. (2) The ENP has moved into the Russian sphere of influence and challenges Russian policy, notably in respect to liberal values. The EU can only hope to cope with Russia if it is clear in its priorities on such matters as democracy promotion and energy imports. (3) The ENP overlaps with US interests as well. Geopolitically, the United States has an interest in influencing events in the Eurasian periphery and organizing local partner relationships to enable this. The ENP may signal that the EU is readier and more able to engage in such partnership, but it will depend on the development of an ENP strategy that builds explicitly on the transatlantic geopolitical link and seeks

the alignment of Atlantic positions (Rynning and Jensen 2008)

9) HUNGARY AND THE ENP

Most new member-states of the EU have political and economic histories that are closely related to the countries of the former USSR, most of all the common experience of communist rule. Some (parts of Poland, the Baltic littoral, Finland) were part of the Tsarist Russian empire. In several cases, there are close ethnic and cultural ties between new-member and candidate states on the one hand and CIS countries on the other (Romania/Moldova, Poland/Belarus/Ukraine, the Baltic states with their Russian minorities, the Hungarian minority in Ukraine, and Turkey/Azerbaijan/most of post-Soviet Central Asia).

Ukraine is definitely the key ENP country for Hungary, due to their neighbouring positions: its transit role, the dynamically growing bilateral economic links, and the presence of a Hungarian opposition in focusing on the minority issue and Hungarian activities in Subcarpathia (Karpats'ka Ukrayina). The minority issues there have recently become a central element in the official Hungarian course as well. Moldova is another important ENP target country, where Hungary is active in European border-assistance projects. Hungary would like to see a deepening of EU-Moldavian relations and is prepared to contribute to it. Belarus, on the other hand, is addressed far less. Generally speaking, the Eastern priorities of the ENP have key importance for Hungary, while the Mediterranean dimension does not.

Hungary is among the EU member-states especially interested in developing EU–Ukrainian relations, notably the conclusion of an “enhanced agreement”. For several years, Hungary has officially supported the idea of a free-trade zone with Ukraine on EU level and agrees with the suggested “deep and comprehensive free trade”, which encompasses a rapprochement of the European and Ukrainian economies.

Hungary’s strategic aim of deepening and differentiating the ENP leads it to suggest a so-called “intermediate” legal solution between the ENP and a clear offer of EU membership, especially in the unique case of Ukraine, for which Budapest deems it necessary not to exclude possible membership, though the timetable remains open. Hungary could envisage such an “enhanced agreement” as equivalent to an association agreement in terms of political dialogue and deepening economic integration.

To sum up, Hungary is a firm supporter of the Ukrainian–EU integration process. In the long term it would like to see all its neighbours within the EU, and in general takes the official view that the Copenhagen criteria still create appropriate conditions for further enlargement.

Illegal immigration from the East across the Ukrainian border (including transit and Ukrainian immigrants) combined with consequences of illegal work is one of the major challenges Hungary faces from its Eastern neighbours. However, the aim of enabling the greatest possible freedom for ethnic Hungarians in Ukraine gives Hungary an interest in strengthening the “linking role” of borders. So Hungary supports all initiatives aimed at creating within the Schengen system a visa regime that is

workable for the EU and affordable for Ukrainian citizens.

While not altogether alien to Hungarian history, the Mediterranean region has not been a priority in foreign policy over the past few decades. That applied particularly in the period before Hungary became an official candidate for EU membership. Thus the Hungarian national attitude to the Euro-Mediterranean Partnership (EMP) and the Mediterranean has evolved in the context of EU integration and been shaped by general considerations such as the geopolitical situation of the country and its past experiences.

For Hungary the EMP is an important route to security for Europe as a whole through relations with the southern shore of the Mediterranean on several levels. Hungary participates actively in all relevant structures and activities of the Partnership, but its capabilities are limited geographically and economically. Hungary is still “learning” its policy-making in an international context and the EMP is a moving target, perceived more in terms of bilateral relations than as a form of integrated cooperation. It has economic and trading, as well as security interests in the region, and tries to pursue them within an EU framework. It aims to do so also through the “human capital” of former southern Mediterranean students in Hungary and Hungarians who formerly worked in the southern Mediterranean. Public awareness of the EMP is very limited and outside limited official circles debated only in a restricted academic context.

Hungary is also concerned with southern security threats perceived by the EU (migration, political and economic instability, spill-over of local conflicts, terrorism, smuggling, organized crime, *etc.*), but Hungary’s immediate neighbourhood to

the Balkans made their problems more immediate, especially during the Yugoslav conflicts of the 1990s and those in Ukraine and Moldova. Such threats are only sporadically associated with the southern Mediterranean states.

This perception of the Balkans rather than the Mediterranean as the source of threat makes the European Neighbourhood Policy (ENP) the key framework for Hungary, as both the Balkans and Eastern Europe are adjacent. The perception is of a special understanding and knowledge of the Balkans, through shared political, economic and cultural history. Hungary has no sizeable Muslim communities or reactive Islamophobia, except among small groups, and that too enlarges its scope in the Mediterranean.

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Appendix
The European Neighbourhood Policy in a nutshell

GEOGRAPHIC COVERAGE	Eastern Europe,	Belarus, my Ukraine	
	Southern Mediterranean	Algeria, Egypt. Israel, Jordan. Lebanon. Libya, Morocco, Palestinian, Authority, Syria, Tunisia	
	Southern Caucasus	Armenia, Azerbaijan, Georgia	
OBJECTIVES	1. Strengthening stability, security and well-being for EU; member states and neighbouring countries,		
	2. Preventing the emergence of new dividing lines between the enlarged EU and its neighbours.		
WHAT IS OFFERED	Short term: Reinforced political, security, economic and cultural cooperation (through 11 incentives)	1. Extension of be internal market and regulatory structures:	
		2. preferential trading relations and market opening;	
		3. Perspective for lawful migration and movement of persons;	
		4. Intensified cooperation to prevent and combat common security threats;	
		5. Greater EU political involvement in conflict prevention and crisis management	
		6. Greater efforts to promote human rights, further cultural co-operation and enhance mutual understanding :	
		7. Integration into transport, energy and telecommunications networks and the European research area:	
		8. New instruments for investment promotion and protection;	
		9. Support for integration into the global trading system;	
		10. Enhanced assistance. better tailored to needs:	
	11. New sources of		
Long term;	Some economic and political A integration		
WHAT IS ASKED	Commitment to common values in the following fields:	Democracy	
		Rule of law	
		Good governance	
		Respect for human rights (including minority rights)	
		Promotion of good neighbourly relations	
		Principles of market economy, free trade, sustainable development and poverty reduction	
		Essential aspects of it EU's eternal action (the fight against terrorism and Q proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution)	
INSTRUMENTS	Short term:	Action Plans	
	Long term:	European Neighbourhood Agreement,	
ACTION PLANS	Guiding principles:	Joint ownership	
		Differentiation	
	Two broad priority areas	Commitments to shared values and to certain objectives of foreign and security policy	Strengthening democracy and the rule of law, the reform of the judiciary and the Strengthening against corruption and organised crime;
			Respect of human right; and fundamental freedoms (including freedom of media expression), rights of minorities and children, Sender equality, trade union rights and other core labour standards, and fight against the practice of torture and prevention of ill-treatment:
			Support for the development of civil society;
			and cooperation with the International Criminal Court;
		The fight against terrorism and Proliferation of weapons of mass destruction, as well abidance by international law and efforts to achieve conflict resolution.	
		Commitments which will bring partner countries closer to the EU	Political dialogue and reform,
			Trade and economic reform;
			Equitable socio-economic development,
Justice and home affairs:			
	Connecting the neighbourhood transport (energy, environment, information society, environment, research and development);		
	People to people contacts		
Progress monitoring	In the bodies established by the Partnership and Cooperation Agreements or Association Agreements. The Commission will report periodically on progress accomplished.		

Source: Baracani 2005.