



From Barcelona Process to Neighbourhood Policy

Assessments and Open Issues

Michael Emerson and Gergana Noutcheva

Abstract

The Barcelona process so far has been a valuable systemic/institutional advance in Euro-Med relations and a confidence-building measure on a large scale. But it has not been a sufficient driving force to have created a momentum of economic, political and social advance in the partner states. It is therefore quite plausible that the EU should seek some new advance – through the European Neighbourhood Policy (ENP) – to build on the positive features of Barcelona and so try to introduce some new driving force. The Action Plans currently being adopted seek to make the often vague intentions of the Association Agreements of the Barcelona process more operational by linking them to either domestic policy programmes of the partner state or to EU policy norms and standards as an external anchor. In this paper we first crystallise alternative approaches for the ENP to become a real driving force under the headings of ‘conditionality’ and ‘socialisation’. The conditionality concept would mean that the EU sets out i) what incentives it offers, and ii) the conditions on which these incentives would be delivered. The socialisation concept relies essentially on a learning process that comes from the extensive interaction between actors in the partner states and the EU, which induces the partner states to engage in policy reforms that are to a degree modelled on EU norms or derive some inspiration from them. For the EU to become a driving force for reform in the region also requires that it does not have to face an uphill struggle against negative tendencies, for example in the widening and deepening of radical Islam – and here the issue of coherence in the approaches of the EU and US together is paramount.

Michael Emerson is a Senior Research Fellow and Gergana Noutcheva is a Research Fellow at the Centre for European Policy Studies (CEPS), Brussels. The paper was prepared within the framework of the CEPS’ *Stratagen* programme (see inside back cover), for which support by the Open Society Institute and the Compagnia di San Paolo is gratefully acknowledged. The work to prepare this report was funded by the UK Department for International Development (DFID); however, the views contained herein are those of the authors only.

CEPS Working Documents are published to give an indication of the work within various research programmes at CEPS and to stimulate reactions from other experts in the field. Unless otherwise indicated, the views expressed are attributable only to the authors in a personal capacity and not to any institution with which they are associated.

ISBN 92-9079-557-3

Available for free downloading from the CEPS website (<http://www.ceps.be>)

© Copyright 2005, Michael Emerson & Gergana Noutcheva

Contents

1. Assessment of the Barcelona process	1
1.1 Basic features.....	1
1.2 Assessment	3
2. The European Neighbourhood Policy so far.....	7
3. Lessons from Central and Eastern Europe and the Western Balkans	10
4. Main issues for the EU's strategy	13
4.1 Conditionality and socialisation	13
<i>Categories of conditionality as drivers of change</i>	13
<i>Socialisation as a driver of change</i>	16
4.2 Sequencing of democratic versus economic reforms	17
4.3 Convergence/divergence of EU and US methods in the region	20
5. Summary of some assessments and major outstanding questions for EU policy	21
Bibliography.....	23

FROM BARCELONA PROCESS TO NEIGHBOURHOOD POLICY ASSESSMENTS AND OPEN ISSUES

CEPS WORKING DOCUMENT No. 220/MARCH 2005

MICHAEL EMERSON AND GERGANA NOUTCHEVA

1. Assessment of the Barcelona process

The Barcelona process has its 10th birthday in 2005, which is reason enough for its evaluation. Yet the strategic environment surrounding this Euro-Mediterranean initiative has also drastically changed in the last year with two unconnected events – the huge enlargement of the EU and the Iraqi war. The EU's enlargement was the direct motivation for the EU to develop a new European Neighbourhood Policy (ENP). Now, however, the turmoil in the Arab world following the Iraqi war heightens the case for the EU to work out what its own strategic objectives in the region are really to be. EU policy-makers say nowadays that the ENP is going to re-invigorate the Barcelona process. That sounds like an interesting proposition, but it needs to be specified and examined. Where has the Barcelona process actually got to? What extra impetus for reform and modernisation in the region could the ENP add?

1.1 Basic features

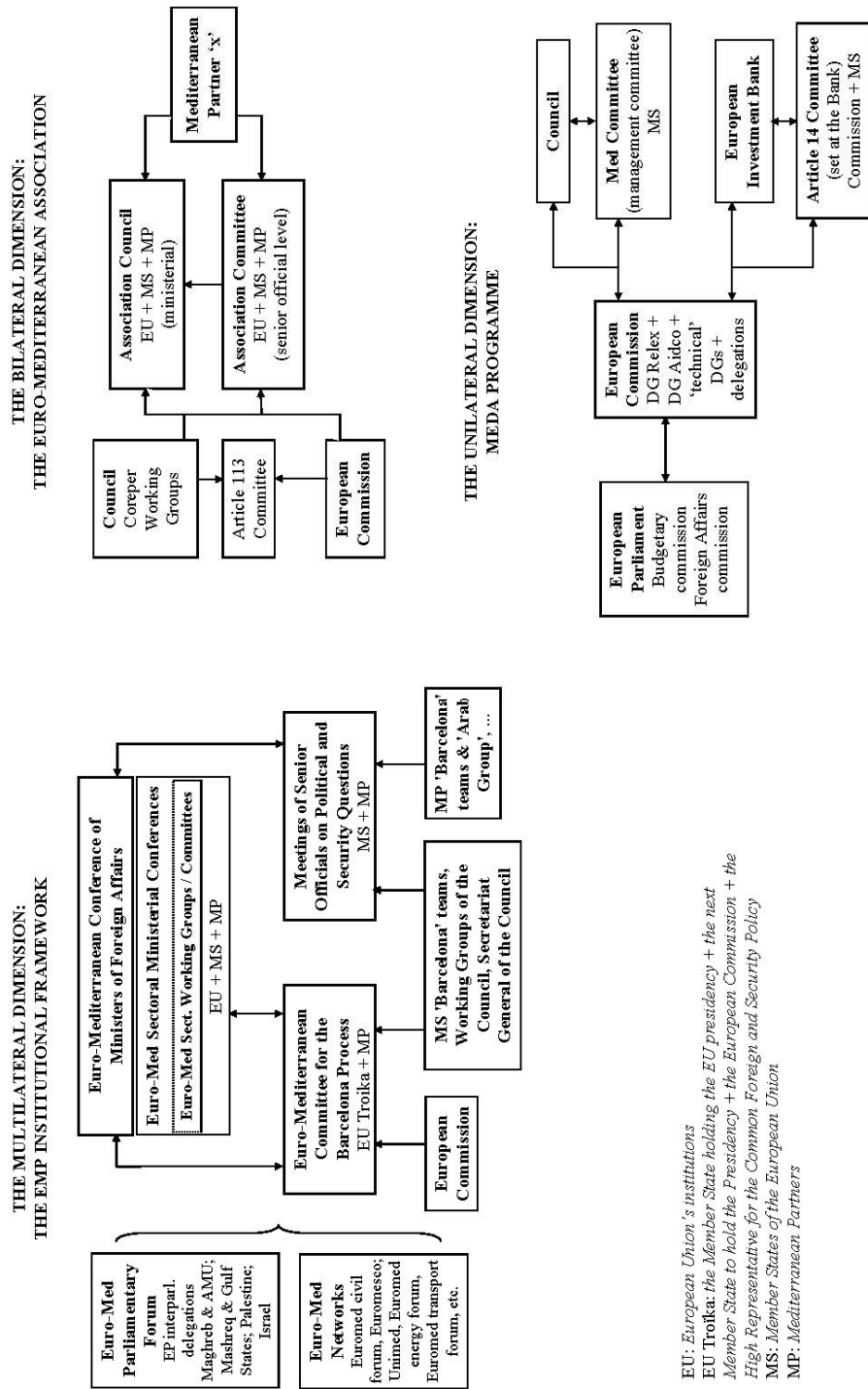
The Euro-Mediterranean Partnership (EMP) or Barcelona process is the general framework for the relations between the European Union, its member states and the countries situated in the south and east of the Mediterranean area (referred to as the 'Mediterranean partners').¹ At the close of the Barcelona conference in November 1995, the parties adopted an agreement made up of a declaration and a work programme launching a partnership in three spheres: a) political and security, b) economic and financial, and c) social and cultural.² The Barcelona process soon established an elaborate institutional structure, which is summarised in Figure 1, with its multilateral, bilateral and unilateral dimensions.

Following the launch of the Barcelona process in 1995 the main action consisted of negotiating a new set of bilateral agreements with the partner states, replacing the prior generation of cooperation agreements with the much more extensive and ambitious Euro-Med Association Agreements. While the agreements with Turkey, Israel, the Palestinian Authority, Tunisia, Morocco, Jordan and Egypt have entered into force, those with Algeria and Lebanon are signed but await ratification. For Syria the negotiations have been completed but the agreement is not yet signed.

¹ Originally there were 12 partner states: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority. Cyprus and Malta have since acceded to the EU and Turkey is 'expected' to open accession negotiations in 2005. Libya's full integration into the Barcelona process is currently under discussion.

² For a more detailed analysis, see M. Emerson and N. Tocci, *The Rubik Cube of the Greater Middle East*, CEPS, Brussels, 2003, and E. Philippart, *The Euro-Mediterranean Partnership: Unique features, first results and forthcoming challenges*, CEPS Middle East Working Paper No. 10, CEPS, Brussels, April 2003.

Figure 1. The three organisational dimensions of the Euro-Mediterranean Partnership



Source: Philippart, E. (2003), *The Euro-Mediterranean Partnership: Unique features, first results and forthcoming challenges*, CEPS Middle East Working Paper No. 10, CEPS, Brussels, April.

The implementation of the work programme is overseen and prioritised by the Euro-Mediterranean Conference of Foreign Ministers and a ‘Euro-Med Committee’ of senior officials, which meets six times per year. Preparation and follow-up work for the meetings is largely in the hands of the European Commission, which is also in charge of the general programming and project management.

Since the launch of the Barcelona process the size of the budget allocation under the Euro-Mediterranean Partnership (MEDA) programme was €3,424 million of grants for 1995-99 and €3,350 million for 2000-06. The European Investment Bank offers loans for slightly larger amounts. Some 90% of the MEDA funds are for bilateral actions, with the remainder for sub-regional and regional projects.

The MEDA regulation established the principles of political and economic conditionality. Funding can be suspended in the case of a violation of democratic principles and the rule of law, as well as human rights and fundamental freedoms. In a number of cases the EU has reacted to such violations by modulating the allocation of funds without activating the formal provisions of the regulation. The allocations may be influenced by ‘progress towards structural reform’. But overall these potentially important conditionality provisions have hardly been activated.

Euro-Mediterranean institutions have also developed among parliaments, economic actors and civil societies. The activity of the Euro-Mediterranean Parliamentary Forum, launched in 1998, has led foreign ministers in April 2002 to recommend the creation of a Euro-Med Parliamentary Assembly, as proposed by European Parliament.

These mechanisms of the Barcelona process are not going to be replaced by the ENP. As explained below, the idea is rather that the ENP should enrich the content and operability of the Association Agreements.³

1.2 Assessment

The scope of action, ambition and achievements of the Barcelona process have received mixed reviews.⁴ On the positive side, the Euro-Mediterranean Partnership is the only political institution in the region “where competence, legitimacy and resources are present”.⁵ The several other attempts to bring together countries from different sides of the Mediterranean have been either still-born or quickly disbanded, or have no other ambition than developing dialogue and consultation.⁶

³ A comprehensive official update on the Barcelona process is available in the Presidency Conclusions for the Euro-Mediterranean Meeting of Ministers of Foreign Affairs, The Hague, 29-30 November 2004, European Council, 14869/04 (Presse 331).

⁴ There is considerable literature evaluating the Barcelona process, including: E. Philippart (2003), op.cit.; D. Schmidt, *Optimiser le processus de Barcelone*, Institute for Security Studies, Paris, 2002; Institut Catala de la Mediterrania, *Ideas to Relaunch the Barcelona Process*, Barcelona, 2001; Bertelsmann Foundation, *Europe, the Mediterranean and the Middle East: Strengthening Responsibility for Stability and Development*, Gütersloh, Germany, 2002; and EUROMESCO, R. Albioni, F. Ammor and A. de Vasconcelos (eds), *Integration et securité dans l'espace euro-méditerranéen*, Instituto Estudios Estragicos Internationais, Lisbon, 2002.

⁵ See H.G. Brauch, “The Mediterranean Space and Boundaries” in M. Antonion and H.G. Brauch (eds), *The Mediterranean space and its borders: Geography, politics, economics and environment*, Collection Strademend No. 14, Madrid, UNISC, 2001.

⁶ The ‘5+5’ West Mediterranean Forum (a 1990 French initiative regrouping five southern European countries – France, Italy, Malta, Portugal and Spain – and the five Arab Maghreb Union countries – Algeria, Libya, Mauritania, Morocco and Tunisia) was frozen in 1992 but relaunched in 2001 by Portugal. See S. Calleya and M. Heller, *The Restructuring of the Euro-Mediterranean Partnership After EU Enlargement: The Logic of Subregionalism*, EUROMESCO Working Group Report, Lisbon, 2003.

The EMP's shortcomings are well-known: relative complexity, limited visibility and popular legitimacy. The multilateral, bilateral and unilateral dimensions of the EMP architecture are relatively complex. Nonetheless, the EMP displays relatively good institutional performance by comparison with alternative schemes in the region and elsewhere. It has reduced uncertainty and lengthened 'the shadow of the future' (i.e. functioning as a repeated game, it creates an incentive to abide by agreements). This is owing to the presence of coordinating bodies, the frequency of the meetings, its openness to new categories of public actors and opportunities to play simultaneously at multilateral and bilateral levels. It is also because the EU assumes leadership of the EMP and controls the finance.

The EU proposed – and to some extent imposed – an intervention logic that put great emphasis on economic liberalisation and opening with international trade. The EMP policy mix espousing both economic and political liberalism, combined with a developmental agenda centred on poverty reduction, is very much in line with the approaches of the IMF and the World Bank (the Washington consensus).

The Barcelona declaration embraced no fewer than 39 branches of policy, listed in Box 1. The *scope of action* has been criticised for being too wide. According to an evaluation by Philippart, the strongest performance appears in the economic and cultural sectors, and the weakest in the political and security spheres.⁷ The long list of economic sectors included in the 39 lines of Barcelona activity is a reflection of the agenda of the EU's own single market. For most of these headings the agreements do not specify operationally precise and binding commitments, but rather weakly suggest that there should be 'cooperation' in the field in question.

The *trade policy* field is that with the most important operational and legally binding commitments. The general target is to complete a free trade area by 2010 across the whole of the region. Each of the bilateral Association Agreements contains a tariff reduction schedule in line with this objective. These schedules are being followed more or less, but the 2010 objective will not be completely met (e.g. Egypt's Association Agreement only entered into force in 2004, prior to which the tariff reduction schedule for 12 to 15 years could not begin). The issue concerning rules of origin has been subject to recent advances with agreement in 2001 that the whole of the region would move to adopt the pan-European rules, and so become a region with 'diagonal cumulation' possibilities among Barcelona partners and other non-EU member states in Europe that apply the same system.

Going beyond free trade towards deeper *market integration* foreign ministers decided in April 2002 at Valencia to launch the EuroMed Internal Market Programme, and this links to much of the substance of the ENP Action Plans, which as detailed below are in many fields aiming at harmonisation with EU norms and standards rather than just loose cooperation.

The MEDA programme for *grant aid*, while endowed from the beginning with substantial funds, was notoriously slow in execution in the first years. Since then the Commission has for its part made a serious effort to effect management changes, including the separation of the aid executive (EuropAid) from the policy function (DG for External Relations), and considerable decentralisation of project management to the Commission delegations in the region.

A main frustration has been the work in the *security domain* to develop confidence-building measures, including the draft of the Euro-Mediterranean Charter for Peace and Stability, intended to institutionalise political dialogue among partners as well as establish crisis prevention and crisis management procedures. An agreement was reached on the contents of the draft Charter in 2000. In light of the collapse of the Middle East peace process, however, foreign ministers decided in November 2000 to defer its adoption *sine die*.

⁷ E. Philippart (2003), op.cit.

*Box 1. Policy domains engaged by the Barcelona process***Political and security partnership**

1. Human rights and freedoms
2. State-civil society relations
3. Public administration
4. Terrorism
5. Drugs, crime, corruption
6. Civil protection
7. Non-proliferation (WMD)
8. Defence
9. Crisis prevention

Economic and financial partnership

10. Trade in goods and services
11. Customs policy
12. Competition policy
13. Investment policy
14. Banking
15. Industrial policy
16. Regulatory policy
17. Employment policy
18. Tourism
19. Energy policy
20. Science and technology
21. Environment & water policy
22. Agricultural policy
23. Fisheries policy
24. Transport
25. Telecommunications & IT
26. Statistics
27. Macro-economic policy
28. Budgetary policy
29. External debt

Social, cultural and human affairs

30. Culture
31. Cultural heritage
32. Religion
33. Education and training
34. Audio-visual sector
35. Illegal immigration
36. Migration policy
37. Social policy
38. Youth policy
39. Health sector

Source: Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part, OJ L 129/3, signed 24.11.97.

In the field of *human rights*, the Barcelona process provides institutional infrastructure and mechanisms, but these have hardly been used so far, notably invocation of Art. 2 of the Association Agreements, which provides the legal base for appropriate measures in the event of serious breach of international human rights standards. There has been no systematic procedure or attempt to include human rights concerns in the implementation of reform programmes. There are no coherent mechanisms or procedures to benchmark and monitor the human rights performance of the partner country.⁸

Cooperation over *terrorism and illegal immigration* is already rising on the Barcelona agenda, as seen in the orientations adopted at the Valencia meeting of foreign ministers in April 2002, which is a positive indication of the ability of the partnership system to take on new and sensitive challenges.

Finally, there is the issue of the *geographic scope* of the Barcelona process and the possible use of subsidiary groups for closer cooperation. This involves at least three distinct issues: the extent of the Barcelona group, its sub-regional formats as for the Maghreb and Mashreq groups and its 'advance guard' variant as in the Agadir group of like-minded but not necessarily contiguous states (Morocco, Tunisia, Egypt and Jordan).

On the issue of scope, there is the question of whether it would have been better to include other Arab states and/or to exclude Israel. The present judgement on the EU side is that Barcelona should not be converted into a renewed Euro-Arab dialogue by including the Gulf States and non-Mediterranean African Arab states. This is justified on the grounds of not making the group even more unwieldy and heterogeneous, and that the EU-Gulf Cooperation Council relationship seems to have found a convenient format. However, the question of Iraq's inclusion in either the Barcelona process or the Gulf Cooperation Council may be posed as and when the situation there normalises.

On the issue of sub-regional groups – Mashreq, Maghreb and Agadir – there are open issues of choice, on how much weight the Barcelona process should give to promoting or accompanying sub-regionalism versus work at the plenary Barcelona level. If the sub-regional level is selected, there is a further choice to be made between the geographic Mashreq and Maghreb groups versus the 'like-minded' Agadir group. All these options are possible under the Barcelona umbrella. Yet, so far the Arab Maghreb Union has been stalled by the unresolved Saharan conflict, while Mashreq cooperation has been even more severely blocked by the stalled Middle East peace process. Nevertheless, if a positive solution to the Israeli-Arab conflict becomes feasible there should be an important Mashreq regional dimension to the solution.

Overall assessment of the Barcelona process. If the standard of assessment were that the Barcelona process should have already been transforming the region's economic and political trends, then it has not succeeded. The economic performance of the region has stagnated and its relative performance in relation to Central and Eastern Europe and most of Asia has deteriorated. Political reform has also been almost non-existent. Societal trends, for example tendencies in favour of radical Islam, are deeply worrying.

If the standard were whether or not the Barcelona process has created a constructive political and institutional infrastructure of comprehensive partnership between the region and Europe, which has the potential to be built upon and further strengthened in the early decades of the 21st century, then Barcelona has already made considerable achievements.

The EU's initiative is surely *not* in the category of a strategic mistake that has had unexpected and counter-productive effects, such as causing conflict, destabilising societies or aggravating

⁸ See I. Byrne and C. Shamas, *Human Rights Implications of the MEDA programmes*, Euro-Mediterranean Human Rights Network, Copenhagen, 2003.

tensions between the European and Arab communities. This is not an empty remark, given the political tensions generated by American policies in much of the region. On the contrary, relations between the EU and its partners are relatively cordial and constructive, and thus provide a plausible foundation for a deepened relationship.

2. The European Neighbourhood Policy so far

The EU started developing a new neighbourhood policy as soon as the big enlargement from 15 to 25 member states was becoming virtually certain, and when as a result minds began to focus on what this would mean for the ‘new neighbours’. Initially concerns were expressed for three northern neighbours, Belarus, Moldova and especially Ukraine. But when the debate among foreign ministers and the Commission started to become serious the Mediterranean member states voiced their concern that the south should not be relatively disadvantaged in any new initiative. In policy documents published in March 2003 and May 2004, the territorial ambitions of the initiative were progressively expanded to embrace all the European members of the Commonwealth of Independent States (CIS) to the north and east and all the Mediterranean states of the Barcelona process. The title ‘Wider Europe’ was discarded in favour of European Neighbourhood Policy.

The Commission initially gave the responsibility for developing the policy to a task force mainly staffed from the Directorate-General for Enlargement, although this is now changed under the new Commission, with responsibility passed on to the Directorate-General for External Relations. Nevertheless, the initial link to the enlargement staff in the Commission had an evident impact on the content and method of the ENP even though it was clearly stated that the ENP does not imply a membership prospect. Like the accession negotiation process, the method was to be essentially bilateral and differentiated according to the ambitions and capabilities of the individual partner states. This has translated into the drawing up of Action Plans for each partner state, whose structure was derived from the standard agenda of the accession negotiation process. This meant a comprehensive set of chapters, covering in the first place the Copenhagen political criteria for democracy and human rights, going on to cover the subjects of the *acquis*, i.e. EU norms for the four freedoms of movement of goods, services, capital and labour, further extended with the law of the single market policy, and finally sectoral policies that have a significant legal or financial content. Box 2 lists the chapters of the bilateral Action Plans, taking the example of Jordan. There are differences in the precise agendas for each partner state, but the general structure is the same for all. In the case of Jordan there are 38 chapter headings, which further break down into 260 bulleted action points or programmes.

While this huge list of *desiderata* is a modified transplant of the accession negotiation agenda, it is a political principle of the process that these are jointly agreed and jointly owned agendas. Looking at some of the details of the bulleted action points it is evident that the standard agenda has been screened by the partner state, so as to import references to relevant national policies and plans. Where there is an identifiable national policy the reference is made. Where this is not the case there is either a general recipe of reform in the direction of conventional thinking (e.g. the Washington consensus doctrine) or alignment on EU norms.

Given the virtually encyclopaedic agenda, the degree of specification of many of the bulleted action points is short and banal, as shown by the examples of “Continue progress with the privatisation programme” or “Strengthen banking regulation and supervision”.⁹

⁹ See European Commission, *EU/Jordan Action Plan*, Brussels, 9 December 2004.

A main difference with the Barcelona agreements, however, is the considerable switch in emphasis moving on from the vague intention to cooperate on the prescription of harmonisation with EU norms and standards, or at least converging towards them, such as:

Establish a binding, uniform definition of state aid which is compatible with that of the EU...[or]

Establish a list of priority sectors for Jordan to participate in the EU internal market...[or]

Draw up a list of measures for gradual legislative approximation towards the principles of EU legislation (in sanitary and phytosanitary food safety domains).¹⁰

Box 2. Chapter headings of the ENP Action Plan for Jordan

1. Enhanced political dialogue and reform

- Democracy and the rule of law
- Human rights and fundamental freedoms
- Cooperation on foreign and security policy
- Regional conflict prevention and crisis management

2. Economic and social reform and development

- Monetary, exchange rate and fiscal policies
- Functioning of the market economy
- Social situation, employment and poverty reduction
- Regional development
- Sustainable development

3. Trade-related issues, market and regulatory reform

- Movement of goods
 - Trade relations
 - Customs
 - Technical regulations, standards (harmonised EU areas)
 - Administrative procedures (non-harmonised EU areas)
 - Sanitary and phytosanitary issues
- Right of establishment, company law, services, etc.
- Movement of capital and current payments
- Movement of persons
- Regional cooperation
- Other key areas
 - Taxation
 - Competition policy
 - Intellectual property
 - Statistics
 - Enterprise policy
 - Public financial control

4. Cooperation in justice and home affairs

- Migration issues
- Border management
- Fight against organised crime
- Drugs
- Money laundering
- Combating terrorism

¹⁰ Ibid.

5. Transport, energy, information society and environment

Transport
 Energy
 Information society
 Environment
 Science and technology, research

6. People-to-people contacts

Education, training and youth
 Culture and audio-visual issues
 Public health

Source: European Commission (2004a).

More precisely, the main differences seen in the draft Action Plan (for Jordan) compared with the (1997 Jordanian) Association Agreement are:

- The democracy and human rights agenda is far more developed.
- Cooperation in foreign and security policy and conflict resolution is a new feature.
- In trade policy little is added to the free trade plan set out in the agreement.
- In the internal market domain a lot of prescriptions for policy reform, development and alignment with EU standards are introduced in the Action Plan.
- The transport and energy policy domains are much more detailed and specific, which also advocate EU standards or regulatory approaches.
- In the justice and home affairs domain the Action Plan is much more developed, whereas the agreement went little beyond vague intentions to cooperate.

These developments largely match the evolution of the EU's own policy competences since 1997.

The Action Plans will be layered on top of the existing Association Agreements, rather than replacing them. There is thus important material that is not repeated in the Action Plans, such as the free trade timetable of commitments and the general institutional and procedural provisions.

There is no new drafting on the political conditionality, which is carried over from the Association Agreement. This means the standard formula found in all EU external association agreements was used, with a linkage between two articles. A first article states the common commitment of the two parties to democracy and human rights, and a later one says that if one party fails in its obligations the other party may take "appropriate measures". This highly diplomatic formulation is generally interpreted to mean that the EU could withdraw advantages under the agreement (e.g. trade or aid) in the event of serious default over political commitments, and in an extreme case the EU could suspend the agreement. This has never been done, however, in the history of the Barcelona process.

An effort is made in the Action Plan to open up perspectives for an ongoing dynamic in the relationship, with a section outlining "New Partnership Perspectives", which is summarised in Box 3 using the case of Jordan. The idea is to offer prospects for positive evolution under all headings: trade, market integration, aid, sectoral policy cooperation and the institutional/contractual relationship. A notable absentee on this list is the prospect for liberalisation on the movement of persons (visas or migration). None of the positive prospects are defined in operational or legally binding terms. This means that the whole issue of incentives and conditionality is left hanging in the air. We thus return to this issue more systematically below.

*Box 3. Priorities and incentives in the Action Plan for Jordan***Priorities for action***Political*

- National dialogue on democracy
- Independent judiciary
- Further freedom of expression and media
- Equal treatment of women
- Political dialogue, e.g. on the peace process and terrorism

Economic

- Measures to enhance growth and investment
- Further liberalisation of trade
- Progressive liberalisation of services
- Management of migration and some visa facilitation
- Sustainable development, poverty reduction
- Develop economic infrastructure networks
- Cooperation on science and technology

New partnership prospects*Political and institutional*

- Upgrade of political cooperation
- Enhance institutional cooperation between administrations with sub-committees
- New contractual arrangements to be considered in due time

Economic

- A significant degree of economic integration, including a stake in the EU's internal market
- Convergence of economic legislation and reduction of barriers
- Deepening trade relations, extended progressively to cover agriculture and services

Aid and other

- Increased financial support with new neighbourhood instrument and EIB
- Technical assistance
- Reinforced cooperation in several domains: cultural, educational, environment, etc.

Source: European Commission (2004a).

3. Lessons from Central and Eastern Europe and the Western Balkans

The process of Europeanisation in Central and Eastern Europe and the Western Balkans has been driven by the EU membership conditionality. At the European summit in Copenhagen in 1993, EU member states defined the conditions that an aspiring candidate should meet before it could be invited to become a full EU member.¹¹ The goal of fulfilling EU pre-accession requirements, known as the Copenhagen criteria (see Box 4), has set the reform agenda of governments for these two regional groups of countries. The EU-formulated set of conditions and the promise of membership attached to it has been the main driver of change in the pre-accession countries.

¹¹ See the Copenhagen European Council Presidency Conclusions (European Council, 1993).

Box 4. The Copenhagen criteria

Membership criteria require that the candidate country must have achieved:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union; and
- the ability to take on the obligations of membership including adherence to the aims of political, economic & monetary union.

Source: European Council (1993).

The Copenhagen political and economic criteria act as powerful motors of democratization and economic reform with the EU as the centre of gravity.¹² In an ideal case, they generate synergetic benefits. Gains from trade and inward investment may ease the politics of the democratic transition. The credibility of the ongoing democratic transition should enhance the quality and perceived reliability of the investment climate. This dynamic is in essence a double, interactive, politico-economic gravity model, strengthened by the notion of anchorage.

The Europeanisation process was set in motion in Central and Eastern Europe in the early 1990s and in the Western Balkans in 2000. The countries operating in this European field of gravity have been converging on EU democracy and market economy standards with various speeds. The results to date are reflected in each country's relationship with the EU in terms of its closeness to EU accession (Table 1). From the pre-accession cases, we have three categories. The first one comprises Bulgaria and Romania, both leftovers from the May 2004 wave of EU enlargement and both granted a conditional accession date of 2007. Both countries have now completed accession negotiations and are expected to sign the Accession Treaty in early 2005. The second category consists of candidate countries that are not yet negotiating accession. Turkey and Croatia fall under this rubric, with Turkey awaiting the green light for the start of accession talks and Croatia expecting the official launch of accession negotiations. The third category is made up of the potential candidates in the Western Balkans, who have not yet been granted candidacy and who either have negotiated or are in the process of negotiating, or are about to start negotiating a Stabilisation and Association Agreement with the EU. Their prospects for full membership are long-term ones. The fourth and fifth categories reflect a continuum of EU aspirations and prospects with countries further to the north and south. The European CIS states and Mediterranean partner states are officially grouped together in the same neighbourhood policy, yet the European CIS states are able to claim that they could be eligible candidates for accession, whereas this claim cannot credibly be made by the North African and Middle East states.

Bulgaria and Romania, two of the most Sovietised of the former communist states of Central and Eastern Europe, opted as clearly and quickly as any other country from the region to claim their place as EU accession candidates. But they needed more time to reach Copenhagen criteria standards. The EU conditionality played a critical role not only in steering the transition towards democracy and a market economy but also in mobilising the two countries to reform faster, so as to eventually catch up with the front-runners from Central and Eastern Europe. Their exclusion from the first wave of enlargement and the subsequent pressure on them to accelerate the pace of pre-accession preparations motivated their leaderships to undertake decisive steps in order to shape up and not miss the promised accession date of 2007. The Bulgarian and Romanian cases

¹² See M. Emerson and G. Noutcheva, *Europeanisation as a Gravity Model of Democratisation*, CEPS Working Document No. 214, November 2004 (<http://www.ceps.be>).

may thus be summarised as two examples where EU political conditionality was very real, resulting in a delayed accession timetable, where the formal institutions of democratic governance were not in question, but where the quality of governance and the rule of law was judged unsatisfactory by the EU until a set of remedial measures were taken.

Table 1. Categories of countries according their prospects for EU accession

Description	Countries
1. EU candidate negotiating accession (pre-accession)	Bulgaria, Romania
2. EU candidate not negotiating accession (pre-pre-accession)	Turkey, Croatia
3. Potential EU candidate (pre-pre-pre-accession)	Serbia and Montenegro, Bosnia and Herzegovina, Macedonia, Albania
4. Non-EU candidate with accession aspirations	Ukraine, Moldova, Georgia, Armenia
5. Non-EU candidate with no accession chances	Morocco, Tunisia, etc.

The current Europeanisation and democratisation of *Turkey* is the most dramatic movement on the European frontline.¹³ For a long time the EU refused to take the long-standing Turkish candidacy seriously. At the Helsinki European summit in 1999 the EU changed course and decided to admit Turkey to the next stage of the pre-accession process – with an invitation to start accession negotiations – on the condition that it fulfilled the Copenhagen political criteria. This has acted as a catalyst for the domestic transformation of Turkey to achieve Western-standard democratisation – a profound process of political and societal modernisation that it found difficult to complete in the last couple of decades without the EU anchorage. What is instructive in the Turkish case is the fact that the measures undertaken in response to the EU’s criticisms of the Turkish state of democracy, ranging from changes in the constitution to detailed policy reforms in relation to human rights, the role of the military, the quality of the judiciary and the treatment of minorities (in particular but not only the Kurds), have been passed with the political mandate of the Islamists in government, the AKP party. While everyone in the West feared the ascendance to power of an Islamist political formation in Ankara, the AKP leaders have proven the sceptics wrong and have engaged in the most powerful process of reforms conceivable in the last three years. This has resulted in sufficient progress towards meeting the Copenhagen criteria for the Commission to have recommended the opening of accession negotiations, with a positive decision by the European Council on 16-17 December 2004.

The cases of *Serbia and Montenegro* and *Bosnia and Herzegovina*, two of the potential candidates from the Western Balkans, are examples of EU conditionality aiming at state-building in addition to democratisation and economic modernisation. Both countries are precarious common states with weak central governments and complex power-sharing mechanisms between their constitutive units – the two entities (Republika Srpska and the Muslim-Croat Federation) in Bosnia and Herzegovina and the two republics in Serbia and Montenegro. The objective of the EU policy is to strengthen the two union states and avoid further disintegration in the region by taming the secessionist drive of sub-state units. Progress to date has been mixed. Bosnia and Herzegovina has made some important steps in endowing the state-level institutions with more competences, most notably in the area of taxation and defence. At the same time, differences between Serbia and Montenegro regarding the *raison d’être* of their state union and the function

¹³ This section on Turkey draws heavily on F. Keyman and S. Aydın, *European Integration and the Transformation of Turkish Democracy*, CEPS EU-Turkey Working Paper No. 2, CEPS, Brussels, August 2004 (retrieved from <http://www.ceps.be>).

of the common institutions have grown even further. The Bosnian case is interesting not only because it is a successful state-building example but also because of the transformation taking place at the level of political elites. The nationalists who were until recently obstructing all efforts of the international community to move the country forward, are progressively changing their behaviour because they realise that compliance with EU conditions eventually leads to real statehood. In Serbia and Montenegro, however, it is the reformers who object to the EU's statehood-linked conditions and this leaves the EU with no reliable partners in the domestic political context to advance the democracy and market economy agenda. The EU conditionality in this case has backfired and the EU has had to relax its initial demands on economic harmonisation between the two republics in order to avoid damaging the democratisation and economic reform prospects in Serbia and Montenegro. The lessons from these two cases may be borne in mind when the EU devises its conditionality policy *vis-à-vis* the Palestinian Authority, for instance, where the statehood incentive could prove to be a powerful driver for change.

It is possible to see this continuum of relationships between the EU and its periphery extending to the fourth and fifth levels suggested in Table 1. The northern ENP partners are next in line, given that they mostly aspire to EU membership in the long run, even if this is not acknowledged by the EU. Whether the southern ENP partners should be regarded as being in the same category or in a fifth one for non-European countries is itself a highly sensitive question. Official EU policy has all these states starting as equal partner states, but this still provides for differentiation, and the willingness to embrace all the political Copenhagen criteria is already an important differentiating factor as between Council of Europe member states of the north and the Mediterranean states in the south.

4. Main issues for the EU's strategy

4.1 Conditionality and socialisation

Conditionality generates domestic change in partner countries through altering the opportunity structure of political actors willing to reform. Through providing conditional support for reform in targeted domains, the EU can act as a key driver of change. Domestic transformation is a response to the material and social benefits offered by the EU, such as financial and technical assistance, institutional ties, market access and political dialogue.

Socialisation is the other mechanism of influencing the patterns of change in a partner country in the direction of Europeanisation. It may be defined as a process of inducing behavioural and identity change through interaction with the partner at any or all levels (e.g. government, business, civil society and students), which results in social learning, model emulation, lessons drawn, etc.

The EU policy *vis-à-vis* the enlargement countries has been actively employing both conditionality and socialisation and the two mechanisms have successfully complemented each other. In Central and Eastern Europe and the Balkans, however, the EU also put the mega-incentive of membership on the table. Thus all socialisation activities have been taking place against the background of the expected future membership of the candidates and in the institutional context of the Accession Partnership, involving dense institutional contacts between Brussels and the capitals of would-be members.

Categories of conditionality as drivers of change

A key issue for the EU's European Neighbourhood Policy strategy is to work out what mechanisms of change to employ with regard to the ENP partner countries. If a conditionality model is favoured, there are open questions to address. So far the EU has not been specific

concerning many of the prospective incentives (such as ‘a stake in the internal market’), nor are the linkages between conditions and incentives explicit. We identify three broad categories of conditionality as follows.

Normal sectoral policy conditionality. The term ‘normal’ sectoral policy conditionality is suggested since there is a complex of working methods that are common practice for the major external actors (US and EU) and multilateral agencies (the IMF, World Bank, European Investment Bank and the WTO). As Box 5 shows, this can relate to every category of incentive offered to partner states. The EU’s Neighbourhood Policy, grafted onto the top of the Barcelona process, will be involved in all the traditional types of aid and trade policies, to which may be added the increasingly important category of openness to the movement of people through visa and migration policies.

Box 5. Examples of sectoral policy conditionality

- Macro-economic aid is conventionally subject to strictly macro-economic conditions (the EU typically co-finances IMF programmes with the same conditions).
- Project assistance may be conditioned on the bankable quality of the proposed projects (European Investment Bank practice).
- Programme aid may be conditioned on the quality of the relevant sectoral policies (e.g. World Bank practice).
- The amount of technical assistance may be conditioned on an assessment of the quality of the partner’s reform programmes and availability of adequate partners.
- Humanitarian grant assistance is conditioned on the gravity of natural catastrophes or post-conflict situations.
- Trade concessions may be conditioned first on WTO accession, then on the quality of trade policy and customs administrations and reciprocal concessions on the way to free trade.
- Internal market access is conditioned on the adoption of EU-compliant regulatory standards.
- For the movement of people, visa regimes may be liberalised on closely related conditions, such as the quality of border controls of the partner state and re-admission agreements.
- Migration policies may be liberalised as a function of the skill qualities of the migrants.

What can be said against this background about the conditionality package of the ENP? The conditions, if they exist, have to be defined by the actions agreed in the Action Plan, which for Jordan has 260 items that are summarised under 13 explicitly identified priority groups (see Box 3). The choice is for a balanced mix of the political and economic priorities, which are quite wide-ranging in both cases. The incentives on offer, although only vaguely defined, are also wide ranging: political and institutional incentives, economic market access and aid.

What should the partner state expect? One might suppose that the political conditions would govern the political perspectives for a deepened relationship and the economic conditions would govern the availability of aid and market access. But that would be speculation at this point. One impression is that there is currently a debate going on about these issues within the EU institutions and between them and the member states, which has not yet reached a conclusion. Another impression is that the EU system as a whole tends to prefer a loosely defined set of rules, leaving maximum degrees of freedom for action in light of the circumstances in different countries and in different, wider international contexts. Individual member states in some cases wish to retain a degree of freedom for their own bilateral actions, hoping that EU policy can be generally supportive. This interpretation seems plausible and understandable. Yet this lack of

clarity undermines the chances that the EU as a whole may achieve effective leverage on the evolutions in the partner states. The first rule of conditionality policy is indeed that the conditions should be clear, consistent and credible.

Maybe in some areas this lack of explicit treatment in the Action Plans is not a serious problem. For macroeconomic aid the IMF rulebook is well established. For project lending, criteria on bankability and cost-benefit analysis are equally firmly established. Elsewhere, however, there are big uncertainties for the partner state over the conditions for the activation of incentives. This is true for the traditional trade policy area, where the conditions for EU liberalisation are not clear. For example, for agricultural produce the need to conform to food health and phytosanitary standards may be necessary conditions for market opening, but perhaps not sufficient ones. What else is needed? For integration into the internal market the nature of the possible incentives and the conditions are not clearly laid out. For visa restrictions and migration rules, the conditions of possible liberalisation are also unclear.

Negative conditionality – from sanctions to war. The attempt to use sanctions to encourage changes in political behaviour or regimes is not irrelevant, even if the ENP is seen as a positive policy. Libya is the current example of the withdrawal of sanctions, in exchange for scrapping plans for weapons of mass destruction and abstaining from sponsoring terrorist acts as in the past. Indeed, Libya can now have the prospect of moving relatively fast from its recently sanctioned ‘pariah’ status into the normal favours of the Barcelona process and the ENP.

EU policies also have to work alongside US policies in the broader Middle East, with the US retaining sanctions against Iran, whereas the EU is offering the positive incentive of a Trade and Cooperation Agreement based on conditions relating to nuclear non-proliferation. Coherence here is surely vital to achieving a driving force towards common objectives.

The wars in Afghanistan and Iraq also have to be borne in mind. These may be the only cases for some time of war and military occupation as instruments of the imposition of democracy. While the EU is hardly going to lead such engagements, its member states have almost all been involved in Afghanistan and some in Iraq. The important analytical issue here for the EU and the US is whether these wars are turning out to advance the objectives of reform in the Arab world at large or to aggravate the negative driving forces represented by radical and terrorist Islamic factions and movements. If radical Islam is gaining ground in much of the Mashreq region, boosted by adverse reactions to the Iraqi war and the unsettled Israeli-Palestinian conflict, this makes the strategic objectives of the ENP all the more an uphill struggle.

Positive conditionality and incentives into overdrive. The question here is whether it is possible for the ENP, in the absence of the mega-incentive of EU accession, to conceive of mechanisms whereby the play of ‘normal’ sectoral incentives and conditions could combine with synergy in overarching political incentives to achieve the strategic objectives of transforming the partner states.

The EU could offer additional financial support to countries that are willing to reform faster and deeper. It has proposed a doubling of grant funds over the period 2006-13 for the entire ENP region (but this may be substantially scaled back in negotiations with member states). Increased aid could be combined with the competitive peer-pressure method, whereby the additional aid could be made available to countries achieving the best evaluation marks on reforms. This idea has featured in some speeches (e.g. by former Commissioner Chris Patten) but has not been developed into a real policy proposal.

It is worth mentioning, however, that it was not the EU’s financial resources but rather the prospect of EU membership that motivated Eastern European leaders to reform. Scepticism remains as to ‘how much reform the EU can buy’, through putting additional financial resources on the table.

There has been a lot of emphasis in the ENP strategic documents on the ‘joint ownership’ of the process between the EU and the partner country. This applies not only to the joint setting of reform priorities but also to the monitoring of the implementation of the Action Plans. In essence, this means that the EU will be constrained in penalising underperformance. The positive conditionality model seems to provide the only alternative choice for the EU.

On the other hand there are a number of cases that suggest that the overarching framework of the ENP has serious political potential for at least some of the partner states. First, for some of the southern ENP partner states, such as Morocco (which made a bid to become a candidate for accession some decades ago) or Tunisia, their interest in an advanced model of Euro-Mediterranean integration even without accession prospects is quite real. The offer of some kind of new neighbourhood agreement is therefore of interest.

Second is the case of Israel, which is capable of becoming a member of the European Economic Area and a full participant in many other EU policies, and would like to do so for profound political and societal reasons. The Action Plan is already pointing in this direction and resolution of the conflict with the Palestinians would fully open up this possibility.

Third, for Palestinians the incentives are existential – the pursuit of full sovereign statehood, territory and means of material subsistence. The EU is well placed in principle to work with these incentives. It is a major financial donor to the Palestinian Authority and is also a party to the Quartet process, which should have the role of multilateral midwife to a political solution to the conflict. The EU has already had a significant role in the political and economic conditionality being brought to bear upon the Palestinian Authority, in various combinations with the US, the IMF and the World Bank.

Fourth, there are the more distant but still highly important developments in the northern ENP states. Both Georgia and now Ukraine have made the big political breaks with their ‘rose’ and ‘orange’ revolutions. It now remains to be seen how the northern ENP can help consolidate these developments. Autocratic leaderships in the southern ENP regions may be fearful of these demonstration cases in the community of neighbourhood states. But civil society may receive serious encouragement from them. Indeed, this precisely seems to be happening now in Lebanon, triggered by the assassination of the former prime minister in February 2005.

Fifth, as a general point, the recent history of the accession negotiations has revealed the emergence of an important driving force, which is the process of competition between the candidate states. As some candidates stepped ahead in their convergence on EU norms, the laggards took notice and were inspired to intensify their efforts. Is it possible to imagine that some analogous inter-ENP partner dynamic could take root? For those using the driver of change imagery, can we imagine the package of incentives moving up into overdrive?

Socialisation as a driver of change

Undoubtedly, the vagueness of the incentives the EU is willing to offer to the ENP partners limits the possibility for a strong conditionality model. Another option for the EU is to rely on a weaker conditionality model leaving room for stronger socialisation. The socialisation model is not based on reward/punishment logic. Instead of emphasising incentives and disincentives, the EU tries to convince the leadership of the ENP Policy countries to adopt EU standards and regulatory norms in various policy areas for the sake of boosting their own economic and social development and improving their own governance structures. The idea here is to explain and communicate in a friendly and persuasive way what the EU’s model of governance is and to propose that partner countries learn from it and align with it.

This method is particularly suitable for exporting the EU’s single market regulatory norms and the regulatory approaches adopted in various areas of EU common policy, such as financial

services, environment, transport and energy. It presupposes a fair amount of diplomatic skill on the EU side to persuade the neighbours to see the value of converging on the EU model. This will involve a learning process for the partners, by way of which they come to an understanding that it is to their own benefit to accept the EU regulatory framework as an anchor.

The question remains as to how receptive the southern neighbours might be to EU norms and regulatory systems. The Central and Eastern European countries were relatively open to new ideas about governance methods and practices from the EU because they were in active search of a credible model to replace the collapsed old communist system. The demise of communism and the successful example of Western Europe combined to make the EU model attractive to Eastern European elites and societies. The domestic transformation that followed was an expression of the general will and the national consensus in these countries about 'returning to Europe'. The EU model thus enjoyed a very high degree of legitimacy that was further reinforced by the promise of membership.

In the south, the EU is confronted with the challenge of persuading countries that are further away from the European core geographically, politically and economically of the virtues of political and economic liberalism, EU-style. Resistance to EU-promoted ideas and methods will undoubtedly be greater. This is an additional reason for the EU to engage in an intense dialogue with its neighbours on the substance of various policy ideas rather than try to impose a vision on them of how they should develop. For socialisation to succeed, the perceived legitimacy of the persuader is key, as is the set of norms the persuader stands for.

The US has similar models to offer when it comes to regulatory frameworks, although its more aggressive and forceful methods of foreign policy have led to resistance in the Arab world. The EU stands a better chance here of proposing a set of norms that could prove acceptable to Arab elites. In addition, the European cultural tradition is strong in some parts of the Mediterranean, for instance in the Maghreb region, which should give the EU a further degree of credibility.

4.2 Sequencing of democratic versus economic reforms

The EU policy *vis-à-vis* Central and Eastern Europe has favoured the simultaneous promotion of political and economic liberalisation across the whole region. In the Western Balkans, the EU has so far concentrated in the first place on state consolidation and institution-building – a third layer of problems superimposed on the initial political and economic conditions in the region. But because the Western Balkan countries aim at full EU membership, the recipe of double transition with incremental improvements on both political and economic governance will be applied.

The EU faces a completely different task with regard to its southern neighbours, the Arab states of the Mediterranean. So far the EU policy has been a textbook example of seeking to promote modernisation through economic means, with the Barcelona process giving precedence to economic reform. Following in this tradition the first and most obvious candidate for being a driver of change is the proposal in the Action Plan to bring the partner states closer to the EU internal market. A recent study published under the World Bank/European Commission programme regarding the Mediterranean economic infrastructure develops this proposition in some depth, and rather convincingly.¹⁴ According to this study, the potential benefits for the Mediterranean partner states offered by free trade (which is already programmed) are rather modest by comparison with what could be achieved by policy reforms and competitive private-sector development in the area of 'backbone services', such as transport, logistics, financial services, telecommunications and electricity, as well as other service sectors that can profit from

¹⁴ See D. Mueller-Jentsch, *Deeper Integration and Trade in Services in the Euro-Mediterranean Region – Southern Dimensions of the European Neighbourhood Policy*, World Bank, Washington D.C., 2004.

proximity to the EU market, such as tourism, IT services, business and professional services, and distribution. All these services also have to become competitive to give the manufacturing and agricultural production sectors a chance to profit from their potential comparative advantage (owing to proximity and cheap labour) in relation to the EU market.

Moreover, the vision of broader politico-economic integration with the EU could in principle help overcome interest-group obstacles to reforming micro-economic policies. The first merit of the Action Plans is therefore that it opens up this prospect.

Stimulating political reforms of the authoritarian regimes in the south has not received the same policy attention as it did in the case of the former communist dictatorships. A second candidate for the EU's role as a driver is in the field of democracy and human rights. This is displayed in the Action Plans in the considerable detail given to these political governance issues compared with the previous agreements. Indeed, as Table 2 illustrates, progress towards democracy has been virtually zero. Yet the Action Plans, being jointly agreed with the partner state governments, are unsurprisingly careful and cautious. Wholesale adoption of the Copenhagen political criteria, as for EU accession candidates, is not the model. Rather, the Action Plans identify those elements in the existing reform agendas of the partner states that have at least a partial fit with the Copenhagen criteria. Thus Jordan undertakes to implement its judicial upgrading strategy, its Higher Media Council, etc. Progressive, partial and controllable political reform is the name of the game. Whether this will succeed in setting in motion a broader democratising dynamic remains to be seen.

Table 2. Middle East and North Africa: Average ratings of political rights and civil liberties

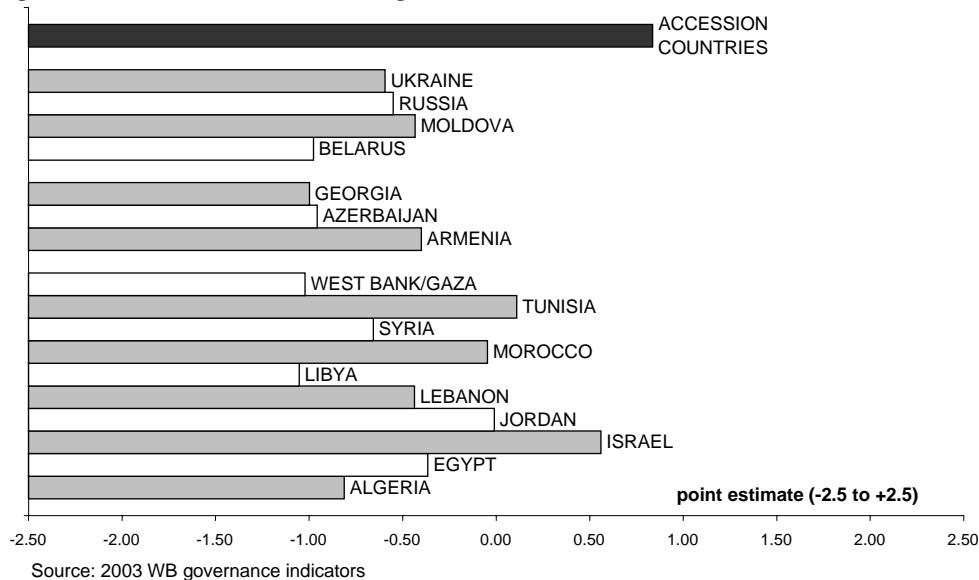
Region/country	1973	1983	1993	2000	2003
<i>Maghreb</i>	5.9	5.4	6.0	5.6	5.8
Algeria	6.0	6.0	6.5	5.5	5.5
Libya	7.0	6.0	7.0	7.0	7.0
Morocco	5.0	4.5	5.0	4.5	5.0
Tunisia	5.5	5.0	5.5	5.5	5.5
<i>Mashreq (excl. Palestine & Israel)</i>	5.3	5.3	5.6	5.5	5.9
Egypt	6.0	5.0	6.0	5.5	6.0
Jordan	6.0	6.0	4.0	4.0	5.0
Lebanon	2.0	4.5	5.5	5.5	5.5
Syria	7.0	5.5	7.0	7.0	7.0
Israel	2.5	2.0	2.0	2.0	2.0
<i>Gulf</i>	5.6	5.5	6.1	5.7	5.7
Bahrain	5.5	5.0	6.0	6.5	5.0
Iran	5.5	6.0	6.5	5.5	6.0
Iraq	7.0	6.5	7.0	5.5	6.0
Kuwait	3.5	4.0	5.0	4.5	4.5
Oman	6.5	6.0	6.0	5.5	5.5
Qatar	5.5	5.0	6.5	6.0	6.0
Saudi Arabia	6.0	6.5	7.0	7.0	7.0
United Arab Emirates	5.5	5.0	6.0	5.5	6.0
Yemen	5.5	6.0	4.5	5.5	5.0
Total average	5.6	5.4	5.9	5.6	5.8

Note: Country status – 1 to 2.5 = free; 3 to 5 = partly free; 5.5 to 7 = not free.

Source: Freedom House (2004) (retrieved from <http://www.freedomhouse.org/ratings/allscore04.xls>).

While the economies of the southern neighbours have functioned according to market principles for some time, most have inadequate regulatory frameworks for a modern competitive economy.¹⁵ A comparison between the EU accession countries from Central and Eastern Europe (eight of whom are already EU members) and the MEDA countries with regard to their score on a synthetic indicator for governance constructed by the World Bank suggests that the southern neighbours fall behind in terms of structural and institutional reform underpinning the success of the advanced economies nowadays (see Figure 2).

Figure 1. Governance in the EU neighbourhood



Legend: The indicator is an average of the score for six indicators developed by the WB: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption.

Source: Dodini, M. and M. Fantini (2004), *The EU Neighbourhood Policy: Implications for Economic Growth and Stability*, European Commission, DG for Economic and Financial Affairs, July.

In any case the time seems now to have come for a recalibration of EU policies in the area of democratisation. Even without demanding full compliance with the Copenhagen political criteria, the EU could strengthen the democracy emphasis in its relations with the southern neighbours through:

- willingness to raise issues of human rights and questions of adequate democratisation strategies more forcefully in political dialogue;
- finer and more coherent application of MEDA aid projects and programmes for improvement of human rights protection, governance and civil society development. In the context of structural adjustment, greater thought could be given to the conditioning of budgetary support to the partner's respect for human rights in its policies and systematic practices;
- systematic consultation with civil society, in particular with movements and organisations embedded in society and those working in controversial areas such as civil and political rights; and
- ensuring that principles of international law are carefully applied and adhered to in the design and implementation of EU external policies and engagements.

¹⁵ See M. Dodini and M. Fantini, *The EU Neighbourhood Policy: Implications for Economic Growth and Stability*, European Commission, DG for Economic and Financial Affairs, July 2004.

The question for the EU to decide is how to promote the double objective of economic and political liberalism in its new neighbours. What should be the sequencing of priorities? Should the EU continue to push for economic reform with the hope that change will spill over into the political domain or should it apply the whole democracy conditionality developed for the accession countries? How political should the EU become in the south? Should it follow a standard recipe for all southern neighbours or should it tailor its intervention toolkit following an analysis of the domestic factors and identification of potential areas for exerting the most profound impact?

4.3 Convergence/divergence of EU and US methods in the region

The European Security Strategy adopted by the member states at the Copenhagen European Council in 2003 signals the EU's intention to develop its relationship with the rest of the world through *liberal* engagement rather than *realist* balance of power. The message the EU is sending to its neighbours is rather benevolent, promising to engage rather than coerce, pledging to help rather than threaten and highlighting inducements rather than punishments. The means through which the EU approaches its neighbours are also benign in nature – trade liberalisation, political dialogue, institutional ties, financial assistance, etc.

This approach is in sharp contrast to the international behaviour of the US post-9/11. The US has deployed its enormous military power beyond its borders, first in Afghanistan and then in Iraq. While the initial target was the al-Qaeda terrorist network in Afghanistan, with the Iraqi war the focus shifted through non-proliferation concerns on to the promotion of democracy. Coercing nations into democracy through military means runs huge risks of producing more unintended consequences than desired, in addition to damaging the normative appeal of American foreign policy that has sought to promote liberal ideals.

Will the EU and the US clash over their interests and/or approaches in the EU's neighbourhood? In Central and Eastern Europe and the Western Balkans, the US and EU worked in alliance and shared objectives and methods. Their common diagnosis of the problems of the region and agreement on the solutions to these problems contributed to making Central and Eastern Europe a success story of fast and deep convergence on Western norms of democracy and a market economy.

Standard European commentaries have until recently suggested that this transatlantic harmony could hardly be extended to the Middle East. Following the period of profound disagreements over the Iraqi war, with most Europeans apparently convinced that the war would be politically counterproductive, for example in boosting radical Islamic tendencies, there now emerges a more mixed picture. While the growth of radical Islam seems undeniable, at the same time the cause of Arab democracy also seems to advance. The Iraqi elections in early 2005 passed far less badly than many had feared. Minor but still interesting openings towards electoral democracy emerged in February 2005 with the decision in Egypt to allow some (restricted) competition for the next presidential election and with the municipal elections actually held in Saudi Arabia. And then came the dramatic 'cedar revolution' in Lebanon in response to the assassination of the former prime minister, which seemed to be taking inspiration from the 'orange revolution' in Ukraine, and with the US and France working in conspicuous alliance to pressure Syria to withdraw its troops from Lebanon. The Lebanese-Ukrainian-Georgian comparisons become all the more evocative for the EU, since the neighbourhood policy was initially much criticised for grouping European and Arab neighbours together, the objection being that while the former are all Council of Europe members, the Arab states seemed deeply resistant to democratic change.

If the Iraqi elections and the drum-beat of President Bush's democracy discourse are in effect loosening up the resistance to democratic reform in the Arab world this works in favour of the

Action Plans of the ENP, which are explicitly looking for openings in the political economy structures of the partner states to unblock the obstacles to reform policies. The combination of Ukraine's orange revolution and the new developments in the Middle East have created openings that the EU policy-makers could hardly have been imagined when the neighbourhood policy began to be formulated. It now also provides an opportunity for renewal of the transatlantic partnership based on the logic of complementary capabilities.

On a regional level, the key to unblocking political and economic reform in the Mashreq region is the handling of the Israeli-Palestinian conflict and the prospect for peace in the Middle East. Success in achieving a peace settlement could provide the impetus for a concerted regional move towards democratisation and better governance. For that to happen, the EU and the US will have to work together and use their combined leverage on Palestine and Israel to encourage the two parties to agree on a solution. With a peaceful settlement of the Israeli-Palestinian conflict, the priorities in the region could shift and political actors may become more willing to put on their agendas some of the reforms that the EU has targeted as areas for conditional support.

5. Summary of some assessments and major outstanding questions for EU policy

Our assessment of the Barcelona process so far is that it has been a valuable systemic/institutional advance in Euro-Med relations and a valuable confidence-building measure on a large scale. But it has not been a sufficient driving force to have created a momentum of economic, political and social advance in the partner states. Nor is it evident what might have been the potential domestic drivers of change with which the incentives of the Barcelona process might have connected with greater effect in recent years.

It is thus quite plausible that the EU should seek some new advance – through the ENP – to build on the positive features of the Barcelona process and so try to introduce some new driving force.

The Action Plans currently being adopted point to a way ahead. In essence these are proposing to replace many of the vague intentions in the Association Agreements of the Barcelona process with another very extensive set of policy prescriptions. The particularity of the Action Plans is that they seek to make these prescriptions more operational by linking them to the domestic policy programmes of the partner state or EU policy norms and standards as an external anchor.

The major outstanding questions concern the mechanisms for setting these comprehensive Action Plans into real motion, rather than relapsing into token diplomacy. In this preliminary paper the aim has been to sketch some alternative approaches.

We first crystallised alternative approaches for the ENP to become a driving force under the headings of 'conditionality' and 'socialisation'. The conditionality concept would mean that the EU sets out i) what incentives it offers, and ii) the conditions on which these incentives would be delivered. The socialisation concept relies essentially on a learning process that comes from the extensive interaction between actors in the partner states and the EU, which induces the partner states to engage in policy reforms that are to a degree modelled on EU norms or derive some inspiration from them.

We sketched three categories of conditionality: a) 'normal' sectoral policy conditions, b) negative conditionality from sanctions to war, and c) positive conditionality and incentives in 'overdrive'. With this last term 'overdrive' we identify the possibility that various sectoral incentives and conditionalities could in some circumstances connect with synergy in an overarching political idea or movement, and so succeed in creating a powerful dynamic of transformation. We have given some concrete examples of how or where this is conceivable. These include the case where a competitive dynamic could be triggered between the partner states.

We discussed the familiar issue of sequencing or relative prioritisation of economic versus political reform efforts or the case for working simultaneously on both. While it looks plausible that pro-democracy efforts should receive a stronger emphasis under the ENP compared with the Barcelona process so far, the case for the EU to work hard to initiate an important dynamic in market reform areas, linked to its own internal market policies, seems at this stage to look like a particularly strong one.

Finally, the issue of EU-US policy coherence in the region remains of exceptional importance. For the EU to become a driving force for reform in the region at least requires that it does not have to face an uphill struggle against negative tendencies, for example in the widening and deepening of radical Islam. Until recently it seemed that this was indeed an uphill struggle. However, this picture maybe starting to change, with the very recent political developments in the region and most dramatically those in Lebanon, a partner state of the neighbourhood policy. Here the very different and positive model – that of complementary EU-US capabilities – begins to suggest itself as a real possibility.

Bibliography

- Bertelsmann Foundation (2002), *Europe, the Mediterranean and the Middle east. Strengthening Responsibility for Stability and Development*, Gütersloh, Germany.
- Brauch, H.G. (2001), "The Mediterranean Space and Boundaries" in M. Antonio and H.G. Brauch (eds), *The Mediterranean space and its borders: Geography, politics, economics and environment*, Collection Strademend No. 14, Madrid, UNISC.
- Byrne, I. and C. Shamas (2003), *Human Rights Implications of the MEDA Programmes*, Euro-Mediterranean Human Rights Network, Copenhagen.
- Calleya, S. and M. Heller (2003), *The Restructuring of the Euro-Mediterranean Partnership after EU Enlargement: The Logic of Subregionalism*, Working Group Report, EUROMESCO, Lisbon.
- Dodini, M. and M. Fantini (2004), *The EU Neighbourhood Policy: Implications for Economic Growth and Stability*, European Commission, Directorate-General for Economic and Financial Affairs, July.
- Emerson, M. and G. Noutcheva (2004), *Europeanisation as a Gravity Model of Democratisation*, CEPS Working Document No. 214, CEPS, November (retrieved from <http://www.ceps.be>).
- Emerson, M. and N. Tocci (2003), *The Rubik Cube of the Greater Middle East*, CEPS, Brussels (retrieved from <http://www.ceps.be>).
- EUROMESCO (2002), R. Albioni, F. Ammor and A. de Vasconcelos (eds), *Integration et sécurité dans l'espace euro-méditerranéen*, Instituto Estudios Estragicos Internacionais, Lisbon.
- European Commission (2004a), *EU/Jordan Action Plan*, Brussels, 09.12.2004.
- European Commission (2004b), *Communication on the European Neighbourhood Policy Strategy Paper*, COM(2004) 373 final, Brussels, 12.5.2003.
- European Commission (2003), *Communication on Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*, COM(2003) 104 final, Brussels, 11.3.2003.
- European Council (1993), *Copenhagen European Council of 21 and 22 June 1993, Presidency Conclusions*, SN 180/1/93, Rev 1.
- European Council (2004), *Presidency Conclusions for the Euro-Mediterranean Meeting of Ministers of Foreign Affairs, The Hague, 29-30 November 2004*, 14869/04 (Presse 331).
- Institut Catala de la Mediterrania (2001), *Ideas to Relaunch the Barcelona Process*, Barcelona.
- Freedom House (2004), *Freedom in the World Country Ratings – 1972 through 2003*, Freedom House, Washington D.C. (retrieved from <http://www.freedomhouse.org/ratings/allscore04.xls>).
- Keyman, F. and S. Aydin (2004), *European Integration and the Transformation of Turkish Democracy*, EU-Turkey Working Paper No. 2, CEPS, Brussels, August (retrieved from <http://www.ceps.be>).
- Mueller-Jentsch, D. (2004), *Deeper Integration and Trade in Services in the Euro-Mediterranean Region – Southern Dimensions of the European Neighbourhood Policy*, World Bank, Washington, D.C.
- Philippart, E. (2003), *The Euro-Mediterranean Partnership: Unique features, first results and forthcoming challenges*, CEPS Middle East Working Paper No. 10, CEPS, Brussels, April (retrieved from <http://www.ceps.be>).
- Schmidt, D. (2002), *Optimiser le processus de Barcelone*, Institute for Security Studies, Paris.

StrataGen - Strategic Agenda for the Greater European Neighbourhood

A Programme of the Centre for European Policy Studies (CEPS), for 2005-2010

StrataGen Mission Statement

- To define a vision for a Wider European order and the relationship between the enlarged EU and its Arab/Muslim neighbourhood;
- To develop these proposals in-depth and in policy-operational terms;
- To combine in-house research capacity with networks of individuals from leading research institutes in the EU and the neighbourhood, and to disseminate and advocate proposals throughout the region;
- To work independently from the EU institutions but in close interaction with them; and
- To decide on the sequencing and selection of priority topics with core stakeholders.

Over the last five years, CEPS has developed an exceptional expertise in European Union policies in the area often called the Wider Europe. This has been reflected in publications that have been both regional and thematic: *CEPS Plan for the Balkans* (1999), *Stability Pact for the Caucasus* (2000), *The Elephant and the Bear – EU, Russia and their Near Abroads* (2001), *Cyprus as Lighthouse of the East Mediterranean* (2002), *Norway, the European Economic Area and the European Union* (2002), *Europe's Black Sea Dimension* (2002), *The Rubic Cube of the Greater Middle East* (2003), *The Wider Europe Matrix* (2004), *Economic Transition in Central and Eastern Europe* (2004), *Europeanisation and Conflict Resolution* (2004), *Readings in European Security*, Vols. I (2002) and II (2004). These publications and related working papers are available from the CEPS' on-line bookshop, at <http://shop.ceps.be>

CEPS has decided to build on and strengthen its work in this broad area through the **StrataGen** programme over the five-year period 2005-2010. The rationale for this initiative follows from both the EU's historic enlargement on 1 May 2004, which now leads the EU to define a new neighbourhood policy, and the unprecedented turmoil in the Middle East in the aftermath of September 11th and the Iraq war, with its consequences for transatlantic relations.

The **StrataGen** programme will be organised under the following broad geographic areas:

- Northern neighbourhood policy, covering CIS states targeted by EU neighbourhood policy
- EU-Russian relations
- Southern neighbourhood policy, covering Mediterranean states, but reaching also into what is now officially called the Broader Middle East and North Africa (BMENA)
- Implications for transatlantic relations will be considered for all three regions above.

The analytical methodology will be multi-disciplinary: political science, international relations and European studies, economics and law.

The programme is led by Michael Emerson, CEPS Senior Research Fellow, together with Daniel Gros, CEPS Director. CEPS gratefully acknowledges financial support for the **StrataGen** programme from the Open Society Institute and the Compagnia di San Paolo.

About CEPS

Founded in 1983, the Centre for European Policy Studies is an independent policy research institute dedicated to producing sound policy research leading to constructive solutions to the challenges facing Europe today. Funding is obtained from membership fees, contributions from official institutions (European Commission, other international and multilateral institutions, and national bodies), foundation grants, project research, conferences fees and publication sales.

Goals

- To achieve high standards of academic excellence and maintain unqualified independence.
- To provide a forum for discussion among all stakeholders in the European policy process.
- To build collaborative networks of researchers, policy-makers and business across the whole of Europe.
- To disseminate our findings and views through a regular flow of publications and public events.

Assets and Achievements

- Complete independence to set its own priorities and freedom from any outside influence.
- Authoritative research by an international staff with a demonstrated capability to analyse policy questions and anticipate trends well before they become topics of general public discussion.
- Formation of seven different research networks, comprising some 140 research institutes from throughout Europe and beyond, to complement and consolidate our research expertise and to greatly extend our reach in a wide range of areas from agricultural and security policy to climate change, JHA and economic analysis.
- An extensive network of external collaborators, including some 35 senior associates with extensive working experience in EU affairs.

Programme Structure

CEPS is a place where creative and authoritative specialists reflect and comment on the problems and opportunities facing Europe today. This is evidenced by the depth and originality of its publications and the talent and prescience of its expanding research staff. The CEPS research programme is organised under two major headings:

Economic Policy

Macroeconomic Policy
 European Network of Economic Policy
 Research Institutes (ENEPRI)
 Financial Markets, Company Law & Taxation
 European Credit Research Institute (ECRI)
 Trade Developments & Policy
 Energy, Environment & Climate Change
 Agricultural Policy

Politics, Institutions and Security

The Future of Europe
 Justice and Home Affairs
 The Wider Europe
 South East Europe
 Caucasus & Black Sea
 EU-Russian/Ukraine Relations
 Mediterranean & Middle East
 CEPS-IISS European Security Forum

In addition to these two sets of research programmes, the Centre organises a variety of activities within the CEPS Policy Forum. These include CEPS task forces, lunchtime membership meetings, network meetings abroad, board-level briefings for CEPS corporate members, conferences, training seminars, major annual events (e.g. the CEPS Annual Conference) and internet and media relations.