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# The EU's Transformative Power in the Wider European Neighbourhood

The EU has become more popular as an actor on the international scene in the last decade. It has been compelled to respond to a lot of membership applications from likely candidates from Central and Eastern Europe and to deal with many more membership aspirations of unlikely candidates from its wider neighbourhood. It receives more and more requests to get involved in various regional and international crises. At the centre of this development has been the EU's power to attract neighbours and countries further away through the image of prosperity, wealth and democratic standards it projects. One of the consequences of this gravitational activity has been the complex set of relationships

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the EU has developed with its neighbouring states. Following the successful experience from its enlargement to Central and Eastern Europe, the EU has engaged the Western Balkan countries in a pre-accession process based on the prospect of EU membership. For its eastern and southern neighbours from the Commonwealth of Independent States (CIS) and the Mediterranean, the EU has designed the European Neighbourhood Policy intended to bring the neighbours closer to the EU's common policy space while keeping the membership question aside. What is still unclear today is whether the EU's power of attraction will be strong enough to bring about political and economic transformation in the wider European neighbourhood similar to the experience from Central and Eastern Europe prior to accession to the EU. Weaker instruments of EU's involvement and more challenging problems in the neighbouring states promise difficult times for EU's transformative power in the wider neighbourhood.

## How did it work in Central and Eastern Europe?

The EU's enlargement to Central and Eastern Europe has been the most successful recent case of exporting the EU's political, economic and legal norms to third countries. The EU's gravitation pull combined with the enlargement instruments developed in the 1990s explain to a large extent the domestic transformation that took place in the new member states from Central and Eastern Europe. The EU actively stimulated the process of convergence on the norms of democracy and market economy in the accession

hopefuls through its enlargement strategy. The major thrust of the EU enlargement policy was the conditionality principle. The EU extended the conditional offer of membership to the aspiring countries from Central and Eastern Europe in the early 1990 and specified the conditions under which it would admit them as equal members, demanding high democracy and governance standards and full endorsement of the EU's political, economic and legal norms. It then monitored the progress of each country towards fulfilling the entry requirements, encouraging the front-runners and delaying the underperformers on the pre-accession road. The EU's message to the candidates was straightforward and uncontested. The reformers from Central Europe and the Baltic states grasped the significance of the EU offer and for little more than a decade did what it takes to qualify for membership. Bulgaria and Romania got to a slow start but eventually improved their governance scores under the European Commission's guidance and acceded in January 2007. Although the domestic transformation of many of the new EU member states continues after accession, the results to date are largely positive and the EU can claim success for steering the process of democratisation and economic modernisation in Central and Eastern Europe.

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## Is it working in the Western Balkans?

The EU's Stabilisation and Association Process (SAP) for the Western Balkans mirrors the EU's enlargement policy. The EU offered the membership prospect to the countries from the region in 2000 and reconfirmed its offer at the Thessaloniki Council in 2003. The Western Balkan countries, however, are a special category of accession candidates. The EU's engagement in the region is meant not only to stimulate the democratisation and the transition to market economy but also to help resolve the unsettled statehood issues that have been weighing heavy on the regional security agenda since the wars of secession in former Yugoslavia ended. There are still a number of protectorates and semi-protectorates in the Western Balkans (Kosovo, Bosnia and Herzegovina), with the EU actively involved in their international supervision. It is the EU's stated policy objective to strengthen and consolidate the fragile state structures across the countries from the region. To this effect, the EU has extended the resources of its Common Foreign and Security Policy (CFSP) in addition to its enlargement incentives and instruments.

The progress to date is mixed and a few examples clearly speak to this. The EU's initial policy of preserving a common state between Serbia and Montenegro did not succeed. In May 2006, Montenegrins voted in favour of independence (55%) in a democratically organised and internationally recognised referendum. Having secured independence from Serbia, Montenegro is now on a separate accession track. The peaceful separation of the two republics under the EU's watch is a notable development, given the violent recent history of the region.

Bosnia and Herzegovina is going through a difficult process of domestic political and economic transformation and state consolidation. The reform process has been painfully slow and complicated by identity politics, pitting political leaders of the three ethnic communities against each other on many reform issues. Absence of a common vision on how Bosnia and Herzegovina should be organised institutionally and politically has been at the core of the problem. The international community's representative in Sarajevo has regularly intervened to break the domestic stalemate since the Dayton Peace Agreement of 1995 but that has not helped bring about a meeting of minds of domestic leaders on key questions concerning the country's future.

Kosovo's status is the final piece of the Balkan statehood puzzle and it is by far the most contentious one. Negotiations between Kosovars and Serbs on a final settlement have been under way in the course of 2006-2007 but an agreement is highly unlikely, given the divergent positions of the two sides. Nothing less than full independence will satisfy the Kosovo population and everything but independence is what Serbia is prepared to offer. The unbridgeable views of the two parties place the international community at large and the EU in particular at the centre of the dispute in a position of arbiter. With Russia vehemently opposing independence for Kosovo and the US staunchly supporting independence for Kosovo, the EU is struggling to keep unity and speak with one voice.

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All these statehood matters complicate the transformation process in the Western Balkans and the meeting of

the EU's membership requirements. Domestic consensus on a pro-EU reform path is more difficult to achieve and political groups questioning the EU's conditions are easier to find in the Western Balkan accession candidates than in Central and Eastern Europe prior to EU membership. Not only are the EU's demands more intrusive in the Western Balkans but also the political elites have been more reluctant to acquiesce to EU-sponsored ideas about sovereignty and governance. As a consequence, the EU's leverage as a whole has been less powerful in bringing about desirable changes in the domestic institutional and policy structures of the countries from the region to date. The internal EU discussions about the limits of the Union's capacity to integrate new members have further weakened the external driver of change in the region — the EU membership prospect. All this has translated into slower progress in political and economic change in the Western Balkans.

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## Will it work in the Southern and the Eastern Neighbourhoods?

In the greater neighbourhood, the EU has excluded the incentive of membership and this has decreased the possibilities for exerting strong leverage on the European Neighbourhood Policy partners. The EU has promised instead deeper economic ties and increased financial assistance to the ex-Soviet

republics on its eastern border and the Mediterranean states on its southern shore. The strategic imperative of being surrounded with neighbours which share the ideals of democracy and good governance prompted the launch of the European Neighbourhood Policy (ENP) in 2003. While the ENP rhetoric has emphasized the "sharing of common values" as a pre-requisite for developing closer relations with the EU, the approach is as much a normative project as it is a security strategy for the EU. The ENP can also be viewed as a form of compensation to the southern and eastern neighbours for their costs of exclusion from the European project by offering them a degree of inclusion in the common European policy space, if not participation in the common institutional framework.

In many respects, the EU's "new" neighbourhood is a difficult neighbourhood. The democratisation trends are much weaker and the authoritarian tendencies much stronger. The economies of many neighbouring countries are growing fast but both the southern and eastern neighbourhoods remain predominately poor and undeveloped. There are also a few "frozen" conflicts such as Transnistria, South Ossetia, Abkhazia, Nagorno-Karabakh, Israel-Palestine, Western Sahara that further hamper the prospects for economic development and democratic progress. In short, the EU is facing more unfavourable economic conditions and political regimes in its southern and eastern neighbourhoods compared to Central and Eastern Europe in the 1990s, if not the Western Balkans in the 2000s.

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While it is still early to judge the ENP's impact on the partner states, the weaker EU incentives combined with the gravity of the problems on the ground set the expectations low when it comes to assessing the potential for EU-driven change in the wider neighbourhood. Yet, there are neighbours both in the East and the South that demand more integration and are willing to pay the price of domestic reform in order to upgrade their domestic governance standards. Such partners should be offered in earnest participation in the EU's common policy space and targeted inclusion in the institutional structures designed for common governance of different policy areas.

In addition, powerful other actors such as Russia and the US have stakes in both the post-Soviet space and the Mediterranean basin which makes the EU's balancing act between the pursuit of norms and interests in its external relations harder to strike. Normative divergence with Russia has become particularly obvious in the last few years, preventing constructive collaboration on many issues of international concern in the wider neighbourhood. Differences in tactics and strategies with the US have also complicated cooperation in the neighbourhood, notwithstanding the convergence on policy ends.

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## Conclusion

Inspired by the success of the EU's power of attraction in the enlargement context, EU policy-makers tend to believe that a similar transformative effect can be easily replicated on a wider scale. This is unlikely to happen in a similar time frame and with similar intensity for reasons discussed here. First, the EU's instruments of engagement in the wider neighbourhood are mostly integration instruments rather than classical foreign policy instruments. Citing limits to its integration capacity, the EU itself has constrained the deployment of its most powerful and most successful incentives and tools. Second, the states bordering the EU present more challenges due to their own domestic circumstances and regional environments. They need to go a longer way in reaching higher political and economic standards even if they had the will to walk that way.

This is not to discourage the EU's promotion of its political values and economic norms in the wider neighbourhood but to caution against overoptimistic expectations. The EU would do better pursuing a more differentiated approach towards its neighbours, distinguishing between the willing and reluctant reformers and actively helping the former while showing the costs of non-engagement to the latter. This may allow it in time to claim success in projecting its norms and regulatory practices in parts of its wider neighbourhood, if not in the whole neighbourhood.