The EU neighbourhood in shambles

Some recommendations for a new European neighbourhood strategy
Executive Summary

An “arc of instability” stretching from the European Union’s (EU) eastern borders down to the Mediterranean basin has undermined its flagship European Neighbourhood Policy (ENP). This policy was designed to deliver prosperity, stability and democracy to countries surrounding the EU. It has manifestly failed and needs to be radically rethought.

Starting with a *tabula rasa*, the EU should abandon the very concept of a heterogeneous “neighbourhood” in the face of glaring differences among the 16 countries affected, not least because some are uninterested in reform; others may even be failed states. EU member states are themselves pursuing divergent interests and goals.

A fundamental review of the ENP should lead to more differentiated, targeted measures to promote “transformational change” within neighbouring states ready to accept it. The EU should offer revised incentives such as participation within the proposed “energy union” or freer trade designed to aid local economic development. It should embrace a wider range of actors, including civil society, promote entrepreneurship and help reform countries’ police and military forces.

The review should reassert common EU institutions in negotiating and working with neighbours and give them a central role in preventing and resolving conflicts as well as promoting democratic reform and economic stability. This revised ENP should help underpin the EU’s efforts to forge a genuine Common Foreign and Security Policy.

For her invaluable substantial input we would like to thank Rosa Balfour, Director for Europe in the World, European Policy Center, Brussels. David Gow, former European business editor of The Guardian, did a great editorial job. Within their work in the Bertelsmann Stiftung project “Connecting Europe”, Katharina Barić, Christian-Peter Hanelt, Gabriele Schöler, Christiane Weidenfeld and Stefani Weiss made significant textual and structural contributions to this paper.
The EU neighbourhood in shambles

Shaking up European Neighbourhood Policy (ENP)

an “arc of instability”

The destabilisation of much of the European Union’s (EU) eastern and southern neighbourhood has brought to the fore the degree of interdependence in the European continent and extended Mediterranean basin. This “arc of instability” stretching across the EU’s borders from the South West to the North East highlights Europe’s own fragility at a time when its political institutions – fractured by the economic crisis – are less able to address external challenges and foster stability beyond its borders.

objectives of the ENP

The ENP was developed in 2014 “with the objective of avoiding the emergence of new dividing lines between the enlarged EU and our neighbours and instead strengthening the prosperity, stability and security of all.”¹ After a first review process in 2010/11, a strong focus was placed on the “promotion of deep and sustainable democracy, accompanied by inclusive economic development”.² The ENP, in a nutshell, has been conceived of as a set of tools to support states that meet certain criteria in their transformation towards democracy and a market economy. In this respect, it has certainly achieved a number of successes given that only roughly 20 bn euros are allocated to altogether 16 partner countries³ within the Multiannual Financial Framework 2014–20.⁴

However, the ENP has not managed to bring peace and stability to many of its partner countries over the last decade and more, partly as it has at no time ever been conceived of as a means to either embody or buttress a Common Foreign and Security Policy (CFSP) on the European level.

The ENP is only one of the prisms through which the EU and its members engage with the sixteen neighbouring countries. There are two EU regional initiatives, the Union for the Mediterranean (UfM) and the Eastern Partnership (EaP), as well as CFSP and Common Security and Defence Policy (CSDP) missions which all embrace a broader range of policies, diplomacy and relationships than the ENP proper. More critically, EU member states enjoy bilateral relations with neighbourhood countries that frequently are not aligned with ENP or CFSP objectives and initiatives.

The situation in the neighbouring states has evolved significantly over the past ten years. In many countries, geopolitical turmoil and revolutionary transformations have occurred or are still taking place, preventing the ENP from meeting its objectives. The current framework – which meets neither the aspirations of the 16 neighbours nor the expectations of the EU – has to respond to new needs. This calls for a fundamental review of how the EU engages with its neighbours, including not only a complete overhaul of its ENP.

The EU should now, therefore, make a tabula rasa and rethink its objectives and influence in the surrounding regions, its tools and policies to carry out these objectives, and the willingness of its members to take part.

² Ibid.
³ The ENP covers Algeria, Egypt, Israel, Jordan, Morocco, Lebanon, Libya, the Palestinian Authority, Syria, Tunisia in the South and Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine in the East. Russia has a special status with the EU-Russia Common Spaces instead of ENP participation.
This involves an analytical exercise and political process to understand the reasons for the main political misunderstandings of the past decade, identify drivers and processes leading towards a new policy, and some creative new ideas.

The trouble with the ENP began at the start

From its very conception, the ENP was beset with dilemmas that were never fully addressed.

The first dilemma is existential for the EU. The ENP has never clarified its ambiguous relationship with EU enlargement. Its approach and methodology were imported from the accession strategy culminating in the EU’s expansions of 2004 – 2007; it also raised expectations about its end game: was the EU willing to open its doors to further countries? Could the ENP support the reform efforts of neighbouring countries to become liberal democracies without offering accession?

The second issue is about heterogeneity. The “neighbourhood” has become increasingly diverse and volatile: this calls into question the rationale for keeping these sixteen countries inside the same framework. Hence the frequently heard call to split the “neighbourhood” between the East, which eventually may legitimately see the prospect of accession, and the South, which would require a qualitatively different set of policies. This demarcation, however, is flawed, as it only reflects geographical differences. One key cleavage now is between those countries seeking deeper forms of integration and cooperation with the EU and those which do not. The current design of the ENP can only be relevant towards those (few) countries which aim to get closer to the EU. The ENP is not the means to deal with challenges in countries unwilling to cooperate with Brussels. They have to be dealt with in the broader context of a European CFSP.

Given budgetary commitments, the EU is likely to maintain the current set up and continue to pursue differentiation in response to the growing diversity among countries. This differentiation impacts on the EU’s use of conditionality, another key principle of the ENP. This was strengthened in 2011 with the “more for more/less for less” mantra – widely criticized not least because its record has been ineffective, inconsistent and haphazardly applied. Nonetheless, forms of conditionality are embedded in the ENP because many of the tools the EU has to offer are geared towards reforms.

The incentives don’t always work

The trend is towards incentive-based policies. These, however, leave unanswered the question of what to do with those countries and actors who are not interested in the EU’s offer or unable to accept them: first, autocratic regimes uninterested in democratic reforms but perhaps ready to use intricate stonewalling tactics in order to gain economic benefits. Then, for geostrategic or ideological reasons, there are countries that are influenced, threatened or even blackmailed by third powers, as we see in many of the frozen conflicts on the territory of the former Soviet Union. Last but not least, there is the group of failing states where governments or what is left of them are too weak to implement the reform policies asked for by the EU.
Therefore, the ENP has suffered from a gap between intentions and delivery. In the receiving countries, this has largely been because the ENP relies on stable and committed governments to pursue reform requirements — and there are not enough of these. Decision-makers in the neighbouring countries will ultimately have to realise that administrative processes need legality and anti-corruption measures must come into effect, if countries want to attract foreign direct investment.

On the EU side, the gap exists because, all in all, financial assistance was and still is very limited. During the past decade the structural problems of unemployment and anaemic growth at the root of instability have scarcely been addressed despite this being the supposed prime objective of EU aid.

Failing to find the common weal

Heading south, the picture is even more fragmented. Beyond the traditionally divisive issue of Israel’s role, member states have differing relations with each country and different perceptions of challenges and risks coming from the Mediterranean basin and the Middle East. The legacy of colonial relations, geographical proximity, the nature of the challenges, and the variety of security, commercial, migration, and developmental interests all make member states divided on virtually everything.

This jigsaw puzzle is mirrored in the inability of the EU as a whole to share a common understanding of the challenges emanating from the “neighbourhoods”: the basis of any definition of strictly EU interests, priorities and aims.

So far, the ENP has neither driven a political will for engagement, nor has it forced EU member states to adapt their national policies in light of what they had agreed in Brussels. The forthcoming review of the ENP will need to bring the member states closer to each other. The challenge remains to find the triggers motivating the member states to better coordinate their national interests for the common weal.

How to drive renewal of the ENP

The diversity of interests driving EU policy in the “neighbourhood” is the most important reason why the ENP has not been as relevant as envisaged to the countries involved and the many challenges they have faced during the past decade. This means that any review process needs to vigorously address this cognitive and strategic gap and transcend a review of the existing ENP tool-box. In the absence of a real CFSP, this remains an all-European political challenge.

---

A better understanding of the neighbourhood through shared bottom-up analysis

A common assessment of the challenges and opportunities facing the EU needs to underpin any upcoming policy. There will always be a degree of diversity, but an upgrade of the EU’s commitment requires overcoming the incoherence and contradictions of current policies.

The starting point should be to streamline the analysis and make greater efforts in information-gathering and intelligence-sharing. The EU and its member states have a formidable network of diplomatic missions in the neighbouring countries. They should consider and use this as a real opportunity for progress.

EU Delegations have been coordinating some activities of national diplomacies since the entry into force of the Lisbon Treaty and have been improving their reporting capacity. More two-way information and intelligence sharing between national and EU missions and increased common political reporting would help foster a more common understanding of the developments in individual countries. This would help avoid major diplomatic blunders such as the apparent unpreparedness of the EU in the run-up to the Vilnius summit of November 2013 which sparked the second Ukrainian revolution.

The range of issues upon which the EU Delegations report also needs to be broadened to embrace conflict analysis and to identify a broader range of governmental and non-governmental interlocutors to consult when identifying the priorities and needs of partners. National missions should reduce their reporting to strictly bilateral issues and support EU Delegations in their tasks. This might require beefing up staff resources in the EU delegations and, at the same time, reducing staff resources in the national embassies. This would spare member states money and lead to more synergies.

New drivers of the ENP?

Who could provide policy entrepreneurship within the EU? Traditional patterns have seen France, Spain and Italy batting for the South Mediterranean and recently Poland, the Baltic states, and Sweden promote policies towards Eastern Europe. Since the economic crisis, these patterns have been less visible, especially in Southern Europe, while Germany has stepped up its role in Europe’s neighbourly relations. The Commission played a key role in conceiving the ENP in 2003-4 and is likely to renew this ambition. Conversely, during its initial years the European External Action Service (EEAS), despite the “neighbourhood” being identified as a key priority of its first mandate, did not play an important role in fashioning EU policies towards the region.

The required new approach needs analysis from EU actors on the ground, such as in Delegations, innovative thinking from experts free of vested interests or institutional affiliation, the buy-in

---

6 Bertelsmann Stiftung, ed., The European Added Value of EU Spending: Can the EU Help its Member States to Save Money? Exploratory Study (Gütersloh, 2013), pp. 56ff; https://www.bertelsmann-stiftung.de/fileadmin/files/BS/Publikationen/GraefPublikationen/Gr_P/The_European_Added_Value_of_EU_Spending.pdf
The EU neighbourhood in shambles

and ownership of those who need to ensure that the policy is carried out, including the member states, an understanding of what the partners (governmental and non-governmental) in the “neighbourhood” would like to see the EU do; it needs to avoid producing another “apple-pie” policy aimed at being all things for all men but achieving little.

The EEAS, meanwhile, needs to work with the Commission to bind strategic thinking and the foreign and security toolbox to the traditionally Commission-led packages of the ENP. But institutional vested interests may get in the way: The Commission would hardly be keen on what it might consider interference from the EEAS. Moreover, the European Parliament would not be eager to support an apparent breach of the community method.

Putting the EU at the centre of the review

The so-called Weimar Group formed by Germany, France and Poland, which issued a few first proposals in April 2013, has shown early leadership. But if the whole review is to be meaningful, EU institutions must be given centrality in moving the process forward. This means, the Commission, (in charge of ENP) and the European Council (in charge of CFSP) have to work hand in hand. In addition, the member states must be fully involved. Indeed, the Weimar Group may constitute the core of a network of committed member states, but it is hard to imagine a future strategic approach to the neighbourhood without the involvement of other key countries, such as Britain, Italy, and Spain.

“Minilateral” approaches within the EU may help steer policies when reaching consensus at twenty-eight is impossible, but solutions for reaching out to other groups of countries need to be encompassed. Discussions among member states could also be extended to include other national institutions. Given the nature of the challenges in the neighbourhood, more regular discussions among strategic ministries and with national parliaments would also help to create support for a new approach to the EU’s neighbourhood.

Ways forward

The conflicts in North Africa and the Middle East, and in Eastern Europe, are a consequence both of enduring state fragility since decolonization and the dissolution of the Soviet Union, and of the absence of meaningful transformation following the popular uprisings that have swept through the EU’s “neighbourhood” since 2003. Further demands for change and destabilizing turmoil can both be expected in the years to come while existing conflicts are unlikely to reach peaceful solutions soon.

So the new approach would be fundamentally flawed if it aimed purely at restoring some form of stability in the regions without addressing the root causes of current instability: absence of transformation and political inclusion. At the same time, previous attempts to promote transformational change were undermined by over-estimating the EU’s gravitational power, on the one hand, and the west’s possibilities for social engineering, on the other: the EU has, to date, hardly been successful in supporting state-building from the outside, if the carrot is not as big as
The EU neighbourhood in shambles

EU accession. But its attraction has not entirely disappeared – and will remain if it adopts a much more nuanced, targeted and sensitive posture.

Energy supplies and security, furthermore, are key interests of member states that so far have been pursued at national rather than EU level. Alongside the potential for greater EU integration through the proposed “Energy Union”, security of supply and infrastructural development (pipelines, electricity grids, distribution networks) could be a field in which win-win projects can be developed together with neighbours. Projects such as Desertec could point into the right direction; however if they are to be successful and beneficial, all parties involved need to be included in planning and implementing them.

For all the countries surrounding the EU, economic development remains a key priority through flows in capital, goods, people and know-how. This can only be achieved in a secure environment. Far more cooperation on security and defence matters should, therefore, be included in the upcoming reviews of the neighbourhood policy.

In the absence of a fundamental rethink of the concept of “neighbourhood” itself, the EU will be obliged to address the relationship between differentiation, conditionality and the ultimate aims of any new policy vis-à-vis its neighbours. If conditionality works only with committed governments enjoying domestic support, how far should the EU expect these reforms to go? And how should it reward these governments and societies? How and when should the EU engage with those countries that are not committed to domestic reform?

“One size does not fit all” – Treat the partners individually rather than as a group of countries

The current framing of the debate is not conducive to a radical overhaul of the policy as it maintains the flawed concept of “neighbourhood” to address the same sixteen countries surrounding the EU – excluding the two key neighbours of Russia and Turkey.

As a result, “differentiation” can be applied with greater sophistication. Even within the existing framework, the EU can invest far more heavily in those countries and actors which are committed to working towards economically and politically sustainable models of stability, such as Tunisia in the south, Moldova and Georgia in the east. Even within the same financial framework, more generous aid packages can be devised for these countries, monitored according to carefully crafted conditions to ensure accountability. On top of this, they will be required to support local institutions make appropriate use of the funding received, such as through public administration capacity-building (local authority twinning is one proven example of constructive co-operation).

---


8 Strictly speaking, Armenia, Azerbaijan and Jordan do not share a border with the EU.

The EU neighbourhood in shambles

Enhance existing incentives: cultural and free-trade cooperation

Above all, the EU needs to offer incentives that are of interest to partner countries. Existing visa regimes ought to be individually revised. Migration needs to be regulated in a much fairer way. Education and professional training in many countries ought to be managed and supported; student exchange programmes such as ERASMUS would be starting points which could fairly quickly and at rather low cost be adapted to the needs of neighbouring countries and their youth.

Trade liberalization needs to be designed to support the neighbouring countries, to include goods and products of relevance to the poorer countries (agricultural products, textiles, services), not just to facilitate the export of EU-produced industrial goods. And these measures should be accompanied by greater generosity in offering mobility packages. Both fields remain politically contentious for some EU member states as such a redesign would also require incentives for EU member countries such as Portugal, Spain, Greece or Poland, which have their own agricultural markets to protect.

Support actors working for peace and political inclusion at national, subnational and non-governmental level

Success stories, such as Tunisia’s transition process or Moldova’s continued support of European integration, are usually the result of very specific domestic circumstances. Pro-reform and pro-EU actors exist in most other countries but are not in government. The EU needs to develop more nuanced approaches: support with far greater investment, both politically and in terms of resources, those actors committed to transforming their societies towards sustainable and inclusive polities. Some can be identified at the local level, such as regional or local governments, or through civil society groups. Of course, this must be a two-way process.

One way of mobilizing support would be a broad anti-corruption initiative (via awareness-building, civil society campaigns, local administration reform, special projects) that would respond to one of the greatest complaints of citizens across the EU “neighbourhood”. Anti-corruption initiatives could also build bridges between the “neighbourhood” and the EU, which is not immune from corruption and which has experienced many examples of citizen activism. This would also help break down the barriers between citizens across the “neighbourhood”.

Civil society support

Support of civil society is fundamental. The next ENP should be framed as a policy designed primarily for citizens. Aid tools and competences to support civil society have been enhanced over recent years but this has not been accompanied by one crucial dimension: diplomatic action on behalf of civil society. The continuous violation of individual rights in most countries of the neighbourhood simply cannot continue to go unnoticed by EU governments.
Entrepreneurship

Civil society support is not just about political NGOs. Economic entrepreneurship should be a focus of EU activity, and this can be undertaken in a pan-European and South Mediterranean context. Create a special fund to support SMEs in the EU neighbourhood as well as in Europe, to support citizens’ initiatives for economic development and mobility while also tapping into migrant communities and circular workers. This bottom-up policy needs to be accompanied by EU support for government-led administrative reform, including at local level, with a view towards promoting entrepreneurship. Educational programmes could also form part of this initiative.

International recognition

The EU can offer far more political recognition and international prestige to the countries that respond to this approach by strengthening bilateral relations, via diplomacy and summitry to increase dialogue on issues of common interest and on global challenges. Consulting partner countries on matters of international politics or global governance can give a deeper sense of partnership among equals and broaden the scope for global alliances. This is an underestimated asset.

Political and security dialogue and cooperation

Beyond traditional diplomacy, the EU should promote greater dialogue on political and security cooperation and extend participation in CFSP and CSDP projects to neighbours. There are a number of fields where joint action could be envisaged: maritime security, border control, countering radicalization, responding to natural disasters. Here the focus can be on joint missions with the twin aim of addressing the problem and strengthening the partners’ capacity to address the challenge.

The security sector

Even within the current ENP framework, far more targeted initiatives can be identified on a country-by-country basis. In some contexts the EU may be able to promote Security Sector Reform (SSR) to improve a country’s police and military forces (a field in need of much reform in most countries given that SSR is difficult in countries that have stable yet non-democratic regimes, such as Egypt or Algeria, and is out of the question in countries where civil wars rage). In others it may be more appropriate to promote civil society capacity to monitor a state’s security forces’ compliance with UN-based conventions. In any case, as a prerequisite for further support far more attention needs to be given to the security sector in all 16 countries. Training in international practices (such as respect for human rights in law enforcement) should be included throughout.

Bind neighbouring countries to major pan-European infrastructure and integration projects

Some ENP countries already participate in EU initiatives, such as in Science and Technology cooperation. They could also be brought into the picture with larger projects requiring investments (from the EU member states, from partnering countries, from international institutions). Energy
security could be a field in which win-win solutions can be found among all EU/ENP participating countries and other neighbours. For instance, the current discussions on the emerging “Energy Union” could be extended to selected neighbouring countries.

Identify together with partners in the region clusters of areas for cooperation, including in fields which may be less heavily politicized, and allow for the inclusion of a broader range of state, non-state actors and regional players on issues such as anti-corruption, water management, energy, mobility, economic development.

**Foster bilateralism and regionalism**

The current trend in the EU is towards greater bilateralism and differentiation between countries. This requires analysis of sub-national and local situations as well as national ones in far deeper and effective ways than hitherto. However, one can start to envisage a longer-term framework for cooperation between states, regions and peoples. Ultimately, in a globalized world, states cannot flourish on their own and cooperation to foster greater integration becomes part of the agenda.

These links need be neither institutionalized nor exclusive. Multiple, flexible and variable patterns of cooperation, cutting across the current EU-driven distinctions between existing arrangements (ENP, Ea, UfM) and other set-ups (the League of Arab States, the African Union, the Eurasian Union) can be envisaged on a more ad hoc basis – possibly as stepping stones for new forms of regionalism in future.

**International diplomacy**

To achieve effective and robust structures and mechanisms, the dialogue with other actors working in the region needs to be strengthened, the US in primis, but also with Turkey, Iran, the Gulf states, and with Russia, once a modus vivendi with Moscow is found. Given the broader geopolitical context, this is not only in the interest of the neighbouring countries, but also in the EU’s and those actors’ own interests. However, avoid “outsourcing” the management of the major challenges to these states. Their views and aims do not always coincide with Europe’s (assuming the EU has a common view on given issues).

**Forging a Common Foreign and Security Policy**

Under the impact of the Yugoslav wars, as early as 2003, then High Representative for the Common Foreign and Security Policy, Javier Solana, stated in his security strategy "A Secure Europe in a Better World":

“The integration of acceding states increases our security but also brings the EU closer to troubled areas. 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. The importance of this is best illustrated in the Balkans. Through our concerted efforts with the US, Russia, NATO and other international partners, the stability of the region is no longer threatened...
by the outbreak of major conflict. The credibility of our foreign policy depends on the consolidation of our achievements there.”

What he said about the Balkans could now rightly be said about many of our neighbouring countries. And it is somewhat frustrating to see that not much has been achieved since then in terms of European foreign policy, which ought to provide the backbone for any efforts to support the transformation of states around us towards peace, stability, democracy and economic welfare.

The ENP, of course, was never conceived as a conflict-relevant tool. Yet conflicts in the countries addressed by the policy have prevented the ENP from being put into practice. Many citizens and experts from the neighbouring countries believe there is a greater role for the EU to play in both conflict prevention and peace-building. The range of crises and the specificity of each one of them makes it impossible to make generalized conclusions as to when, how and who should be more involved in negotiating crisis resolution. However, one starting point would be to strengthen the EU’s capacity for conflict analysis, conflict prevention and early warning, and to improve the mobilization and deployment of CSFP and aid tools in a more holistic way.

The EU, together with its Delegations, can play a vital role in organizing post-conflict platforms to ensure inclusive transition processes. It can strengthen its role in mobilizing and/or supporting other international efforts for peace and post-conflict reconstruction. Finally, the EU should not shy away from more direct interventions and mediation in emerging conflicts where the circumstances favour such options. After all, the EU played a crucial role in the 2004 Orange Revolution, in the 2008 war in Georgia, in the 2013 Serbia-Kosovo Agreement. These need not be isolated cases.

If the inter-institutional task force set up between the European Commission and the EEAS can drive through a thorough review process, this exercise should, first of all, be dovetailed with the progress report on security and defence which the new High Representative Federica Mogherini needs to present to the European Council meeting in June 2015. Only by bringing together these assessments of the ENP and of the EU’s security and defence aims and capabilities can the EU hope to make its engagement with its neighbours more effective.

The ENP alone is a development policy meant to incentivise and to assist reforms in the 16 neighbouring countries. Yet as long as the EU fails to take security-policy and geopolitical interests of these countries into account and answer the needs resulting from them, the ENP tools, no matter how often they may be reviewed and adapted, cannot take effect. Any efforts to support the transformation of states around us towards peace, stability, democracy and economic welfare must be based on and backed by a truly common European foreign and security policy, which is, sadly, still lacking.

---

The EU neighbourhood in shambles
Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany

Joachim Fritz-Vannahme
joachim.vannahme@bertelsmann-stiftung.de
+49 5241 81-81421

Gabriele Schöler
gabriele.schoeler@bertelsmann-stiftung.de
+49 5241 81-81205

www.bertelsmann-stiftung.de