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From Obsolete Normative to Realpolitik in the EU and Russia Foreign Policy Relations

Florin Păsătoiu

Abstract: Growing global and regional challenges in terms of security and prosperity call for cooperation and “new type of great power” relations. Yet, both the EU and Russia took a U-turn in terms of rejuvenation of the Cold War politics announcing an astonishing overt deviation to a binary ideology fueled zero-sum game. The EU failed to transpose Russia radical twist in foreign policy into a new design of the ENP and directly recalibrating the instruments managed to address the Eastern neighbourhood. The liberal functionalist approach would have been compatible assuming Russia had maintained its Western course; here, an exclusive design of the policy based on the normative matrix might have worked, although still at risk as it was excluding other regional power dynamics, the influences of the proximity of geography and the path-dependency that seems to reveal Cold War legacies. The Russia-Georgia war of 2008 and the annexation of Crimea were just a few of the outstanding signals that Russia’s assertiveness announced a reset of the power relations in the region. Hence, we reckon that it was a wrongly inspired policy choice for the EU to conclude prematurely enough that “Russia lacks the means of maintaining great-power status”, and consequently not predict state-like behaviour scenarios in response to a particular foreign policy pursued by the EU. In order to demonstrate the inappropriateness of the EU foreign policy design, we apply the concept of power and the regional security complex. Despite the fact that one of the pillars of the European Neighbourhood Policy is security for all, the EU has relied exclusively on policy stewardship built on a normative paradigm while miscalculating national security concerns of the Russian Federation.

Keywords: power politics, regional security complex, foreign policy

Introduction

The ex-ante bewilderment that the EU leaders faced before the third Eastern Partnership Vilnius Summit, failing to bring Armenia to the table to sign the agreements on association and free trade and eventually its withdrawal from the Association Agreement (despite the

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1 Florin Păsătoiu is a research fellow at the Ministry of Foreign Affairs of the Russian Federation, Moscow State Institute of International Relations (MGIMO). With an MA in Social Sciences in European Studies and International Relations from University of Aalborg (Denmark) and a PhD in Sociology from University of Bucharest (Romania), he lectures in International Relations at University of Craiova, Faculty of Law and Social Sciences. E-mail: florin.pasatoiu@ipd.ro.

2 Gabriel Gorodetsky, Russia between East and West, Taylor & Francis e-Library, 2005, p.X.
fact it completed negotiations!), and the last minute refusal of Ukraine to conclude the Deep and Comprehensive Free Trade Agreements (DCFTA) with the EU, represented a heavy blow for the EU flagship foreign policy initiative to the Eastern EU border and the lack of capacity to provide a tailor-made policy within an international subsystem of inter-state relations.

The EU hesitation to respond to the US call to impose sanctions on Russia and a still divisive standing among Member States in adopting a common EU position towards the crisis in Ukraine, augmented by distinct bilateral relations that few EU Member States pursue with Russia, are clear indications on the failure of the EU foreign policy to pursue a joint strategy to safeguard the interests of Member States and to achieve predictable goals within the international relations system.

Both the EU and Russia had quite an institutionalised relation up till late 2011 (summits every six months, with the Cooperation Council transformed in the Permanent Partnership Council, and in May 2003 adopting an integral framework of Four Common Spaces covering all the main sectorial directions, and two years later designing even roadmaps etc.). And yet, despite the cumulative and socializing stances, both Russia and the EU defaulted again. This time, power politics!

In the article we seek to answer a two-fold exploratory interrogation: how do we explain the causes of the tensed relation between the EU and Russia as well as the dynamics that radically transformed the status quo into a *nuovo modus operandi*? What are the circumstances that triggered “power shocks” for Russia to undertake an extreme position in managing international relations towards Ukraine and the EU?

In the end, we engage prospectively at least to answer one question and that is what sort of re-alignment, if any, both the EU and Russia may be engaged with?

In the analysis we look at the relations between Russia and the EU with a particular focus on the *power dynamics*. Due to the resources limitations, most of the data gathered relies on secondary conventional data sources, yet from reliable sources such as the EU, Russia Ministry of Foreign Affairs, Russia Presidency, official statements from the top politicians and policy papers analysis. Therefore, interviews were conducted with scholars from Russia Ministry of Foreign Affairs - Moscow State Institute for International Relations (MGIMO) during the author’s research fellowship in the fall of 2014.

Essentially, we challenge the western wide spread caveat that the crisis in Ukraine is the sole fault of Russia’s imperialist quest to rebuild the Soviet Union and re-incorporate all the actual independent republics.

Our central argument is that the recent crisis in Ukraine has evolved due to the lack of policy congruence in between the EU regional integration policies, particularly the European Neighbourhood Policy and Russia foreign policy towards its “near abroad”.

In terms of content flow, we start by giving an overview to the EU institutional “advancement” to the Eastern border line pointing to the critical junctures that lead to a change in both EU’s and Russia’s foreign policy; we continue to develop the theoretical paradigm through the lens of which we filter our analysis on the causal chain that led to
the tensed relations between Russia and EU. Then, we argue that a patterned conduct in Russia’s foreign policy could have been a clear indication of potential scenarios on Russia’s responses towards the EU European Neighbourhood Policy and which turn the Russia-EU relation may take.

Facing the risk of developing a reductionist approach in explaining the causes, chain-reaction attitude and the effects of the EU – Russia foreign relations, we deliberately take a shallow causal exploration on other context based variables such as the domestic environment reflected in various stakeholders’ actions (for instance NATO pursue of a certain policy towards Russia). Following on the same neorealist logic, no matter how neutral is the state bureaucracy it needs to take stock of changes and objectively embed that in the core policy realm. Hence, resorting to the regional security complex, we would argue that domestic and inter-state relations factors seem to be the missing explanatory fundament to account for a different state acting in the international system. In effect, we would then underline that power as the ultimate factor influencing state behaviour cannot be self-sufficient in explaining the state of art in the international relations system as states did act differently.

EU normative drive to the Eastern neighbourhood in a nutshell

Whereas the demise of the Cold War was expected to bring around the end of ideological battlefields with the prevalence of the unilateral Western hegemony, despite several good years of intense inter-institutionalization of the state relations, the EU and Russia seem to have reached a no-turning back point. The split, this time, stems from both a “civilizational” devise and a geopolitical deadlock that the European Union lacks an appropriate toolbox outside of the Euro-Atlantic framework.

The latest proposal coming from 13 EU Member States to allow for “differentiation” and “smart use of conditionality” signals a swap in the foreign policy partly for fear that Russia’s Eurasia integration project highly politicized mixed with traditional conditionality would eventually prove more traction for states targeted by the Eastern Partnership in the shared neighbourhood. The EU – Russia diplomatic relations turned for a short period into a binary type one underlying full contingency and the risk of a second cold war evolving that in return would fire back to both strategic policy interests of the EU and Russia. Both the EU and Russia have played cat-and-mouse in the shared neighbourhood with heavy foreign policy outcomes by designing “disputed areas” or “grey zones” where neither of them took decisive steps until Russia’s intervention in Crimea.

Currently, the EU rhetoric on the rule of law and human rights does not hold any strategic move while Russia plays realpolitik and the US expresses frustration towards the EU for the lack of coherence and direction in solving political turmoil in the EU neighbourhood.

Since its inception stage in 2004, the European Neighbourhood Policy (henceforth throughout the article referred to as ENP) has been the main instrument designed by the

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3 20 Points on the Eastern Partnership post-Vilnius; Non-Paper document, discussed by the Council of the EU on 10 February, not published officially.
European Union to manage the Eastern neighbourhood once the last wave of enlargement would be completed.

Started as a privileged relation favouring Russia vanity of major power in the framework of Four EU-Russian Common Spaces, the politics of the European Union, expressed rather vague in the European Neighbourhood Policy back in 2003-2004, did not pose any challenge to Russia dominance. It was only in 2004-2005 with the Orange revolution in Ukraine when Russia projected a reformed policy towards its satellite countries. So far looked upon as two distinct economic projects, the ENP of the EU and the Single economic space initiated by Russia, failure to control societal dynamics in Ukraine transformed a rather neutral position of Russia into a competitive one raising geopolitics back at the core of its foreign policy.

As initially Russia was quite sceptical on the EU capacity to influence its Western flank, gradually it dragged itself into a forceful race against its immediate traditional allies provoking economic blockages determined exclusively by its energy and trade policies.

Once the ENP was launched, Russian foreign minister Sergei Lavrov harshly articulated that the Eastern Partnership is nothing else but “[…] an attempt to extend the EU’s sphere of influence, including to Belarus”.

John Mearsheimer insisted on the fact that both NATO enlargement and EU expansion eastwards coupled with ostensive supportive position towards the coloured revolutions in both Ukraine and Georgia would trigger from Russia a “no surprise response” as “the West had been moving into Russia’s backyard and threatening its core strategic interests”.

Taking into account the initial aim of the policy to avoid “the emergence of new dividing lines between the enlarged EU and our neighbours”, and with not much of an analytical effort, one could agree that the evolution of the economic, social and political dynamics both in the Eastern part (Georgia, Ukraine, Belarus and to a lesser extent in Armenia and Moldova), but also in the Southern border of the EU (particularly in Libya, Palestine, Syria, Egypt) would contradict at least in terms of policy impact.

Initially constructed as a bilateral policy between the EU and partner countries individually, as it has attracted much criticism as being a too much of a “vague” policy, the ENP was supplemented by multilateral regional approaches such as the Eastern Partnership (launched in Prague in May 2009), the Euro-Mediterranean Partnership (the Euro-Mediterranean Partnership, formerly known as the Barcelona Process, re-launched in Paris in July 2008), and the Black Sea Synergy (launched in Kiev in February 2008).

At once defined as mimetically borrowing from the Enlargement acquis, the core normative framework of the ENP reunited traditional values such as democracy and human rights, rule of law, good governance, market economy principles and sustainable development as the bedrock foundation for “stability, prosperity and security for all”.

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The approximation of the EU standards has been ensured by means of action plans (or Association Agendas) individually negotiated for each partner country which are meant to support economic and political reforming, but also to get each country institutionally harmonized with the EU Internal Market code of procedures.

In 2010-2011, being under pressure to make differentiation in terms of pace and scope of its bilateral relations, the EU recalibrated its ENP policy unveiling the “more for more” principle. On a different note, in December 2011, during the Polish Presidency, the EU launched the European Endowment for Democracy (proposed in May 2011 in the review of the ENP “A new response to a changing Neighbourhood”) as an instrument to support the democratization in transition countries with an initial focus (but not exclusive) on the European Neighbourhood.

The Third Eastern Partnership Summit held in Vilnius, Lithuania on 28-29 November 2013 marked a milestone in defining the code of relations between the EU and Russia, determined largely by the crisis in Ukraine which definitely brought about a shift in gears and content for the European Neighbourhood Policy.

Given the inappropriateness of the policy toolbox to handle the latest intercourses in Ukraine, on the 27th of March 2014, in a joint communication, the Commission acknowledges the emergence of a “rapidly changing and complex geostrategic environment” and it calls on the Member States to “enable the EU to better react to developments in its neighbourhood”.

Challenging from the very outset, both in terms of institutional design, having a double hat accountability (both the European External Action Service and DG Enlargement being involved), and instruments employed as well, few would argue that the ENP is nothing more than the Enlargement conditionality matrix reloaded. Yet, with the crisis in Ukraine, the European Neighbourhood Policy has gained political momentum as it trespasses the limits of being a mere bureaucratic tool for common policy development.

Hence, on the one side of the paradigm, the ENP closely followed on Article 8 of the EU Treaty “an area of prosperity and good neighbourliness, founded on the values of the Union”, while on the other side the ENP is limited by policy design and the pace of societal transformations in the states targeted. In effect, fault lines have been emerging between the EU and Russia; and that raises further competitive stakes and inadequate responses rather than bringing strategically the two players into joint efforts in order to maintain stability and security in Europe and the immediate vicinity.

Yet, a closer look at the very first documents produced by the European Commission, the geostrategic dimension ENP is revealing Ukraine as a key partner of the EU given that “some 80% of EU imports of Russian gas pass through Ukrainian pipeline infrastructure”

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and as a transit country for “transportation of oil and merchandise trade between the EU and the Black Sea and Caspian regions.”

Covertly projected as an instrument for geopolitics, the ENP dragged the European Union into power politics that it has not been prepared to play due to the lack of coherent external policy and to the political and economic turmoil that swamped the EU since 2008. And yet, Member States as the main drivers of the Common Foreign and Security Policy have ostensibly resorted to foreign policy to respond to their national interests detrimentally opposing a single standing on the EU foreign affairs priorities.

Since 1997, the Partnership and Cooperation Agreement signed by the EU and Russia has produced a rapid growth of trade and investment relations amongst the two making the EU the first trading partner and the most important investor in Russia (up to 75% of Foreign Direct Investment stocks in Russia come from the EU Member States). The new EU-Russia Agreement currently under negotiations was halted in 2010 mainly because of the announced EU Eastern Partnership and the Common Economic Space promoted by Russia and intentions to set up a Eurasian Economic Union, both sides pointing at the other for pushing into defining spheres of influence.

According to Directorate-General for Trade statistics, if Ukraine stood as the third Russian trading partner in 2012, when it comes to the EU trade with the world Ukraine does not even come amongst the top 10.

Hence, there is no surprise that the Association Agreement proposed by the EU was perceived as heavily impinging upon Russia’s national interests, the situation around Ukraine being described by a Russian government source as a “textbook example of a trade war”. The proposed trade and economic roadmap architected by the EU technocrats in Brussels looked very much as ascribing an overt function to the Ukrainian market, such as of a “Trojan horse” to break into the Russian economic system. That in return triggered forced counter measures from Russia and turned Ukraine into a proxy battle field.

Analytical frameworks to explore the EU and Russia foreign policies

Our analysis dwells on the theoretical foundation that it is the structure of the post-Cold War international system translated at the subsystem tier in Europe that has influenced both the EU and Russia foreign policy drive.

The international order vacuum left behind by the end up of the Cold War, in Europe, was expected to be filled up successfully by the Council of Europe and Organization for Security and Cooperation in Europe (OSCE) which all member states committed to endorse. Yet, all regimes emerging seemed to have inclined forcefully towards a Western-like order.

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8 European Commission, European Union, Trade in Goods with Russia, 2013, pp.9-10.
which even Russia apparently in the early 1990s showed an interest to adhere to and even prompt. Others described the new international order as "a diffuse New World Order, where contradictory forces such as globalization, regionalism and US unilateralism seem to reign."10

Richard Sakwa argues that the great failure of the post-Cold War international system lies in the inability to sustain the Helsinki approach apparently favouring an emerging trend of "the politics of Yalta"11 in tandem with a marginalization of the OSCE.

Given the fact that the ENP lies at the intersection of the EU enlargement and foreign policy (even though institutionally it links more to the foreign policy), there is a challenge in its own conceptual build up, albeit for the policy makers to operationalize it. Thus, it is argued that ENP is "neither conceptually complete nor operationally stable", and it is likely to remain this way for some time”.12

Despite the fact that most of the theoretical interpretations of the ENP derive from the traditional theories of European integration, we tend to conduct our analysis in the causal framework of the EU foreign policy, which is to say that we depart from the classical paradigm of the EU as a normative transformative power in affecting domestic economic, social and political changes in various states, either in the neighbourhood and/or further away. Instead, we shift our focus onto the foreign policy as a coherent pragmatic framework that enables the EU to get engaged in state-like relations to pursue policy objectives as they were settled by the constitutive parts, in our case, by the Member States.

Hence, assessing the first pillar of the ENP one needs to look more inwardly at partner states domestic transformations and provide an overview of the evolutionary path towards democracy and market economy.

Nonetheless, our endeavour is to explore new concepts that could be explanatory for the state of art of the relation between the EU and Russia conditioned by the ENP contribution to an “area of security and good neighbourliness” as mandated by the Member States.

Consequently, as the normative framework has been the streamline in analysing the ENP, our paper will be looking more into an analysis focused on the second pillar of the ENP which is security.

As both the EU and Russia resorted to sanctions (EU), and to military force and economic sanctions (Russia), in order to be able to deconstruct theoretically the crisis between the two, we objectively employ two key concepts to apply in our empirical analysis: power and the regional security complex.

In terms of theoretical explanations, resorting to the International Relations classical concepts of power and security would avail us the argumentative stances to interpret and put the EU and Russia reactions in the very contemporary context and also to contribute to a scenario build up based on patterned predictability.

10 Gabriel Gorodetsky, Russia between East and West, Taylor & Francis e-Library, 2005, p.X.
We dismissed intentionally other theories of International Relations such as liberalism and constructivism as we predetermine their paradigms as being futile in explaining the downplay of the EU and Russia relationship as, eventually, both parties have undertaken foreign policies responding more to strategic interests rather than resorting to third party institutions to intervene while predicking on norms and legal orders. Therefore, this is not to minimize the explanatory grounds of other theories as it is more on streamlining demonstrative opportunities. For the clarity of concepts, we take privilege of the works of Kenneth Waltz who describes power as the sum of “size of population and territory, resource endowment, economic capability, military strength, political stability and competence”\(^\text{13}\) and John Mearsheimer that refers to dimensions of power as being the ability to influence and/or actual acts of influencing and as being latent or manifest\(^\text{14}\) which means pursuing an independent foreign policy. For both authors, great power politics stands as a critical variable that is important to conceptually gain an in depth analysis of the conflict dynamic between states.

In 1993, E. H. Carr underlined that it should not take anyone by surprise if “dissatisfied Powers” declare war on the “sentimental and dishonest platitudinizing of satisfied Powers”.\(^\text{15}\) In relating to the “appetite for power”, Morgenthau would explain states behaviour in international relations as being determined by three types of foreign policy: “of the status quo”, “of imperialism” and “of prestige”\(^\text{16}\) that is for a state in quest of demonstrating its power. On the contrary, Schwellerb argues that states become revisionist and revolutionary and challenge the status quo due to a degree of (in) satisfaction with “the prestige, resources, and principles of the system.”\(^\text{17}\) Yet, for neo realists, revisionism is the state of art amongst powerful states.

Therefore, in our paper, we take power as the expression of influence either through direct use or just threat of force (be it military and/or economic sanctioning) and not in terms of nominal capabilities. Hence, we assume that power manifestations have acted as determinants of the conflict between the EU and Russia as Waltz would argue that “the most important events in international politics are explained by differences in the capabilities of states”\(^\text{18}\) or Mearsheimer “the causes of war and peace are mainly a function of the balance of power”\(^\text{19}\).

Mearsheimer’s five assumptions on the structure of the international system would constitute the postulates of the current article. Here, we would state that Russia acted according to an anarchic international system where states are the main rational actors, relying on some offensive military capability due to the uncertainty of strategic moves of the others that could have malign intentions, and following as goal survival as its highest thrive. Continuously, Russia justified its state behaviour in response to “external threats” to its own national security.


Russia commitment to defend its position in the “near abroad” brings it “in the same situation as the USA is in the Americas, not wanting to give up its unilateralism” and in the case of the EU and NATO entering in competition for being a regional security hegemon, Russia reacted as being in a “self-help system”, where it does not help relaying on “the others”.

As Waltz insists, the anarchic nature of the international system determines states to be in a continuous competition for power and resources.

Here, we claim that Russia aggressively opposed Ukraine largely by the necessity to strengthen its economic power recognized by realists as important in building the status of a great power in the international system and secondly, to preserve its security as Ukraine plays the role of a buffer zone.

In other words, why would not Russia want to have its own variant of the Monroe doctrine and avoid any external threat to its national interests?

Hence, after the end of the Cold War by early 2000 Russia was much into being recognized as a great power by the West, consequently deriving its foreign policy from that. Buzan notes that besides military might and “victory in war”, to gain a great power status there was the need (in the period up till the beginning of the Cold War) of “formal status recognition by the peer group at the top table.”

The Soviet Union dismantling brought back on the scholars and politicians’ discourse the question of Russia identity, otherwise called “crisis of identity” (a matter of history and philosophy) and Russia’s role in the world (a matter of geopolitics) exposing a “complex nature of Russian state and its policy” but also long debate whether “Russia is a European or an Asian power”. Ivanov would argue that Russia Foreign policy was then still under the “euphoria of change that overwhelmed the national consciousness” and that made Russia shift from confrontation to rapprochement that failed to trigger the “far-reaching” feedback from the West. The ideological domestic debate pertained also through the foreign policy particularly around the idea of “model Europe” as the integration into the Euro-Atlantic structures was a top priority. Ivanov would call that as “gambling on unrealistic goals”.

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26 Idem.
Russia’s foreign policy has been constantly driven by the concept of being a “great power”\textsuperscript{28}, yet, the intensity and position fluctuated over time. Besides the classical identity factor that it has been always made recourse to when justifying projection of its greatness at the global level, there are few hard core elements that still preserve the primacy of Russia amongst the global leading powers: (i) military almighty; Russia still possess the second largest stock of nuclear power weaponry and has been topping the list amongst the highest investors in military that in addition keeps Russia on par with the other nuclear super power, US; (ii) economic clout; Russia reserves of hydrocarbons/carbon fuels facilitate its place amongst the global players. As energy becomes increasingly a matter of national security in any state, Russia capability to influence increases exponentially; (iii) geography position; the very status of “heartland” enables Russia to be a partner in any geopolitical reshuffling that a power would design.

Despite the recent dissolution of the Soviet Union, Russia has decisively established its position as the “regional node” in the Eurasia. To put it very simply, Russia access to markets, transportation routes and the ability to project naval power across continents makes it envied by other big powers. That needs to be taken into account when formulating Russia foreign policy as it “dictates an equal need for Russia to cultivate its cooperation with the nations of West and East, as well as South and North.”\textsuperscript{29}

In explaining the sources of Russia foreign conduct we need to take into account also domestic factors such as the “social-political institutions”\textsuperscript{30} and the “national situation”\textsuperscript{31} where history and geography also plays its role as throughout the last two decades Russia constantly has made recourse to its historical position and glory that require a particular standing in the international system.

Assuming that both the structure of the international system as much as states’ influence the foreign conduct either balancing and/or offensively pursuing relative and/or absolute gains, one could refer to Kissinger arguing that “[…] while powers appear to outsiders as factors in a security arrangement, they appear domestically as expressions of a historical existence”.\textsuperscript{32}

The motivation used by Russia political establishment has been built on the narrative of state survival and historical legacies that entitle Russia to claim a global position. That is why the apprehension of Crimea may have a double explanation- the stationing of the Russian fleet and an exit gate to the Mediterranean, both are strategic objectives to ensure survival and the need to “correct history” which is a typical behaviour of an offensive power pushing to revision the status quo of the balance of power in a quest for influence and not merely survival.

\textsuperscript{28} Nikolas Gvosdev, “Because It Is”: Russia, The Existential Great Power, Editor, The National Interest.
\textsuperscript{31} Hoffmann, Stanley (1966) “Obstinate or Obsolete: The Fate of the Nation-State and the Case of Western Europe”, Daedalus, summer.
Yet, when it comes to the security regime in Europe increasingly geopolitical tension has been unfolding from the West and the East. On the one side NATO aggressive enlargement and the EU “has been marching eastward”\textsuperscript{33}, on the other hand, from within, Russia’s own security policy was further complicated by the foreign policy diversification amongst the former Soviet Union satellites, particularly with Ukraine, Georgia and Moldova; let aside the least successful CIS and other lagging behind regional organizations that Russia promoted.

The US has been no stranger from the situation as even though in declarative terms was supportive to Russia “while doing all in its power politically to isolate Russia and to push it out of its traditional sphere of influence in the Caucasus and central Asia. Ukraine was a willing accomplice, and indeed instrument, of this strategy.”\textsuperscript{34}

And that was further aggravated by “the fallacies of the Western policies, which not only fail to address Russian sensitivities but also perpetuate enduring preconceived ideas and prevent the Cold War from being brought to a genuine end.”\textsuperscript{35}

Russia has gone through successive “shocks” of power loss starting with the fall of the Soviet Union and continuing with the membership of former satellite states to the EU and NATO which was naturally translated as a loss of spheres of influence.

In order to supplement the system view of the security and inter-state relations and as we rely too much on the assumption that states are unitary actors and they pursue independent foreign policy, disregarding other actors and levels of analysis, we appeal to Buzan theory of the \textit{regional security complex}.

Buzan introduces the regional security complex as a conceptual frame that may capture the redefinition of the architecture of the international security whose novelty is mainly given by the increasing assertiveness of regions as subsystems in between the states and the global system.

Hence, the region becomes the “relevant strategic setting”\textsuperscript{36} where states’ security is projected in “clusters of close security interdependence” from each other mainly on the basis of security \textit{functional} relations. Yet, patterns of conflict cannot be predicted solely by looking at the distribution of power as the very triggers of states behaviour such as \textit{fear} and \textit{survival} are further constructed by the contextual geographic and historic elements.

While states remain the central actor in securitization and de-securitization processes, in 1998 Buzan and Wæver enlarged the concept to encompass other units and sectors of security. In fact, the underlying causal chain is even further becoming more self-explanatory for the intensity and scope of the inter-linkages endorsing national security policies for states under “the pressures of local geographical proximity”\textsuperscript{37}.


\textsuperscript{34} Richard Sakwa, \textit{Putin’s Foreign Policy: Transforming ‘the East’}, in Gabriel Gorodetsky, \textit{Russia between East and West}, Taylor & Francis e-Library, 2005, p.181

\textsuperscript{35} Gabriel Gorodetsky, \textit{Russia between East and West}, Taylor & Francis e-Library, 2005, p.XiV.


\textsuperscript{37} Ibidem, p.45.
In effect, the regional security complex both as an explanatory framework and as a theory helps to underscores in our case the deficit of foresight for the EU to tailor made its ENP in such a way as to avoid collision with Russia and eventually contain security threats on both side to manageable diplomatic interstate relation.

Moreover, Buzan and Wæver propose a four level analysis\(^{38}\) in order to determine the security constellation that in return may unveil a particular pursue of a state security policy. Here, they propose an insights into the domestic vulnerabilities that states within a region have as these would influence the kind of security fear it has. Assuming that the regional security complex has been mainly shaped by an intra-regional power, in our case Russia, identifying its main domestic security concerns would give an indication of the sort of security state-to-state relations it may be up to. Despite the fact that Russia has embraced the narrative of democracy and market economy in all its state programmatic documents, no matter on foreign relations or on security, Russia underlines the necessity to have a strong state build up as the source for the country posture and influence worldwide.

Here, one could read the substantial EU enlargement too far into the former Soviet influence zone, and now, pursuing a conditional policy on market liberalization and democratic societal transformations right at the backyard of Russia as further threats to internal stability by “interference in the Russian Federation’s internal affairs”\(^{39}\).

The second level of analysis, the state-to-state relations would definitely describe a dense interdependence of Russia and Ukraine including all sectors from culture to economy and security. With a solid trade flow making Russia the first trading partner for Ukraine, a particular strategic geography of Ukraine given its transitory role for the gas pipelines ensuring supply for a large number of EU states and critically conditioning Russia’s own energy security as a prime source of its own economic stability, all of these carefully examined would have unveiled to policy makers in the EU that the inter-state relation between Russia and Ukraine is no commonplace to deal with. Apart from the economic inter-dependency, Ukraine is the host of a large Russian minority which Russia did insist that it is an element of national security and that any “suppression of the rights, freedoms, and legitimate interests of citizens of the Russian Federation in foreign states”\(^{40}\) stands as an external threat to Russia itself.

The inter-state relation between Russia and Ukraine has been further strengthened by the military security component. The geographical position of Ukraine as the ultimate frontier between Russia and the Euro-Atlantic alliance, the deployment of the Russian Black Sea fleet as a large operational and strategic command in the Black Sea and the Mediterranean Sea since late 18th century makes Ukraine a strategic extension of Russia territory for combat operations. Temporarily, Russia regional position in the security complex was challenged by the establishment of the GUUAM cooperation that was short-lived, yet, one would notice the attempt to redirect the intra-regional security complex towards a more diffused

\(^{38}\) Ibidem, p.51.
\(^{39}\) The National Security Concept of the Russian Federation, Approved by Presidential Decree No. 24 of 10 January 2000.
leadership structure, possible with a slight perspective for Ukraine to take over as a second regional head.

The third level of analysis, that is the region’s interaction with the neighbouring regions, we would call readers’ attention only to the geography covered by the European Union and not make any reference to implications for North Africa, South Asia and North Asia. Buzan and Wæver defined such a level of analysis as becoming critical when “gross asymmetries” in terms of security rapport emerge and the pattern of security interdependence changes. For our case, we argue that this level of analysis needs to be coupled with the further one which is the role of a global power in the region. Hence, the continuous aggressive positioning of the United States of America, through NATO alliance in Europe has exerted incremental pressure to alter the security constellation in the region, disrupting the balance of power between the EU and Russia, hence breeding a long enduring stifled conflict, in relation to which Russia has described it as “attempts to ignore (infringe) the Russian Federation’s interests in resolving international security problems, and to oppose its strengthening as one influential centre in a multipolar world”41. The move of military infrastructure to the borders of Russian Federation has been assessed as external threat to its own national security and the unilateral US resolution to install anti-missile defence systems in the EU Member States (former Soviet Union satellite countries) as undermining the regional security stability and as blatant evidence that the EU would embrace such foreign policy definition as well.

We argue that Russia has been keen on maintaining the status quo of the regional security complex and less interested into a genuine change in the pattern of amity as heralded by the attraction of Ukraine by the transformative power of the EU that might have eventually distorted the social and ideological foundation with knock on effects on Russia itself. On the other hand, both the EU and United States looked at reconfiguring the external borders of the regional security complex dominated by the Russian Federation.

We further note that the entire security dynamic of the regional security complex defined as a centred42 one has been dominated by the Russian Federation. Given the preferential status of great powers in the global security system, Buzan and Wæver insists on the fact that great power regional security complexes need to be treated differently as their “dynamics directly affect balancing calculations at the global level” and that “one would expect wider spill over into adjacent regions, in other words, a higher intensity of interregional interaction”43.

Hence, our claim is that Russia and Ukraine are by far more interdependent in the security realm, no matter that is military or socially, economically and environmentally constructed. Failing to recognize the security regional complex demarcated by Russia and its near abroad, equals denial of the intensity of inter-state relations and the balance of power within the regional geography that is also pre-determined to a large extent by the “durable patterns of amity and enmity” solidly embedded in

43 Ibidem, p.59.
historical factors and/or “the common cultural embrace of a civilizational area”\textsuperscript{44}. And these are the elements that Russia have extensively referred to in all foreign policy documents warning of trespassing zones of strategic interest and security concerns. Moreover, in all military doctrines introduced by Russia since 1993 up till 2010, clear references are made to the expansion of military blocs and alliances as being interpreted as external threats for Russia. The provocative attempts by “a show of military force […] in the course of exercises on the territories of states contiguous with the Russian Federation or its allies” has been referred to as drastically damaging the military and political situation for the inter-state relations and that would further breed “the creation of the conditions for the utilization of military force”\textsuperscript{45}. The “contiguous” character of the inter-state security relations and the status of great power for Russia has made Ukraine, and other states in the immediate vicinity of Russia, to become “captive” or “locked in” a regional security complex.

The efforts to “align” Ukraine both in terms of politics and economics (forced by the EU ENP) and in the military area (by NATO) by announcing potential expansion of the alliance, have been drastically refuted by Russia as being a quest to reverse the regional balance of power on the borders of Russia and to “penetrate”\textsuperscript{46} the regional complex of security. Russia aggressively pinpointed to “plans to extend (NATO) the alliance’s military infrastructure to Russia’s borders “as being “unacceptable to Russia”\textsuperscript{47}.

On numerous occasions Russia asserted its status as a great power heavily involved in redefining the international relation order oriented toward multi-polarity, drastically expressing dissatisfaction with the current unilateral drive of the international security architecture that “does not ensure equal security for all states”\textsuperscript{48}.

In an explanatory reference, we could use Buzan and Wæver argument that “the regional level is crucial in shaping both the options for, and consequences of, projecting their influences and rivalries into the rest of the system.”\textsuperscript{49}

Hence, referring constantly to the near abroad, how could one expect Russia not to intervene at one point to demarcate strategically its zones of influence? Putin first visit as president in office in 2000 was made to London via Minsk and back via Kiev- wouldn’t that be a clear indication of the geopolitical drive?

\textsuperscript{44} Ibidem, p.45.
\textsuperscript{45} The Military Doctrine of the Russian Federation Approved by Russian Federation Presidential Edict on 5 February 2010.
\textsuperscript{47} Russia’s National Security Strategy to 2020, Approved By Decree of the President Of the Russian Federation 12 May 2009 No. 537.
\textsuperscript{48} The Military Doctrine of the Russian Federation Approved by Russian Federation Presidential Edict on 5 February 2010.
Prospects for Russia and EU relations - the state of art

Despite several proposals put forth by Russia to further regional integration (both economic and military one), the recent frictions between the EU and Russia would prevent “business as usual” in their relation as none of them are engaged in any substantial joint policy initiatives at the moment; furthermore, it is not expect that one regional coherent security complex may be developed having a double-centred structure. Yet, the intervention of the EU and US into the crisis in Ukraine, at least at the inception of the crisis (meanwhile both the EU and US have backed down slowly from taking a firm stand) has proved that the old “power balancing” is decisively being revised and accepted by all sides as contradictory positions have become more consistent in scale, scope and intensity in the recent years.

The opportunity to project a single regional security complex is further complicated by deeply institutionalized and “consistent and systematic” involvement of the US in Europe (as member of NATO and OSCE) which makes it a “European power”.

Judging by Russia establishment political discourse, by the domestic policy orientation but very much given the outstanding popular support that both the Russian government and the president enjoy, one should further expect Russia orientation towards a national consolidation project where the statehood and the nationess strengthening and revival stay high on the agenda as they represent the core pillars to further fuel Russia ascension as a great power at the global level and gain traction for other CIS member states as to the regional economic integrationist project.

In a recent survey (Table 1) conducted by the Research Centre recognized by the West as being independent from the Russian political establishment, posing the same question for more than two decades, one should notice a positive steady increase in the popular support for the foreign and domestic policy pursued consistently ever since 2000 when Russia shifted its course in international relations and reaffirmed a catching up in domestic economic and social stability as the engines for empowering the great status of the Russian Federation. Paradoxically, if while ago such a dichotomy succeeded in polarizing the Russia society, currently, following on Russia activity in Ukraine and a continuous economic downturn, the pools results are an indication of the ideological foundation radically shifting under a more nationalist taken on both domestic and foreign affairs. And that is a strong premise that both liberals and the core of Russian societal drive towards revisionism and autarchic state come to converge!

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50 Ibidem, p.343.
51 Ibidem, p.344.
Table 1: “Is the country today moving in the right direction, or is the country heading down the wrong path?”

<table>
<thead>
<tr>
<th></th>
<th>The country is moving in the right direction</th>
<th>The country is heading down the wrong path</th>
<th>It is difficult to say</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19-22 Sep.</td>
<td>62</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td>22-25 Aug.</td>
<td>64</td>
<td>22</td>
<td>14</td>
</tr>
<tr>
<td>1-4 Aug.</td>
<td>66</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>Jul.</td>
<td>55</td>
<td>26</td>
<td>19</td>
</tr>
<tr>
<td>Jun.</td>
<td>62</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td>May</td>
<td>60</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>Apr.</td>
<td>58</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>21-24 Mar.</td>
<td>60</td>
<td>26</td>
<td>15</td>
</tr>
<tr>
<td>7-10 Mar.</td>
<td>51</td>
<td>30</td>
<td>18</td>
</tr>
<tr>
<td>Feb.</td>
<td>47</td>
<td>37</td>
<td>16</td>
</tr>
<tr>
<td>Jan.</td>
<td>43</td>
<td>41</td>
<td>17</td>
</tr>
</tbody>
</table>

The EU blame for interference in domestic affairs in the very near abroad of Russia still raises security concerns and the perception is there to stay now due to the social, economic and security turmoil in Ukraine. The Levada Centre also unveils (Table 2) a continuous decrease of the percentage of population supporting a Russia policy to strive to become a member of the European Union in the future. Hence, the “return to Europe”, once even coined as the “return to civilization” is traded in favour of a “national revival” one.

Table 2: “You think that Russia should strive to become a member of the European Union in the future?”

<table>
<thead>
<tr>
<th></th>
<th>Sep 99</th>
<th>Aug 00</th>
<th>Oct 01</th>
<th>Dec 04</th>
<th>Nov 05</th>
<th>Nov 06</th>
<th>Nov 07</th>
<th>Apr 09</th>
<th>Oct 10</th>
<th>Jun 11</th>
<th>Jun 12</th>
<th>Sep 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitely yes</td>
<td>35</td>
<td>23</td>
<td>23</td>
<td>26</td>
<td>19</td>
<td>19</td>
<td>23</td>
<td>14</td>
<td>20</td>
<td>14</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Most likely yes</td>
<td>30</td>
<td>31</td>
<td>35</td>
<td>33</td>
<td>34</td>
<td>36</td>
<td>29</td>
<td>39</td>
<td>36</td>
<td>37</td>
<td>35</td>
<td>13</td>
</tr>
<tr>
<td>Most likely no</td>
<td>12</td>
<td>19</td>
<td>12</td>
<td>14</td>
<td>16</td>
<td>15</td>
<td>16</td>
<td>15</td>
<td>16</td>
<td>21</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td>Definitely no</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>7</td>
<td>10</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>30</td>
</tr>
<tr>
<td>It is difficult to say</td>
<td>19</td>
<td>22</td>
<td>24</td>
<td>21</td>
<td>22</td>
<td>22</td>
<td>26</td>
<td>21</td>
<td>22</td>
<td>20</td>
<td>25</td>
<td>21</td>
</tr>
</tbody>
</table>

Following on the latest security and foreign policy programmatic documents, the securitization agenda of Russia is almost exclusively dominated by the external military threats that we may group into the following categories: (i) threats triggered by the
inappropriateness of the international normative system incapable to project and ensure a global security architecture equal for all states, (ii) the escalation of military build-up of innovative weaponry closer to the borders of the Russian Federation, (iii) the drift away of NATO alliance towards using military force and not abide by the UN Security Council resolutions and UN Charter, (iv) the EU Europeanization process that further destabilize the situation in Russia neighbouring countries. All that included in an analytical matrix, one could easily identify a Russia foreign policy that is both defensive and offensive in nature, and not into permitting an agenda for its close neighbourhood jointly development at least with the EU.

Buzan and Wæver argue that despite the fact the Europe has played a historical role for Russia quest for identity, “the global arena is today much more important than Europe for Russia’s attempts both to secure a larger role outside its region and to legitimize its regional empire”\(^{53}\) rather than to expect a Russia that is more focused on Europe as the “lack of a respectable international role”\(^{54}\) is still perceived as a threat to Russian state identity.

The EU centred regional security complex remain “partly penetrated”\(^{55}\) with the US that would remain a key active actor and under the security dominance of France and United Kingdom (not keen on giving up their permanent UN Security Council seats) where there are “further complications” stemming from, while Germany would express a tendency towards further gaining international assertiveness.

On the other hand, inter-regionally, the EU is prone to interactions with the Post – Soviet space and Russia in particular due to unsettled border issues, as the relation with Russia “is deemed important due to both positive and – especially – negative potentialities”\(^{56}\).

The “near abroad” still occupies a strategic place in Russia foreign and security policy as “one always has to give highest priority to the inner circles because their health is the precondition for that of the next circle outward”\(^{57}\).

Hence, denying a special status for a country still having the largest stock of nuclear and biological weapons in the world, once called the “Heartland” of the “World Ocean”\(^{58}\), covering a vast territory from Europe to Asia, exerting a powerful dynamic of geo-economy as part of its foreign policy toolbox, controlling over a hotbed of frozen conflicts at the margins of the European Union, a lever in ensuring a coordinated approach to terrorism and instability in the Middle East, and not accommodating a strategically long-term policy design in relation to Russia would hardly bear any sense full explanatory ground.

Squeezed in between the loss of Empire-like global position and troublesome domestic affairs due to the low performing economy, Russia foreign policy has been always performing

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\(^{54}\) Ibidem, p.405.

\(^{55}\) Ibidem, p.373.

\(^{56}\) Ibidem, p.374.


under the aegis of a Great Power and the “near abroad” have always been “the focal point of its national interests”.\textsuperscript{59}

Hence it is our neorealist based argument that following closely on Russia foreign policy paradigm one could have predicted Russia potential moves, not being neutral while its strategic “neighbour turned into a Western bastion”\textsuperscript{60}. A \textit{cumulative effect} could have been foreseen as potentially having unexpected extreme statecraft from Russia as it did happen in several instances since 1999 when it first marched its troops to occupy the airport in Pristina even before NATO’s K-For peacekeepers prepared to enter the province on 12 June, and were on the brink of “starting World War III”\textsuperscript{61}.

The very fact that Russia’s recurrent calls for multilateralism soon gave way to a new standing on \textit{multi-polarity}, we anticipate the shift from the manifestation not of single \textit{concerted} order between the big powers as it is much about the \textit{singularity} in constructed \textit{geographically} bounded orders and thus to compose stability in the larger international system.

**Conclusions**

The \textit{character} of the international system for some time to come is deemed to remain that of a polycentric order whereas an increasing tendency towards regionalization manifests both in Asia and in Europe, further power centres being in the making.

As an immediate consequence, the international system \textit{per se} stays anarchic with rising powers and established ones competing for spheres of influence to further strengthen their state capacity and, at least for the great powers, to maintain their global posture. That would narrow down the scope for cooperation and for collective responsibility as to preserving and delivering on the global public goods. And that is a scenario we would expect also to unfold in Europe.

Russia’s geographic position turns it into a geostrategic actor that any alliance that may be forged either to curb terrorism, migration, sea piracy, containment of states depository of nuclear weapons would need to associate Russia. Hence, Russia would continue to balance its multi-vector foreign policy towards other strong states, including the European Union.

To acquire further power Russia would not stop from taking any measure, military if need, “Under conditions of competition for resources, it is not excluded that arising problems may be resolved using military force […]”\textsuperscript{62} in order to block any further encroachment around its near abroad”.

In terms of asserting itself and promoting its interests, particularly the economic and security ones, Russia is up scaling efforts in sustaining the Eurasia Economic Union integration project within the framework of the Commonwealth of Independent States

\textsuperscript{59} Gabriel Gorodetsky, \textit{Russia between East and West}, Taylor & Francis e-Library, 2005, p.XI.

\textsuperscript{60} John J. Mearsheimer, Why the Ukraine Crisis Is the West’s Fault. The Liberal Delusions That Provoked Putin, in Foreign Affairs, September/October 2014, retrieved on October 9, 2014.

\textsuperscript{61} BBC, BBC (March 9, 2000), \url{http://news.bbc.co.uk/2/hi/europe/671495.stm}, retrieved on October 2, 2014.

\textsuperscript{62} Russia’s National Security Strategy to 2020, approved By Decree of the President Of the Russian Federation 12 May 2009 No. 537.
and beyond. Russia would further not hesitate to resort to “pipeline diplomacy” to exert any pressure required to preserve its power position amongst any states no matter its position downstream or upstream. In addition, Russia is aggressively seeking to buy assets downstream in the EU countries so that it can control an entire chain of production and supply, and as a consequence consolidating its leverage power that it has used several times in pressuring beneficiary states to adopt a certain position.

Yet, there are a few fundamental areas that make Russia the “indispensable” nation for the EU and that is for some time to stay. Due to the increasing domestic consumption in the EU, the energy inter-dependence between the EU and Russia is clearly expected to strengthen.

Secondly, as Russia badly needs to continue the modernization of its economy, foreign direct investment coming from the EU would be mostly welcomed and “for Russia, the Old World is sure to remain the basis, even in view of its growing focus on the Asia Pacific region.” Hence, the Partnership for Modernization signed in 2010 needs just to be reloaded.

We subscribe to Alexey Gromyko’s proposal to have all integration project from Lisbon to Vladivostok into “a harmonious mechanism to solve the Old World’s common external and internal problems” as both Russia and the EU are “the two key Eurasian actors bound to shape Europe’s transition to a genuinely powerful and stable globally important political entity of the new century”.

The encouragement to engage with Russia in a more substantial way in order to discuss frankly integration processes in Europe seems to cast a wise tone on the re-set of Russia and EU relations following the conflict in Ukraine.

As on scenario build up, Russia and the EU can progress from a security system defined as a “weak super- complex” and challenged by the existence of an EU-dominated regional security complex and of a Russia-centred complex to a “merger between the two complexes”.

As for an accurate foreign policy analysis, for great powers security relations, both the neo-realist perspective and the regional security complex provide sufficient methodological and analytical frameworks so that policy makers would be able to project tailor-made foreign policy taking into account the balance of power in the international system made of anarchic inter-state relations but also with a close view of the regional factors that become constitutive in the security subsystems.

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64 Ibidem, p.5.

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The Role of the EU as a Peacebuilder in the Western Balkans

Gentjan Skara

Abstract: After the Cold War, the Western Balkan countries have become an important laboratory for the EU, able to exert its EU crises management and transformative power. Through restoring stability in the region, overcoming ethno-territorial and inter-ethnic conflicts, improving regional cooperation, consolidating democracy, building democratic institutions and promoting market economy, EU’s goal was to make war unthinkable in this region. Referring to the definition of peacebuilding as ‘action to identify and support structures which tend to strengthen and solidify peace to avoid a relapse into conflicts’\(^2\), this paper tries to explore whether, how and to what extent, EU has contributed as a peacebuilder in the Western Balkans, using crises management operations and mission and enlargement policy. It argues that both these instruments can be considered equally relevant as, on the one hand they create favourable conditions for lasting peace, security and stability in the region and on the other hand, through enlargement policy they push this region towards political and institutional reform, economic reforms and regional cooperation.

Keywords: Peacebuilding, European Union, Common Security and Defence Policy, Enlargement Policy, Western Balkans

1. Introduction

After the Cold War, the Western Balkans region has become an important laboratory for EU in peace support activities. The European failure to address the conflicts in its backyard throughout 1990s contributed to a process of reformation. Firstly, the conflicts revealed that EU was unable to handle security challenges due to: a) the lack of European institutions to intervene in terms of military capabilities; b) the lack of political unity to address the crisis; c) the lack of experience and expertise; d) the division of multilateral intervention and

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\(^1\) Gentjan Skara graduated from the Tirana University - Department of Law, and holds an MA in European Studies from Epoka University with a dissertation “EU civilian operation Management: A case of EULEX in Kosovo” and a LL.M. master program in South East European Law and European Integration (LL.M) at University of Graz (Austria) with the dissertation “The Stabilisation and Association Process as an integration mechanism for the Western Balkans: The case of Albania”. Currently he is a PhD candidate. From 2011, Gentjan Skara is a member of the Department of Law at “Hëna e Plotë” (Bedër) University. E-mail: gentian.skara@gmail.com

e) the role of the international community which prevented partnership with local actors.  
Secondly, the Kosovo conflict showed that contested statehood, economic problems and the role of ethnic nationalism may drive the region towards instability. Consequently, in order to overcome problems that plagued the Western Balkans and to avoid another inter-ethnic conflict, EU needed to demonstrate a strong commitment to the region by offering the prospect of membership as a ‘carrot’, which for these countries meant to change the course towards fundamental democratic transformation, consolidating the rule of law, economic development and adjustment of domestic legal systems in compliance with the Community acquis. With these lessons in mind, EU leaders decided to follow a dual track approach towards the Western Balkans consisting in EU crises management and enlargement policy. Both these approaches can be considered as peacebuilding instruments because they provide necessary impetus for institution-building and durable peace.

Since January 2003, the EU has been involved in joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, combat force tasks in crisis management, including peace-making and post-conflict stabilisation. A few months later, at the Thessaloniki Summit (2003), EU leaders reiterated their unequivocal support for the European perspective of the Western Balkans. The prospect of membership provides necessary impetus for economic growth and market liberalisation; encourages domestic ownership to introduce necessary political, economic and institutional reforms; supports institutional development and the capacity to adopt and implement the EU law; fosters stability and regional cooperation as a mean to overcome ethnic division.

The objective of this paper is to explore whether, how and to what extent, EU has contributed as a peacebuilder in the Western Balkans. The paper proceeds as follows: the first section discusses the definition of peacebuilding and explains whether EU can be considered a peacebuilding enterprise; this is followed by an analysis of EU’s engagement in peacebuilding activities focusing on the CSDP missions’ deployment and enlargement policy. The paper argues that both these instruments create favourable conditions for lasting peace, security and stability in the region through political and institutional reform, economic reforms and regional cooperation among the Western Balkan countries.

2. From UN definition to EU context of peacebuilding

The term peacebuilding is often attributed to Johan Galtung, who in his book, ‘Three approaches to peace: peacekeeping, peacemaking, and peacebuilding’, argued that ‘peace has a structure different from, perhaps over and above, peacekeeping and ad hoc peacemaking (...). More specifically, structures must be found that remove causes of wars and offer alternatives to war in situations where wars might occur’. While the term was used

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4. With the Lisbon Treaty, the name changed from European Security and Defence Policy (ESDP) to Common Defence and Security Policy (CSDP). Hereafter, CSDP will be used throughout this paper.
In academia, in the international lexicon, peacebuilding emerged in the early 1990s, when the then United Nations Secretary – General Boutros Boutros-Ghali – defined peacebuilding as an ‘action to identify and support structures which tend to strengthen and solidify peace to avoid a relapse into conflict’. Furthermore, Ghali suggested that peacebuilding could be achieved through: disarming the parties in the conflicts and restoration of order, destruction of armies, protection of human rights, monitoring elections, reforming/strengthening governmental institutions and political participation. In addition, Ghali underlined the importance of preventive diplomacy to ease the tensions between the parties before any resultant conflict, which might lead to the preventive deployment of UN forces. Since then, following the definition of peacebuilding given by Ghali, a series of reports by International Organisations such as: An Agenda for Development (1994), An Agenda for Democratisation (1996), the UNDP Report on Human Security (1994), and An Inventory of Post-Conflict Peace-Building Activities (1996) enriched the concept of peacebuilding by stressing the link between security and development. In 2000, the Report of the Panel on the United Peace Operations (known as the Brahimi Report) pointed out that ‘effective peacebuilding is, in effect, a hybrid of political and development activities targeted at the sources of conflict’. In the same vein, an OECD report defines conflict prevention and peacebuilding as ‘projects, programmes, policies, strategies or other interventions that adopt goals and objectives aimed at preventing conflict or building peace’. In summary, all these reports suggest that effective peacebuilding requires sound projects and programs that prevent further escalation of the conflicts by promoting the reconciliation of the actors in conflicts and creating favourable conditions for durable peace and good governance.

In the European context, since its very inception, the EU has been considered a peace project. The need to secure peace and security between victorious and vanquished European states has been one of the core motivations of the European Economic Community (now European Union). The overall objective of the establishment of the EU, as laid down by the Schuman declaration, was to make ‘any war between France and Germany not merely unthinkable, but materially impossible’ by pooling together coal and steel production under the competences of a High Authority. For 40 years, Western Europe was engaged in ‘post-conflict recovery through economic and humanitarian aid, electoral support and the financing of programmes carried out by other actors’.}

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6 Ghali (n 1) para. 21.
7 ibid para. 55.
8 ibid para. 23.
12 An Inventory of Post-Conflict Peace-Building Activities, ST/ESA/246.
With the fall of communist regimes, new challenges sparked for the EU in terms of becoming an international security actor. The Treaty of Maastricht, signed in 1992, reinvigorated the security dimension of the EU. The European Political Committee – responsible for European foreign policy – was transformed into the Common Foreign Security Policy (CFSP), maintaining the intergovernmental dimension. A clause was introduced in Title V (Article J 4.1 TEU) stating that the CFSP ‘shall include all questions related to the security of the Union, including the eventual framing of a common defence policy, which might lead to a common defence’. Article J 1.2 TEU outlined that one of the objectives of the EU is to preserve peace and strengthen international security, in accordance with the principles of the United Nations Charter. With the creation of the Common Foreign and Security Policy as a second pillar of the Maastricht Treaty, the EU was supposed to provide a more unified voice in the external affairs and security matters. On June 28, 1991 the then foreign Minister of Luxemburg, Jack Poos, made a statement declaring ‘….if one problem can be solved by the Europeans, it is the Yugoslav problem. This is a European country and it is not up to the Americans. It is not up to anyone else’. With this statement Poos was referring to the possible EU agreement among the 12 members of the European Community to prevent Belgrade’s military offensive against Slovenia and Croatia. The so-called hour of Europe turned out to be a tombstone. As Roy Ginsberg described it, ‘The EU got burned in former Yugoslavia’. The Balkan crises demonstrated that CFSP was ‘neither common, nor foreign, nor dealing with security, nor can be called a policy’ due to a lack of effective instruments at its disposal.

As conflict flared up in the Western Balkans, it became obvious that this region represented a key threat for the EU. Due to its geographic position, sharing borders with EU, instability of the Western Balkan region was perceived to have spill over effects in terms of economic and social instability, illegal migration, drug trafficking and criminality. Guided by what Antonio Missiroli has articulated ‘the first line of security – rather than defence – lies abroad’, EU started gradually to upgrade its strategy towards the region by using a dual track approach: CSDP crises management and enlargement policy. Having at its disposal both EU crises management and enlargement policy, EU has transformed itself in a new type of peacebuilder actor. It is through CSDP crises management that EU pursues its objective of peacekeeping, conflict prevention and strengthening international security. Whereas through enlargement policy, the EU asserts its influence to shift the Western Balkans from the security matters towards integration by putting a strong emphasis on the consolidation of democracy, rule of law, institution building, respect of human rights and protection of minorities, developing a market economy and legal approximation. As the Commission Communication for Enlargement Strategy and Main Challenges 2008-2009 points out ‘Enlargement is one of the EU’s most powerful policy tools. It serves the EU’s strategic interests in stability, security, and

conflict prevention’. Accordingly, both these approaches focus on managing the gradual transformation of the post-conflict societies towards stabilisation, functioning democracy and then accession to the EU. The following section analyses the effectiveness of the CSDP crises management as a conflict prevention and peacebuilding tool.

3. EU as a Security Exporter: A Strategy for Conflict Prevention and Peacebuilding

The failure to prevent the conflicts in its own backyard has put into question the credibility of the EU as an international actor. As Lucia Montanaro-Jankvski argues, ‘the Balkan wars highlighted the weak equilibrium of European security, the failure of European partners to produce a common strategy and, most of all, the failure of Europeans to end conflicts on their doorstep’. In response to the Balkan conflicts, the Saint-Malo Franco-British Summit held in December 1998 paved the political path for the establishment of the necessary tools to deal with crises management operations. During this summit, both the then French President Jacques Chirac and British Prime Minister Tony Blair agreed on ‘the need of the EU to be in position to play an important role in international stage’ and to develop ‘the capacity for autonomous action […] in order to respond to international crises’. Only half a year after the Saint-Malo Summit, at the Cologne European Council meeting 1999, EU heads of state and government decided to develop military capabilities as an integral part of the Common Foreign and Security Policy. This momentum marked the birth of the Common Security and Defence Policy. Through this policy, EU intended to assume more responsibility in security matters backed up by military capabilities and appropriate instruments in order to undertake full range of ‘Petersberg tasks’ which were incorporated in the Amsterdam Treaty. Later on, at the Feira European Council 1999, EU decided to develop civilian capabilities as a response to Sweden and Finland request to balance the military capabilities of CSDP. The European Council defined four priority areas for the EU to develop civilian capabilities: i) police and security sector; ii) strengthening the rule of law; iii) strengthening civilian administration and iv) civil protection.

The CSDP, as an integral part of the CFSP, shall cover ‘all questions relating to the Union’s security’ (article 24 TEU) through civilian and military operations. According to Article 42 (1) TEU, the objective of these missions shall be: i) peacekeeping, ii) conflict prevention and iii) strengthening international security in accordance with the principles of United Nations Charter. Article 43 TEU specifies that the above-mentioned objective shall include joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, combat force tasks in crisis management, including peace-making and post-conflict stabilisation. Additionally, all

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23 Joint Declaration Issued at the British-French Summit, Saint-Malo, France, 3 - 4 December 1998.
24 The Petersberg tasks are a list of military and security priorities incorporated within the then ESDP (with Lisbon Treaty CSDP). The Petersberg tasks includes: humanitarian aid, disarming, peacekeeping and peacemaking.
these tasks may contribute to the fight against terrorism, which includes supporting third countries in combating terrorism on their territories. Thus, CSDP completes the set of policies available for the formulation and implementation of effective European security role. As the then EU High Representative for the Common Foreign and Security Policy Javier Solana stated ‘Development of ESDP’s crisis management capacity is crucial to contributing effectively to international peace and security. It is the missing link. EU foreign policy used to be about declarations.27

With the evolution of the CSDP, EU has contributed to the management of conflict prevention and peacekeeping mission in a range of countries around the world. To date, the EU has launched 32 missions. 16 missions have been completed28 and 17 are on-going.29 Despite the assumption that EU would become a credible international actor through military capabilities, most of the missions deployed are civilian missions (21 out of 33). Such a civilian triumph had occurred due to the unwillingness of member states to support military operations due to alliance with NATO, and the lack of EU’s own military capabilities. All military operations deployed so far were launched within the framework of the ‘Berlin plus’ agreement. In the Western Balkans, EU has deployed 6 missions in total, which vary in aim, type and size (see Table 1: EU Missions’ deployed in the Western Balka). EU operations deployed in the Western Balkans are: EUPM, EUFOR/Althea in Bosnia and Herzegovina (hereafter BiH); CONCORDIA/fYROM, EUPAT and EUPOL Proxima in former Yugoslav Republic of Macedonia (fYROM) and EULEX in Kosovo which is the most ambitious mission aiming to monitor, mentor and advise Kosovo authorities to establish the rule of law while retaining limited executive powers.30

Table 1: EU Missions’ deployed in the Western Balkans

<table>
<thead>
<tr>
<th>Name of the mission</th>
<th>Aim</th>
<th>Type of the mission</th>
<th>Status (completed/ on-going)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUPM (BiH)</td>
<td>establishing a sustainable, professional and multi-ethnic police service which operates in accordance with European and international standards.</td>
<td>civilian</td>
<td>completed</td>
</tr>
<tr>
<td>CONCORDIA (fYROM)</td>
<td>To contribute to a stable, secure environment in which to implement the Ohrid Framework Agreement</td>
<td>military</td>
<td>completed</td>
</tr>
<tr>
<td>EUPOL Proxima (fYROM)</td>
<td>Monitoring, mentoring and advising on the consolidation of rule of law and order and building confidence between the local police and population</td>
<td>civilian</td>
<td>completed</td>
</tr>
</tbody>
</table>

As the Table 1 shows, only 2 out of 6 are military missions (CONCORDIA/fYROM and EUFOR/Althea). Their missions’ mandate was to ensure the implementation of Dayton and Ohrid Framework Agreement and preventing destabilisation of the region. While for the civilian operation, the primary objective has been: fighting organized crime, the inclusion of minority groups in the police sector and the creation of a professional police force guided by European standards; strengthening border control and rule of law and reconciliation of Balkan society deeply divided in ethnic identities.

Considering the high number of the mission deployed in the Western Balkans, one could question whether CSDP crises management has been successful. In general, each mission deployed has achieved a different degree of success both in terms of mission implementation and contribution to post conflict stabilization of the country due to EU commitment and internal challenges of Western Balkan countries. The former relates to the problems that EU has encountered during the planning stage such as: financial and logistical arrangements or insufficient staff with required level of policing skills. While, internal challenges relate to unresolved sovereignty issues, economic problems and increase of nationalism. These challenges not only limit the ability of these countries to undertake reforms in the security sector but also undermine the credibility of the EU as a peacebuilder. For instance, despite EUPM assistance in preparing the Agreement on the Restructuring of Police Structures in BiH, its implementation was hardly achieved due to the complex political structure created by the Dayton Agreement. The following part provides a general assessment of EU missions deployed in the Western Balkans focusing on the missions’ mandate and their main achievement.

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The EU police mission in Bosnia and Herzegovina

EUPM was the first mission launched on 1 January 2003 in BiH. It was mandated to ‘establish sustainable policing arrangements under BiH ownership in accordance with best European and international practice, and thereby raising current BiH police standards’. Despite severe problems at the start-up phase such as lack of guideline for the deployment mission, problems in financial arrangements during the procurement process, lack of experience of seconded police missions deployed and lack of experience in dealing with civilian crises operation, the EUPM mission can be credited with three main achievements. Firstly, EUPM has demonstrated the EU ability to succeed from UN’s International Police Task Force which had an executive mandate to a non-executive mission under the CSDP umbrella. Secondly, the mission has transformed Bosnian Police from a division of ethnic police into a professional police division and has helped to implement EU norms and standards in the police sector. Thirdly, through institution building projects, EUPM supported the creation and strengthening of various institutions (the Ministry of Security; State Investigation and Protection Agency; State Border Service) aiming to increase local capacity to tackle organised crime.

Operation Concordia in FYROM

After 3 months, on 31 March 2003, CSDP launched the military operation in FYROM. Operation Concordia, the first of its kind for the EU, operated under the ‘Berlin Plus’ agreement. This agreement allowed EU to have access to NATO’s strategic planning capabilities and military assets for crises management missions and operations. It was mandated to ensure follow-on to the NATO operation ‘Allied Harmony’ and to contribute further to a stable and secure environment for the implement the Ohrid Framework Agreement. Despite its duration of nine months, this mission prevented future inter-ethnic violence and at the same time, the mission demonstrated the willingness of the EU to undertake military missions.

Operation EUPOL Proxima in FYROM

EUPOL Proxima was launched on 15 December 2003. Its mandate was to support consolidation of the rule of law and order, including the fight against organised crime; practical implementation of the comprehensive reform of the Minister of Interior, including the police; creation of a border police, as a part of the wider EU effort to promote integrated border management; confidence – building between local police and population; and enhanced cooperation with neighbouring States in the field of policing. In terms of mission’s implementation, several achievements can be credited. Firstly, in compliance with Ohrid Framework Agreement (Annex C), Albanian minority representation in the police sector...
was boosted and deploying multi-ethnic patrols in minority areas. Secondly, the Ministry of Interior assumed full responsibility for the border police and established a police academy, an organised crime unit, and a rescue directorate. At the same time organised community-based outreach mechanisms to encourage citizen engagement. Thirdly, with the assistance of Proxima mission was drafted the Law on Police and set up an internal Professional Standards Unit (PSU).  

**Operation EUPAT in fYROM**

Following the termination of EUPOL Proxima, on 15 December 2005, EU launched EUPAT mission. EUPAT mission was much smaller in staff deployment and narrow in mission mandate compared with EUPOL Proxima. The mission comprised around 30 police advisers, aiming to support the development of an efficient and professional police service based on European standards to monitor, mentor and advise local police on priority issues in the police border, public peace, order and accountability, fight against corruption and organised crime. Whereas in term of mandate, in accordance with Ohrid Agreement Framework, its objective was focused on three areas: 1) overall implementation of police reform in the field, 2) police judiciary cooperation, 3) professional standards/internal control.

**Operation EUFOR Althea**

EUFOR Althea was the second military mission, launched on 2 December 2004 in the Western Balkans. It was mandated ‘to provide capacity-building support to the Armed Forces; to support BiH efforts to maintain the safe and secure environment and to provide support to the overall EU Comprehensive strategy in BiH’. With this operation, the EU has provided an active contribution to minimize the further risk of destabilization of the region and at the same time, EUFOR Althea raised the union’s own confidence as a security actor.

**Operation EULEX in Kosovo**

On February 16th 2008, one day before Kosovo’s declaration of independence from Serbia, the EU decided to launch its largest civilian crisis management mission EULEX Kosovo, with the aim of assisting the Kosovo authorities in consolidating the rule of law, and in contributing to a safe and secure environment for the Kosovo population, regardless of their ethnic origins. Comparing to other civilian operations launched by CSDP, EULEX is

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In accordance with mission’s aim, EULEX has achieved progress in establishing the rule of law. Respectively, according to the EULEX Programme Report 2012, the police sector has marked significant progress. During the period September 2009 – June 2012, 18 out of 31 Mentoring, Monitoring and Advising (MMA) projects in Police Sector were completed by the end of May 2012. Whereas, establishing a multi-ethnic judiciary, free from political interference, remains a serious concern for the EULEX mission to accomplish the mission statement.

In conclusion, despite the shortfalls during deployment stage or internal problems of Western Balkans, the analysis has shown that these missions have contributed effectively in moving this region from being an unstable region suffering from interethnic conflicts towards reforming the security sector and building institutional capabilities.

4. Enlargement Policy as a Peacebuilding tool

The Enlargement policy is said to be one of the most effective tools that ‘reinforces peace, democracy and stability in Europe’ and serves as a key driver for political and economic reform’ to the applicant countries. It has been portrayed as the most successful tool of the EU foreign policy to bring Europeanisation in the candidate countries. Whereas, in the words of the then former European Commissioner for Enlargement Olli Rehn:

Enlargement has proven to be one of the most important instruments for European security. It reflects the essence of the EU as a civilian power; by extending the area of peace and stability, democracy and the rule of law, the EU has achieved far more through its gravitational pull than it could ever have done with a stick or a sword.

In essence, this statement suggests that the enlargement policy can be considered a peacebuilding instrument because it creates the necessary conditions for durable peace, security and stability through providing economic and infrastructure development; institutional and legal adjustment and regional cooperation between countries. Thus, enlargement policy towards Western Balkans can be understood in two aspects. According to Duke and Courtier, enlargement policy can be understood ‘in a loose sense, a peace building exercise’. By using the enlargement policy, EU exerts its transformative power to

enhance democratic reforms, market economy, good governance and legal approximation, with the ultimate goal of reaching the EU standards and being admitted to the Union. While in turn, for the Western Balkans, this means the commitment to carry out political, economic and legal reforms and to demonstrate to the Commission and member states the ability to implement effectively the *EU acquis*. On the other hand, the enlargement policy is seen as ‘anchor for the process of inter-ethnic and inter-state reconciliation’. Purposely, Stabilisation and Association Process highlighted the regional cooperation as a precondition for accession in order to overcome inter-regional and ethnic problems of the Western Balkans especially for the successor countries of the Former Republic of Yugoslavia. All Stabilisation and Association Agreements signed by Western Balkan countries and EU and Member states *ex parte* contain clauses on the commitment to enter or continue good neighbourly relations with the other countries of the region.

The legal bases of the enlargement and the other relevant conditions are set out in article 2 TEU and 49 TEU. Article 2 TEU stipulates that ‘the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities’ which are ‘common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail’. Whereas, article 49 TEU specifies that ‘Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union’ and ‘the conditions of eligibility agreed upon by the European Council shall be taken into account’. The most well-known European Council decisions are those taken at the Copenhagen Summit (1993) which constitutes a milestone for acceding countries. During this summit, the European Council decided that, in order for a candidate country to be able to accede to the Union, it has to demonstrate the fulfillment of political criteria (institution stability, guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities); economic criteria (the existence of a functioning market economy as well as the capacity to cope with the competitive pressure of internal market); and legal criteria (the candidate’s ability to take on the obligation to adjust their domestic legislation with *EU acquis* and ensure effective implementation).

In the case of Central and Eastern European countries (CEECs), the prospect of membership proved to be effective to introduce reform to applicant countries. With this success in mind, after a decade of conflicts in the European backyard, the EU leaders decided that ‘a policy of emergency reconstruction, containment and stabilisation was not, in itself, enough to bring lasting peace and stability to the Balkans: only the real prospect of integration into European structures would achieve that’. The Stabilisation and Association Process was introduced

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in the aftermath of the Kosovo war by the Commission in 1999, endorsed at the Zagreb Summit in 2000 and enriched later at the Thessaloniki Summit in 2003. The Thessaloniki Summit in 2003 represents an historic moment for the Western Balkan countries because the EU approach shifted from post-conflict stabilisation to European integration as the final aim, by reaffirming that the future of the Balkans is within the European Union once the same conditions and requirements applied to the CEECs – referring to Copenhagen criteria – are fulfilled. This strategy shift provided two advantages for the region. First, after the Thessaloniki Summit in 2003, the future of Western Balkans was seen as an enlargement issue based on conditionality rather than a foreign policy of the EU. The main objective of EU conditionality was to diffuse European norms, building viable states and steering the region from transition to democratic governance and rule of law. Second, the Stabilisation and Association Process represents a comprehensive strategy that will move the region from the security matter to the accession by using different instruments such as contractual relations (Stabilisation and Association Agreement); financial instruments, asymmetrical trade measures and regional cooperation. In a nutshell, the Stabilisation and Association Process reflects an ambitious vision aiming: i) to stabilise the countries involved in the process, ii) to promote regional cooperation as an important tool for accelerating economic growth, increasing employment and improving productivity and competitiveness and iii) to use the prospect of membership as a peaceful modus vivendi for the region. With the new policy, namely Stabilisation and Association Process, EU leaders realised that it is better to engage Western Balkans in the process of European integration by offering the prospect of membership rather than to import instability.

Seeking to ‘promote a ring of well governed countries to the East of the European Union’ EU has become the primary peacebuilder enterprises in the region. At the moment, the Western Balkan countries are at different stages of integration, democratization process and economic development. All Western Balkan countries, except BiH and Kosovo which are in ‘standby’ due to unresolved sovereignty issues, have achieved the candidate status. Croatia became the 28th member of the Union; Montenegro and Serbia have begun the accession negotiations; Albania has become a candidate country and it is waiting to open accession negotiations; and FYROM has been granted the candidate status since 2005 but has been blocked by Greece due to the name dispute.

In terms of democracy level, according to Freedom House Reports 2014, Croatia, Serbia and Montenegro are classified as ‘semi – consolidated democracy’; FYROM, Albania and BiH are ‘transitional government/hybrid regime’ and Kosovo is classified as a ‘semi-consolidated authoritarian regime’. As the Table 2 shows, since 2004, some countries have improved democracy score but the regime type has remained unchanged.

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Table 2: Democracy level for each country in the Western Balkans

<table>
<thead>
<tr>
<th>Country</th>
<th>FH 2004</th>
<th>FH 2014</th>
<th>Regime Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>4.13</td>
<td>4.18</td>
<td>transitional government/hybrid regime</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>4.29</td>
<td>4.43</td>
<td>transitional government/hybrid regime</td>
</tr>
<tr>
<td>Croatia</td>
<td>3.83</td>
<td>3.68</td>
<td>semi-consolidated democracy</td>
</tr>
<tr>
<td>FYROM</td>
<td>4.00</td>
<td>4.00</td>
<td>transitional government/hybrid regime</td>
</tr>
<tr>
<td>Kosovo</td>
<td>5.50</td>
<td>5.14</td>
<td>semi-consolidated authoritarian regime</td>
</tr>
<tr>
<td>Montenegro</td>
<td>3.83</td>
<td>3.86</td>
<td>semi-consolidated democracy</td>
</tr>
<tr>
<td>Serbia</td>
<td>3.83</td>
<td>3.64</td>
<td>semi-consolidated democracy</td>
</tr>
</tbody>
</table>

Source: Freedom House Report 2004 and 2014 (1 highest, 7 lowest)

Since 2000, the Western Balkan countries have been undergoing structural reforms as a consequence of post conflict reconstruction and membership accession. Through financial instruments, EU has improved the economic performance of the Western Balkan countries. For the period 2000 – 2006, under the CARDS instruments, EU allocated around EUR 4.65 billion to the Western Balkans pursuing 4 goals: a) reconstruction; stabilisation of the region; aid for the return of refugees and displaced persons; b) support for democracy, the rule of law, human and minority rights, civil society, independent media and the fight against organised crime; c) the development of a sustainable market-oriented economy; and d) poverty reduction, gender equality, education and training, and environmental rehabilitation; and finally, regional, transnational, international and interregional cooperation between the recipient countries and the Union and other countries of the region. From 2007 onward, a new financing instrument - Instrument for Pre-Accession - (IPA) was introduced replacing CARDS assistance. The IPA provides a budget of some € 11.5 billion for the period 2007 – 2013 and continues to support strengthening of democratic institutions and the rule of law, reforming public administration, carrying out economic reforms, fostering regional cooperation as well as reconciliation and reconstruction, and alignment of domestic legal system with acquis communautaire. As confirmed by the transition indicators of the European Bank for Reconstruction and Development (Table 3)

Table 3: EBRD Transitions Indicator for the WB countries

<table>
<thead>
<tr>
<th></th>
<th>Private sector share in GDP</th>
<th>Large scale privatisation</th>
<th>Small scale privatisation</th>
<th>Governance &amp; enterprise restructuring</th>
<th>Price liberalisation</th>
<th>Trade &amp; Forex system</th>
<th>Competition Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>75</td>
<td>3.7</td>
<td>4.0</td>
<td>2.3</td>
<td>4.3</td>
<td>4.3</td>
<td>2.3</td>
</tr>
</tbody>
</table>

56 According to EBRD measurement scale, the indicators ranges from 1 to 4+, where 1 represents little or no change from a rigid centrally planned economy and 4+ represents the standards of an industrialised market economy.
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<table>
<thead>
<tr>
<th>Bosnia and Herzegovina</th>
<th>60</th>
<th>3.0</th>
<th>3.0</th>
<th>2.0</th>
<th>4.0</th>
<th>4.0</th>
<th>2.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>70</td>
<td>3.3</td>
<td>4.3</td>
<td>3.3</td>
<td>4.0</td>
<td>4.3</td>
<td>3.0</td>
</tr>
<tr>
<td>FYROM</td>
<td>70</td>
<td>3.3</td>
<td>4.0</td>
<td>2.7</td>
<td>4.3</td>
<td>4.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Montenegro</td>
<td>65</td>
<td>3.3</td>
<td>3.7</td>
<td>2.3</td>
<td>4.0</td>
<td>4.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Serbia</td>
<td>60</td>
<td>2.7</td>
<td>3.7</td>
<td>2.3</td>
<td>4.0</td>
<td>4.0</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Source: Author’s elaboration based on EBRD Transitions Indicator 2012

11 years later after the Thessaloniki Summit (2003), where the EU leaders declared that the future of the Western Balkans would be within Europe, many hoped that the transformative power that EU applied successfully in Central Eastern and European Countries would be appropriated for the Western Balkans as well. The promise of membership was thought to provide necessary impetus for the Europeanisation of the Balkans. But, experience has shown that nothing is so simple in the Western Balkans. On the one hand, the enlargement fatigue, euro-crisis and increase of euro-scepticism against enlargement seems to have put Western Balkans in the ‘waiting room’. On the other hand, the internal problems of these countries such as: contested statehood; lack of political will to have consensus on domestic reforms; economic problems; increasing nationalism and the name dispute between the Former Yugoslav Republic of Macedonia and Greece have diluted the role of EU as a transformative power.

5. Conclusions

The EU role as a peacebuilder in the Western Balkan countries is an on-going and demanding process which depends on the transformation of the region moving from stabilisation towards integration. To achieve this ambitious aim, EU has followed a dual track approach: deployment of CSDP crises management and enlargement policy. The combination of this dual track approach has worked very promising in the Western Balkans, aiming to transform the region in three aspects. Firstly, EU has contributed to the stabilisation of the region through civilian and military operations by preventing future conflicts between ethnic groups; disarmament of the military groups and populations; reforming the security sector; assisting the police sector in fighting against organised crime etc. This contribution should be seen as a long term project to achieve democratic governance. In addition, the Pristina and Belgrade Agreement brokered by the High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, scored a success in shaping security in the Western Balkans. Secondly, the prospect of membership has induced necessary impetus for Western Balkan countries to build and consolidate democratic institutions committed to promoting the rule of law; protection of minority groups; enhancing reforms on respecting human rights; market economy and state liberalisation and adjustment of legal systems in compliance with EU legislation. Thirdly, such a dual approach has promoted a culture of justice, tolerance and reconciliation between different ethnic groups. After the dissolution of Yugoslavia, the Balkan states that emerged were deeply divided in terms of ethnic identities. Dominant groups tend to exclude minority ethnic groups from decision making, public services and education etc.57 This exclusion brought conflicts in the Balkans.

57 Othon Anastasakis and Vesna Bojicic-Dzelilovic, Balkan Regional Cooperation and European Integration (The Hellenic Observatory, the London School of Economic and Political Science, 2002) 13.
(the conflicts in Bosnia, Kosovo and FYR Macedonia). Society reconciliation is a must for the future advancement towards European integration and for changing the negative perception of the Balkan society as primitive or barbarian, a society which does not conform to civilised norms.58

As a conclusion, this paper has shown that both instruments used by EU to assert its peacebuilding role have been successful for the stabilisation and advancement of the region towards integration. Progress has been achieved in terms of security. Western Balkan countries have advanced in meeting the accession criteria for membership. However, there are still on-going internal challenges – unresolved sovereignty questions, economic development and increasing nationalism – that may weaken the credibility of the EU as a security and transformative power.

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Sustainable Development Aspects in Cross-Border Cooperation Programmes: The Case of Macedonia and Albania

Klodjan Seferaj

Abstract: The cross-border area between Albania and Macedonia can be considered as a region with agrarian or industrial-agrarian economy, although the overall picture should take into account significant contrasts within the region, between the two countries, but also between the southern and northern part, and between mountainous areas and lowlands. Agriculture, agribusiness, light industry, mining, energy production and tourism are the main economic sectors, which also have the biggest potential in the cross-border region. Both countries are gaining experience in EU funded cross-border cooperation programmes with other neighbouring countries and with each other. The scope of the research is the evaluation and analysis of the Integrated Pre-accession Assistance (IPA) Cross-border Cooperation (CBC) Programme Macedonia-Albania 2007-2013 and its sustainable development aspects. The research is trying to assess the impact of the programme since its start in 2007 and the impact of the implemented grants on the sustainable development. The importance of the sustainable development aspect is recognized and is formally included into various national strategic documents, however implementation is often problematic and sustainability aspects need to be examined on a more concrete level. The methodology used was qualitative with research tools such as desk studies of relevant program documentation, strategic and planning documentation and other relevant published materials. The desk review considered well over 40 documents relevant to the program, most of which were shared by the Ministry of European Integration (MoEI) and other actors.

Keywords: cross-border cooperation, EU, evaluation, sustainable development

Introduction

The most important strategy to achieve the goals of prosperity and peace in the Western Balkans is through European integration. European policy makers trust that greater European
involvement in the Western Balkans can have positive and long-lasting effects on the management of ethno-political conflict. Stability is an important goal to be achieved and maintained by the Balkan countries and it is also essential for the European Union.

The European Union has invested great energy and finances in the stabilization of the Balkan countries. Through its aid programs the EU has provided more than 6.1 billion euros between 1991 and 2001 for the Balkan countries. The EU felt that a more serious and long term approach was needed for the Balkan challenge, so the Stability Pact was established for that purpose. The crises in the beginning of the ’90, and the crises in Kosovo were great experience for the European Union and a key moment for EU to understand the situation and to adapt to its needs so as to perform its role better and more effective regarding the stabilization of the region.

For the last decade the countries of the Western Balkans region have been regarded as potential candidates for EU membership. These countries are subject to structural aid and assistance by a number of EU foreign policy instruments, with the fundamental purpose of bringing these countries closer to the EU legislation, economy and values and successfully integrating them within the single market of the Union.

The paper focuses on conducting research on sustainable development, territorial cohesion and CBC development aspects in the case of the IPA CBC Programme Macedonia-Albania 2007-13 and provides recommendations for improvement that can be taken into consideration for the next programme 2014-2020. Initial results after the first three calls for project proposals provide the first insights into the implementation of the 2007-13 Programme.

1. Cross-border Cooperation in Western Balkans

From 2007 effective, financial aid and technical assistance from the EU to the Enlargement policy countries (Western Balkans and Turkey) is disbursed through the framework of a uniform instrument – a pre-accession program, called Instrument for Pre-Accession Assistance (IPA). The main purpose of the IPA is to incorporate previous pre-accession and stabilization assistance within a single framework, in order to enhance the efficiency and coherence of the aid provided, and thus to better prepare the countries for actual membership within the EU. As of March 2014, Macedonia, Montenegro, Serbia and Turkey are officially recognized as candidate countries, while Albania, Bosnia & Herzegovina, and Kosovo are identified as potential candidates.

The second of the five components of IPA, CBC, applies to all IPA beneficiary countries and is intended to address activities and projects in promotion of good relations between

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6 IPA aid is delivered through five fundamental components: I) Transition and Institution Building; II) Cross-border cooperation (I & II concern all beneficiary countries); III) Regional Development (providing support to transport, environment infrastructure and enhancing competitiveness and reducing regional disparities); IV) Human Resources Development; V) Rural Development.
regions and countries, as well as development of cross-border infrastructure, flood prevention, economic cooperation and environment problems, administrative cooperation, cultural and educational exchange, research, job creation, etc.

IPA funding for cross border activities is provided on both sides of the EU border, as well as Western Balkans internal borders on the basis of one set of rules, thus providing the opportunity for equal and balanced programming and decision-making structures between Member States and Candidate and Potential Candidate Countries.

Analysing CBC assistance provided by EU in the framework of IPA 2007-2013 as it is presented in Table 1, Croatia has received the highest percentage of funds for CBC during 2007-2013 followed by Serbia, Albania and Turkey. If we analyse the trend of funds received in 2007-2013 the total funds have increased yearly from 38.5 million euro to 66.5 million euro. In real terms Albania has registered a higher increase in funds compared to Macedonia during 2007-2013, but in terms of yearly percentage of the total funds, funds for Albania have remained the same, while those for Macedonia have decreased.

Table 1. EU funds provided in the framework of IPA 2007-2013

<table>
<thead>
<tr>
<th>Country</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Total per country</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>6.6</td>
<td>8.5</td>
<td>9.8</td>
<td>9.9</td>
<td>10.1</td>
<td>10.2</td>
<td>10.6</td>
<td>65.7</td>
<td>16.2</td>
</tr>
<tr>
<td>BiH</td>
<td>3.9</td>
<td>4.9</td>
<td>5.2</td>
<td>4.7</td>
<td>4.7</td>
<td>4.8</td>
<td>4.9</td>
<td>33.1</td>
<td>8.1</td>
</tr>
<tr>
<td>Croatia</td>
<td>9.7</td>
<td>14.7</td>
<td>15.9</td>
<td>15.6</td>
<td>15.8</td>
<td>16.1</td>
<td>16.7</td>
<td>104.5</td>
<td>25.8</td>
</tr>
<tr>
<td>Kosovo</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.8</td>
<td>2.8</td>
<td>2.9</td>
<td>2.9</td>
<td>11.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Macedonia</td>
<td>4.1</td>
<td>4.0</td>
<td>4.3</td>
<td>5.0</td>
<td>5.1</td>
<td>5.2</td>
<td>5.2</td>
<td>32.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Montenegro</td>
<td>3.9</td>
<td>4.5</td>
<td>4.6</td>
<td>4.2</td>
<td>4.3</td>
<td>4.3</td>
<td>4.4</td>
<td>30.2</td>
<td>7.5</td>
</tr>
<tr>
<td>Serbia</td>
<td>8.2</td>
<td>11.4</td>
<td>12.2</td>
<td>11.7</td>
<td>11.9</td>
<td>12.1</td>
<td>11.6</td>
<td>79.1</td>
<td>19.5</td>
</tr>
<tr>
<td>Turkey</td>
<td>2.1</td>
<td>2.8</td>
<td>3.4</td>
<td>9.5</td>
<td>9.7</td>
<td>9.9</td>
<td>10.1</td>
<td>47.5</td>
<td>11.7</td>
</tr>
<tr>
<td>Total</td>
<td>38.5</td>
<td>50.8</td>
<td>55.4</td>
<td>63.4</td>
<td>64.4</td>
<td>65.5</td>
<td>66.4</td>
<td>404.4</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Communication from the Commission to the Council and the European Parliament, IPA Multi-

In terms of distribution of the CBC funding in 2012 compared to the number of population in 2012, it results that the funding is not provided in proportion to the size of population and size of the countries. The distribution rather depends on the previous assessed financial absorption capacity of each of the beneficiaries, as well as assessed necessity for the country’s bordering regions development. The lowest percentage of received funds is represented by Bosnia and Herzegovina. The country is much bigger in size compared to Albania, Macedonia and Montenegro, but it receives the same amount of money for CBC actions as Macedonia and Montenegro, and at the same time twice less than Albania receives. In terms of CBC funds per capita Montenegro is the highest ranked

country with 7.17 euro per capita followed by Croatia (3.83) and Albania (3.29). In terms of CBC funds per sq.km Albania leads the list followed by Montenegro.

Table 2. EU CBC funds in 2012 per population and surface area in 2012

<table>
<thead>
<tr>
<th>Country</th>
<th>CBC funds</th>
<th>Population</th>
<th>CBC funds per capita</th>
<th>Country surface area (sq. km)</th>
<th>CBC funds / country surface area (sq. km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>10.2</td>
<td>3.1</td>
<td>3.29</td>
<td>28,750</td>
<td>0.035%</td>
</tr>
<tr>
<td>BiH</td>
<td>4.8</td>
<td>3.8</td>
<td>1.26</td>
<td>51,210</td>
<td>0.009%</td>
</tr>
<tr>
<td>Croatia</td>
<td>16.1</td>
<td>4.2</td>
<td>3.83</td>
<td>56,590</td>
<td>0.028%</td>
</tr>
<tr>
<td>Kosovo</td>
<td>2.9</td>
<td>1.8</td>
<td>1.61</td>
<td>10,887</td>
<td>0.027%</td>
</tr>
<tr>
<td>Macedonia</td>
<td>5.2</td>
<td>2.1</td>
<td>2.48</td>
<td>25,710</td>
<td>0.020%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>4.3</td>
<td>0.6</td>
<td>7.17</td>
<td>13,810</td>
<td>0.031%</td>
</tr>
<tr>
<td>Serbia</td>
<td>12.1</td>
<td>7.2</td>
<td>1.68</td>
<td>88,360</td>
<td>0.014%</td>
</tr>
<tr>
<td>Turkey</td>
<td>9.9</td>
<td>74.0</td>
<td>0.13</td>
<td>783,560</td>
<td>0.001%</td>
</tr>
</tbody>
</table>


2. Cross-border Programme Macedonia - Albania 2007-2013

2.1 Implementation of Cross-border Programme Macedonia - Albania 2007-2013

Borders are important for Macedonia and Albania’s development, because of their specific geographical shape and lengths of borders. According to the IPA Cross-border Cooperation (CBC) Programme document\(^8\) the territory of the eligible area between the two countries covers 19,969 km\(^2\), with a total population of 1,524,674 inhabitants. The overall borderline length is 191 km with four frontier posts operating permanently and one frontier post operating occasionally.

The objective of IPA CBC Programme Macedonia – Albania 2007-2013 was to promote good neighbourly relations, foster stability, security and prosperity, and encourage harmonious, balanced and sustainable development.

The program is managed by the Operating Structures (OSs) established in each of the two beneficiary countries: the Ministry of Local Self-Government (MLSG), for the Republic of Macedonia, and the Ministry of European Integration (MoEI), for the Republic of Albania. During 2009 the OSs established a Joint Technical Secretariat (JTS)\(^9\) located in Struga to assist them and the Joint Monitoring Committee with their respective duties. Antenna in Elbasan

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\(^8\) IPA Cross-Border Programme 2007-2013 Macedonia – Albania.

\(^9\) The aim of JTS and Antenna structures were to facilitate the process of planning and preparation of the application packages and Call for Proposals, assist with evaluation procedures and related documentation, facilitate grant applications process, and then ongoing project evaluations and monitoring.
was established on 1st September 2008. The contracting authorities for each country are the respective European Union Delegation (EUD) office.

The management of the program actions/grants was supervised by the JTS/Antenna, MoEl/Technical Assistance and program managers at the EUD. During the implementation some improvement has been made to staff resources in the EUD\textsuperscript{10} which is important as the EUD are overall responsible for the contracting of all grant contracts. The main issue is to ensure the cooperation between the EUDs so that the procedures for each program are identical and a unified process could be coordinated from Brussels. Reporting also has to be the same and one report instead of different reporting requirements on each side of the border.

The Program launched three Calls for Proposals during 2007-2013\textsuperscript{11}. It is important to underline that there was political will and interest from the eligible partners from both sides to start with the cross border programme, but insufficient preparation and experience in dealing with such complex structure and procedures as IPA instrument requires. There was a time gap of 18 months for the 1\textsuperscript{st} call and more than two years for the 2\textsuperscript{nd} call for proposals, between the date of project applications submission and date of announcement of the final selection list of awarded project. In the first case the awarded small scale projects have been implemented two years after the project application submission, while in the case of the second call, over 2 million euro were lost. Those residuals were aimed for large grants over 100,000 EUR which actions might make possible development impact in cross border areas at both sides, and therefore the damage of such delay in the selection process seems to be much bigger. Although the time for selecting projects for the 3\textsuperscript{rd} Call was shorter, it still lasted longer than a year.

**Table 3. Analysis of time between the publishing of three calls and signing of contracts**

<table>
<thead>
<tr>
<th>Call</th>
<th>Date of call publishing</th>
<th>Deadline for application submission</th>
<th>Date of contracts signing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1\textsuperscript{st} call</td>
<td>02.06.2009</td>
<td>04.08.2009</td>
<td>25.03.2011</td>
</tr>
<tr>
<td>3\textsuperscript{rd} call</td>
<td>23.11.2011</td>
<td>23.02.2012</td>
<td>19.03.2013</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1\textsuperscript{st}, 2\textsuperscript{nd}, and 3\textsuperscript{rd} Call for Proposals - IPA CBC Program MK-AL

The overall indicative amounts published under the three calls in the Albania-Macedonia CBC Programme 2007-2013 have changed during the years increasing from 1 million euro in the first call to almost 5 million euro in the third call. It should be noted the division of indicative amounts has changed during the years by providing a more balanced distribution between the two countries in the third call based also on the division of the eligible cross-border area for this programme\textsuperscript{12}.

\textsuperscript{10} In the EUD in Albania, additional staff (acting as external expertise) have been made available with a very good system for covering each other.
\textsuperscript{12} In the CBC programme the eligible cross-border areas are represented by Macedonia’s territory with 52.5% and the Albanian territory with 47.5%, while the Macedonia’s population is 50.3% (766,820 inhabitants) and Albania’s population is 49.7% (757,854 inhabitants).
Sustainable Development Aspects in Cross-Border Cooperation Programmes: The Case of Macedonia and Albania

Table 4. Analysis of overall indicative amounts published under the three calls

<table>
<thead>
<tr>
<th>Call</th>
<th>Total amount of the CfP (both countries)</th>
<th>Macedonia (euro)</th>
<th>Albania (euro)</th>
<th>Macedonia in %</th>
<th>Albania in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st call</td>
<td>1,020,000</td>
<td>680,000</td>
<td>340,000</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>2nd call</td>
<td>3,525,000</td>
<td>2,200,000</td>
<td>1,325,000</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>3rd call</td>
<td>4,995,000</td>
<td>2,700,000</td>
<td>1,295,000</td>
<td>54%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1st, 2nd, and 3rd Call for Proposals - IPA CBC Program MK-AL

The size of grants awarded under the three measures has increased from the first call to the other calls from a minimum and maximum of 20,000 euro and 50,000 euro respectively to 30,000 euro and 100,000 euro respectively.

Table 5. Analysis of published size of grants between the three calls

<table>
<thead>
<tr>
<th>Measure</th>
<th>First Call</th>
<th>Second Call</th>
<th>Third Call</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure 1</td>
<td>20,000</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Measure 2</td>
<td>20,000</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Measure 3</td>
<td>20,000</td>
<td>50,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1st, 2nd, and 3rd Call for Proposals - IPA CBC Program MK-AL

Between June 2009 and February 2012 three calls for proposals were organized for three measures: Measure 1 Economic development; Measure 2 Sustainable environment development; Measure 3 Social cohesion. The number of applications has considerably increased by 105% from 60 applications in the first call to 123 in the third call. During the three calls the highest increase in the number of applications between the measures has been registered by the measure 2 from 15 to 42 with more than 180% showing the increased interest in environmental related projects.

Table 6. Number of applications during the three calls for proposals

<table>
<thead>
<tr>
<th>Measure</th>
<th>First Call</th>
<th>Second Call</th>
<th>Third Call</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Measure 1</td>
<td>21</td>
<td>35%</td>
<td>44</td>
</tr>
<tr>
<td>Measure 2</td>
<td>15</td>
<td>25%</td>
<td>21</td>
</tr>
<tr>
<td>Measure 3</td>
<td>24</td>
<td>40%</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
<td>83</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1st, 2nd, and 3rd Call for Proposals - IPA CBC Program MK-AL

The amounts of funds contracted for the projects during the three calls have followed almost a similar division between the countries taking in consideration the division of
the eligible cross-border area for this programme, and the division is more proportional compared to indicative amounts published under the three calls (Table 4).

Table 7. Amounts of funds contracted during the three calls for proposals

<table>
<thead>
<tr>
<th>Call</th>
<th>Total amount of selected applications (both countries)</th>
<th>Macedonia (euro)</th>
<th>Albania (euro)</th>
<th>Macedonia in %</th>
<th>Albania in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st call</td>
<td>1,098,409</td>
<td>571,270</td>
<td>527,139</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>2nd call</td>
<td>1,252,024</td>
<td>662,447</td>
<td>589,577</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>3rd call</td>
<td>1,647,932</td>
<td>886,375</td>
<td>761,557</td>
<td>54%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1st, 2nd, and 3rd Call for Proposals - IPA CBC Program MK-AL

Under the 1st Call for Proposals 29 grants out of 60 applicants were awarded by EU Delegations from both sides of the border with a total budget for all three measures of 1.098 million euro (Albania and Macedonia together).

Table 8. Number of awarded grants during the 1st call for proposals

<table>
<thead>
<tr>
<th>Country</th>
<th>Total awarded grants</th>
<th>Projects implemented on both sides</th>
<th>Projects implemented on one side only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia</td>
<td>14</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Albania</td>
<td>15</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>24</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1st, 2nd, and 3rd Call for Proposals - IPA CBC Program MK-AL

Under the 2nd Call for Proposals, 16 grants out of 83 applications from both sides of the border were awarded by EU Delegations with a total budget 1.25 million euro.

Table 9. Number of awarded grants during the 2nd call for proposals

<table>
<thead>
<tr>
<th>Country</th>
<th>Total awarded grants</th>
<th>Projects implemented on both sides</th>
<th>Projects implemented on one side only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia</td>
<td>8</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Albania</td>
<td>8</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>14</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1st, 2nd, and 3rd Call for Proposals - IPA CBC Program MK-AL

Under the 3rd Call for Proposals 19 grants out of 123 assessed were approved from both sides of the border, and were awarded by EU Delegations with a total budget 1.64 million euro.
Table 10. Number of awarded grants during the 3rd call for proposals

<table>
<thead>
<tr>
<th>Country</th>
<th>Total awarded grants</th>
<th>Projects implemented on both sides</th>
<th>Projects implemented on one side only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia</td>
<td>12</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Albania</td>
<td>7</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>19</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations from the data on the 1st, 2nd, and 3rd Call for Proposals - IPA CBC Program MK-AL

Strategic projects. For Albania-Macedonia CBC Programme, funds for 2012 & 2013 (850,000 euro per year), were transferred to the strategic project for Lake Ohrid, “Towards strengthening the governance of trans boundary natural and cultural heritage of the region of Lake Ohrid”. Funding and management of this project went under IPA Component I.

2.2 Sustainability development aspects in the implementation of CBC Programme Macedonia - Albania 2007-2013

When looking at the objectives and priorities in the operational programmes for cross-border cooperation, in which Albania and Macedonia participate, all of them are built on the idea of sustainability and integrated development. All of them include social, economic and environmental aspects. Participatory development approaches are inherent in the obligatory requirement that project proposals need to be developed by at least two cross-border partners. The mentioned sectors in the programmes are often regarded to as the vertical elements of the programmes within which the objectives and priorities and measures are formulated.

Proposed projects also have to comply with EU policies referring to social inclusion, gender equality, environmental aspects, accessibility, information and communication technology, which are most commonly integrated in the programmes as the horizontal policy axes. Project proposals have to comply with these objectives and policies in order to be considered for financing. The programmes provide in that sense a top-down development framework for the respective border areas with a clear indication of funding opportunities. The implementation of the programme is accomplished by projects developed by the targeted institutions (usually local and regional authorities, non-profit organisations) and funded through the respective operational programme grant schemes. In this way, bottom-up development is fostered and capacity building of the lowest levels of governance is enabled. According to the grant applicants’ evaluation during the three calls, it is hard to say that any local authority in the eligible areas did not think of applying for EU grants.

The implementation of CBC programme is considered very important for both countries for the following reasons:

- Almost the whole territory of both countries is covered by different IPA cross border programmes. These will enable total inclusion of all entities from all parts of the country while implementing it, to strengthen the human, organizational and institutional capacities to better adapt the EU practices.
Some of the bordering regions are very poor with lack of capacities, thus, even a small amount of funds might make evident improvements with project interventions.

The partnerships established while implementing cross border projects can strengthen neighbouring ties, or even improve the political and ethnic relationship between the two countries.

Being an area with great potentials in alternative tourism, the bordering regions get an opportunity to develop the cross border area, through implementing small-scale projects for cultural, historical, religious and other forms of tourism, and therefore have positive impact on sustainable development.

Overall, cross-border cooperation is found in the projects and there are clear cross-border effects and impacts of many projects. The grant projects analysed fall well within the objectives of the programs, and impacts on a sectoral/priority level are therefore easier to identify and assess than cross-border impacts. Projects span from support to economic development of small infrastructure and tourism to entrepreneurship, activities focusing on eco-tourism in the cross-border region, as well as regional cooperation projects in tourism. The program beneficiaries were:

- Local and regional authorities;
- Country and regional agencies, (responsible at central, regional and municipal level);
- Regional employment agencies;
- Non-governmental or non-profit making organizations, associations and foundations (NGOs and NPOs), such as business support organizations, local enterprise agencies, development agencies, chambers of commerce, tourism agencies, ICT development agencies, educational, training and R&D institutions, producer associations, labour unions;
- Public enterprises;
- Small and Medium Enterprises;

Although many of the grant beneficiaries are experienced project implementers, many of them have never before implemented a CBC project and therefore are not aware of the specific implications. Many projects have requested a no-cost extension of the implementation period of less than 12 months for most projects seems to be too short, particularly taking into account that the grant beneficiaries, in general, have limited experience with European Union projects. As indicators are only used consistently in relatively few programmes and application forms, it is difficult to predict sustainability of the implemented grant projects. There is little experience in the region with the concept, and further training is needed for grant beneficiaries in terms of assessing and ensuring sustainability of the projects.

In fact overall understanding remains low, as most of the grant beneficiaries have conceptualized the sustainability only with regard to the financial needs. There is an expressed need to formalize the recommendations and project outcomes at institutional and policy levels and involve right from the beginning the proper stakeholders. Some grant beneficiaries have considered this fact as the most important part of the sustainability and risk management plans, so the involved project beneficiaries could take over the project results and continue the work.
When coming to the important question of the impact, it is difficult to be clearly articulated, the cross-border involvement of numerous stakeholders show that project results have impacted the sectoral and thematic developments of the program. The prospect for medium or longer term impact is generally vague.

There is still evidently low capacity for preparation and implementation of the projects among cross bordering municipalities. This is due to the fact that (a) municipalities do not have sufficient staff, (b) they do not have a specific team or unit that will operate on funds from IPA and (c) they have financial constraints, as they cannot afford to engage consultants for writing and implementing projects. Thus the leading position for the project application is usually taken by experienced NGOs which are designing project activities based on their vision and capacities, neglecting the real needs of the people in bordering areas. All this prevent cross bordering human and organizational capacities to be strengthened and sustainable partnership to be built.

3. Conclusions and recommendations

Despite several shortfalls, the CBC projects should be seen as a success story, especially when considering that for all Albanian organizations this was their very first experience in dealing with EU funded CBC projects.

• Despite the fact that there were partnerships where organizations knew each other from previous activities, a general assessment can be made that there was a clear willingness to work and cooperate across the borders. The CBC projects and their related promotion activities appear to have improved overall neighbourly relationships and understanding, communication as well as the awareness of the need for further strengthening of this cooperation. Furthermore, they have raised mutual motivation for further cross border relations and future cooperation.

• All grant beneficiaries have had difficulties in complying with the financial management procedures of PRAG and VAT requirements. It can be stated that the projects represent very demanding administrative procedures. Training on and monitoring of project implementation, especially on PRAG regulations, should be offered to beneficiaries throughout the project cycle. The “help-desk” support on project implementation should be strengthened. A solution should be found with Government authorities on the VAT issue in Albania, especially for NGOs.

• All cross-border cooperation programmes in EU candidate and potential candidate countries are supported by technical assistance projects, so preparatory meetings and trainings for potential applicants are frequently organised prior to calls for project proposals. However, due to lack of either time or even expert knowledge, sustainable development and environmental protection issues could receive more attention and even additional targeted training events. A way of strengthening sustainability could be ensuring involvement and active participation of public local and regional institutions in all EU funded projects.

• The concept of CBC programmes is based on the partnership principle and a precondition or basic eligibility criteria for receiving a grant for project implementation.
However, in reality very often the more experienced partner prepares all the application procedures and leads the project implementation without a real improvement of the capacities of the other partners.

- Many of the projects suffer from weak design, while projects have clearly elaborated needs and objectives, most of them have set rather “over ambitious” objectives and results, not possible to achieve in the given context, budget or time frame.

- Sustainability of the results of these projects is questionable. It is interesting to evaluate, through other research, if any of the projects had a second phase or a real follow up after its completion. However the majority of projects generated some strong partnerships amongst the organizations involved.

- An increase in allocations to fund CBC related initiatives would be strongly recommended. CBC initiatives are generally under funded to produce a wide impact. CBC calls for proposals could be combined with similar regional development related initiatives already existing in the area under different donors funding (including EU).

- It will be recommended to limit the variety of actions that can be potentially funded under one Call for Proposal by narrowing the focus of interventions. This might increase the chances of deepening the level of interventions and impact of projects in a given area to be supported.

- Consolidated cross-border IT system with regard to PCM and M&E: the number of grant beneficiaries, the diversity of the projects that have been implemented and parties involved, do create the grounds for a consolidated and unified format of guidelines and regulations, dedicated to harmonized solutions in cases of joint activities and expected results.

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Historical Evolution of Conditionality Criteria in External Relations of the EU with CEEC. From the Cold War to the Accession: an Insider’s Perspective

Carlos Puente

Abstract: Conditionality is a concept frequently linked to funds received from international financial institutions by countries in trouble. Most cases depend on the financial support to developing countries of the IMF, but also of other institutions like the World Bank, ADB, IBD, EIB or the EBRD that are targeting the Central and Eastern European countries. Besides the financial framework there is another application of conditionality often used by organizations like the EU for applicant countries that are in the European integration process. Although no reference was made to any specific conditionality criteria in the Treaty of Rome, the EEC first and the EU afterwards applied a process of conditionality criteria during the commercial negotiations with Central and Eastern European countries (CEEC) in the 80’s. While general principles were developed in international forum, from the Helsinki Final Act signed in 1975, until the Copenhagen criteria for membership adopted during the June 1993 European Council, a great evolution has happened and even stricter conditions were established in the future when Bulgaria and Romania became applicant countries. All these topics will be the purpose of the present article from an introspective point of view, providing relevant information of very little known bureaucratic procedures.

Keywords: positive and negative conditionality, retaliation, sanctions safeguard clause, freeze of negotiations, human rights, rule of law, democracy, market economy, acquis communautaire.

Introduction

The concept of conditionality means that an action, a result or a benefit depends on a specific attitude. It is linked to the idea of conditions that comes from the world of psychology that dictionaries define as “a process in the behaviour of an organism in a particular response that becomes more frequent or more predictable in a given environment, as a result of having associated it with a stimulus or a reward.”

The geographical distribution of power in the world establishes certain impositions from

1 Carlos Puente is Doctor in Economics, and has a Masters Degree in Law, Political Sciences and European Law. He has carried out his professional activities in Europe, Asia and America in the private and government sectors. Former Commercial Attaché in Moscow. Former official of the European Commission. Visiting Professor, Columnist in newspapers in Europe and America and panellist in radio and television. He is presently based in Vienna. E-mail: cpmartin28@gmail.com
some countries on others when that influence is exercised through economic and business conditions on one hand, and politics on the other, either by way of collaboration or by force. In the first case it is due to the imbalance of political or economic power between States and, in the second situation, it is due to situations resulting from conflicts where conditions are included in a peace treaty. A third case of conditionality can be found in the framework of the internal relations of organizations and in this sense it may refer to the criteria of conditionality of the EU in its external relations and, mainly when candidate countries apply for membership.

One should distinguish the concept of conditionality from others that sometimes seem to be related. I mean trade retaliation in the language of international trade policy, where sanctions can affect different areas of international relations: political, economic, scientific-technical, cultural, etc. Conditionality may also have one or more actors in the case of bilateral conditionality, imposed by a state to one or more other states and multilateral conditionality, when the influence comes from an international organization or institution.

We can also talk about internal or external conditionality when we refer to the action of an organization within the framework of their responsibilities towards members of the organization, as it is in the case of the European Union. On the other hand external conditionality refers to autonomous actions in the relations between States. As for the reaction and the effects of applying conditionality to trade and economic relations there is a generally accepted principle that the more developed and powerful the offending State is in its economy, the lesser the effectiveness of sanctions is.

Positive conditionality

Basically the action of conditionality is applied by means of two tools: incentives and sanctions. In the first case we have the example of a positive conditionality when granting benefits, concessions, exemptions or privileges to others in international relations.

These incentives can influence the behaviour of a State in a number of different ways depending on the relationship between both States, although it is possible to impose conditionality criteria in a relationship of equals. Positive conditionality may affect relations between States in order to maintain a status quo or to obtain a convergence with certain goals or specific objectives, mainly in an increase in trade and economic co-operation, although sometimes this involves improving political or military relations. It is clear that a net advantage for only one side does not always occur.

Agreements on trade and economic cooperation with Romania and other agreements with some former COMECOM member countries, like the trade agreement for industrial products signed by the European Economic Community and Czechoslovakia, are among the most significant cases where a clause of conditionality was not included. Nevertheless in the preamble of such agreements there was a reference to the Final Act of the Conference on Security and Cooperation in Europe and the respect for democratic principles and
human rights but it was not an essential element of the agreements\(^2\). However there is another group of trade agreements and trade and economic cooperation agreements signed with the EEC that included an explicit reference in the agreement as an essential element and this involved only unilateral obligations.

**Negative conditionality**

Negative conditionality cannot be recognised as clearly as a positive conditionality since it is often hidden behind threats addressed to States under the influence of other countries and when there is an imbalance between both parts. This type of conditionality may adopt the form of delays, suspensions, the “freeze negotiations”, etc. Most cases involve a lack of transparency in international relations.

The essential difference between the negative and positive conditionality is that in the latter a State or an organization is using a coercive action to ensure a result not wanted by the other side. Actually there are sanctions whose effects may occur immediately or in the future, if the constraints required by the dominant actor are not accepted.

In the framework of relations of the European Community with CEEC we must remember that the first restrictive clauses, as a form of negative conditionality, appeared in the Agreement on trade and commercial and economic cooperation with Albania\(^3\) and in the Agreements on trade and trade and economic cooperation with the Baltic countries, all

\(^2\) The Agreement between the European Economic Community and the European Atomic Energy Community, of the one part, and the Czech and Slovak Federal Republic, of the other part, on trade and commercial and economic cooperation in the preamble includes the following references:

“TAKING INTO ACCOUNT the favorable consequences of economic reform that is taking place in Czechoslovakia in trade and economic relations between the Contracting Parties;

DESIRING to create on the basis of equality, non-discrimination, mutual benefits and reciprocity, favorable conditions for the harmonious development, diversification of trade and the promotion of trade and economic cooperation in areas of mutual interest;

CONSCIOUS of the importance of giving full effect to the Final Act of the Conference on Security and Cooperation in Europe, the Conclusions Document of the Madrid meeting and in particular, the Conclusions Document of the Vienna meeting”. OJ L 291 of 23\(^{rd}\) October 1990.

\(^3\) Council Decision of 26 October 1992 concerning the conclusion of the Agreement between the European Economic Community and the Republic of Albania on trade and commercial and economic cooperation (92/535/CEE). OJ L 343 of 25 November 1992. Article 1 of the Agreement between the European Economic Community and the Republic of Albania on trade and commercial and economic cooperation, May 11, 1992 says: “The democratic principles and human rights enshrined in the Helsinki Final Act and the Charter of Paris for a New Europe inspires the domestic and external policies of the Community and Albania and is an essential element of this Agreement”. And Article 21 provides that “This Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties of the completion of legal procedures necessary to notify. The Agreement is concluded for an initial period of ten years. It shall be renewed automatically each year unless one of the Contracting Parties denounces it in writing to the other Party six months prior to its expiration.

However, the Contracting Parties may, by mutual agreement in order to take account of new developments, including Albania’s accession to the General Agreement on Tariffs and Trade. In this case, the Contracting Parties shall jointly prepare amendments to this Agreement necessary to take into account the Protocol on the Accession of Albania to the General Agreement. If the parties fail to reach an agreement, reserve the right to terminate this Agreement.

The parties reserve the right to suspend all or part of this Agreement with immediate effect in the event of a serious violation of the essential provisions of the Agreement.”
of them signed on May 11, 1992. The Article 1 of the Agreement with Albania states that “democratic principles and human rights are an essential element” and in conjunction with Article 21 in fine that gives to the parties the power to “suspend all or part of the agreement with immediate effect if a serious violation of the basic provisions occurs”. Agreements with the Baltic States also include the same provisions. Here we must emphasize the immediacy of the suspension without prior consultation with the other Party.

Moreover there are other arrangements that soften this situation and give an opportunity to political dialogue before the suspension occurs and this in line with the Vienna Convention on the Law of Treaties. In the European Agreement signed with Bulgaria in 1994, Article 6 reproduces the provision of Article 1 of the above mentioned agreements, stressing that “the principles of democracy and human rights are an essential element of this partnership”. The preamble states: “CONSIDERING the opportunities to establish relationships of a new quality offered by the emergence of a new democracy in Bulgaria,” taking into consideration the possibility that, in case of a violation of essential elements of the Agreement, the Association Council shall be consulted in order to find a solution acceptable to the Parties, as provided in Article 118. Here it should be stressed that the text of Article 118 declares that, except for an emergency, the use of immediate dialogue with the other party, is mandatory, if a Party “has failed to fulfil its obligations under this Agreement, it may take appropriate measures ... except in cases of special urgency”.

Decision of the Council and the Commission of 19th December 1994 concerning the conclusion of the Europe Agreement between the European Communities and their Member States, of the one part, and Bulgaria, on the other (94/908/CECA/CE/EURATOM). OJ L 358 of 31st December 1994. Article 6 of the Agreement states that “Respect for democratic principles and human rights established by the Helsinki Final Act and the Charter of Paris for a New Europe inspire the domestic and external policies of the Parties and constitute an essential element of this partnership. And the wording of Article 118 is explicit:

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. The Parties shall ensure that the objectives are achieved in this Agreement.
2. If a Party considers that the other Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before doing so, except in cases of special urgency, it shall supply the Association Council with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In the selection of measures, priority should be given to those which least disturb the functioning of this Agreement. These measures shall be notified immediately to the Association Council and shall be the subject of consultations if the other party requests it.”
Economic and trade conditionality

The aim of conditionality can be political, economic or commercial without changing its political nature. Enforcement and defence of certain principles such as the introduction of a democratic system, the existence of the rule of law, the establishment of the market economy as an economic system, the defence of human rights and the protection of minorities, etc. can be encouraged through economic and commercial sanctions. Economic and trade conditionality can also be positive or negative, in the first case by showing improvements in the economic status quo in exchange of political or economic reforms, and in the second case by imposing sanctions that may affect the reduction or total suspension of benefits.

The European Community used widely from the very beginning this mechanism of conditionality in trade and economic relations with third countries and also in the process of enlargement without discrimination because they were applied to Western and Eastern European countries. Here we are interested in the commercial and economic policy of the EU towards the countries of Central and Eastern Europe that were once part of the Soviet bloc that undoubtedly helped the political change in Eastern Europe.

Although restrictive clauses in trade agreements theoretically should target economic results, the truth is that many of these measures were included to exert coercive attitude towards the partner and the expected result was rather political than economic. Theoretically a “safeguard clause” is a trade defence measure to prevent the export of certain products covered by an agreement to cause or threaten to harm the EU economy. These measures, taken by the EU, could hide the pressure on some countries to obtain a political result or to take a commercial or economic initiative. What is certain is that the economic and trade conditionality have often been used instead of sanctions because to threat to use the application of a “safeguard clause” was more effective than its application, and it is more convenient to use “ad hoc negotiations” to solve a conflict.

The trade agreements of the first and the second generation signed by the European Community with the socialist bloc countries included the same commercial terms and the model did not change, though its effects were modulated according to the characteristics of each country. The wording of trade agreements negotiated and signed during the 90’s of the XX century was a reproduction of the former Agreement on trade in industrial products signed in 1980 between the European Economic Community and Romania. It was the model with limited modifications to the Agreement signed with Czechoslovakia in 1988. Actually the European Commission was a “factory” of agreements where the only added value provided by the General Directorate for External Relations of the European Commission was to change the name of the country and very few innovations to specific cases.

In agreements signed with the socialist countries there was also a clause with a very special feature that limited the framework of the Community market. I refer to the “territorial clause”, known as “Berlin clause” which highlighted the existence of the western part of the capital of Germany, located in the territory of the former German Democratic Republic that was part of the European Community. This idea of “insularity” of this small part of the territory of the Federal Republic of Germany in the agreements was included in the agreements as a commercial condition, but was in fact a political requirement necessary for the trade agreement to be in force.
A major obstacle to put in practice some conditionality criteria against certain countries was its status as a contracting party to the General Agreement on Tariffs and Trade (GATT), referred to in the preamble of trade agreements. The Commission was very careful in such cases since Brussels did not grant the “most favoured nation” (MFN) treatment when the country in question had not established a customs duty recognized by the GATT and therefore the country could not act reciprocally\(^6\).

**The principle of conditionality in the EEC and the democratic clause**

The principle of political conditionality in the European Economic Community comes from the very beginning when the “Petite Europe”, the EEC founding members, confronted the “Big Europe”, including the Organization for European Economic Cooperation (OEEC), with the proposal of a project of a European Free Trade Area supported by the British since 1956. In 1958 the geopolitical role of the Commission of the EEC was very important in the relations of European cooperation, as Laurent Werlouzet declared\(^7\).

The most known experience of conditionality applied by the EEC must be found in the period before the first enlargement, mainly during the period of France’s President General Charles De Gaulle with his anti British politics. Nevertheless “stricto sensu” the oldest trace of conditionality can be found in the attempts of the Spanish’s dictator General Franco to approach the successful EEC in the 60’s.

Indeed, on February 9th, 1962 the Minister of Foreign Affairs of Spain, Fernando Maria Castiella, addressed a letter to the President of the Council of Ministers of the EEC, Maurice Couve de Murville seeking to start negotiations to reach an association agreement and to join the supranational organization. It was a critical moment when President De Gaulle in France vetoed in 1963 the entry of Britain into the EEC. We must remember that the European Free Trade Association (EFTA) emerged in an attempt to attack the Franco-German power in Europe.

When the EEC was negotiating with the accession of Britain and two other members of the EFTA, Denmark and Ireland, the Spanish government of General Franco addressed a new letter to the Council of Ministers on February 14\(^{th}\), 1964 expressing the interest of Spain to start exploratory talks which was accepted on July 2nd of that year. On December 9th, 1964, a Spanish delegation led by Ambassador Nuñez began negotiations in Brussels with the EU delegation headed by the Commissioner for External Relations, the Belgian Jean King.

It looked like as if the political conditionality was left behind as the main obligation because the internal crisis suffered by the EEC, allowed changing the priority to other

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\(^6\) The Preamble of the Agreement on industrial products with Romania established “l’attachement de la Communauté et de la Roumanie à l’accord général sur les tarifs douaniers et le commerce, y compris le protocol d’accession de la Roumanie” but in practice the EEC did not recognize the MFN clause to Romania.

\(^7\) Warlouzet, L. wrote that the Free Trade Area “présentée comme complémentaire de la CEE elle pourrait rapidement se révéler concurrence et même incompatible. Si une ZLE trop ambitieuse entre en fonction, la CEE risque d’être gênée dans ses initiatives et les pays qu’y participent n’auront plus aucun intérêt à s’investir dans l’Europe des Six”. “La Commission européenne face au défi de la Grande Europe: la négociation de la zone de libre-échange en 1958”, page 365.
principles not related to democracy and the respect for human rights that were systematically violated by the dictator. Although the EEC had only offered a preferential trade agreement, the aggressive action of the Spanish diplomats managed to change the view of Brussels and the Council of Ministers of the EEC accepted the Spanish position on October 16th, 1969, concluding a preferential agreement between Spain and the EEC which was signed in Luxembourg on June 29th, 1970. In fact it was a success of the government of General Franco, which was not in accordance to the current EEC strategy.

In certain European forums there were some rumours about the participation of Spain in one of the blocks despite its lack of democracy and non respect of rule of law. Some countries members of the EFTA, like Portugal, didn’t meet with the democratic principles that were the identity of most EFTA members. In those days there was a competition between the European Free Trade Association and the European Economic Community and any country was welcome to join any of both organizations. A competition between the two economic blocs to attract a significant number of members started. It seemed that the only conditionality criteria required was to be an European country and the openness of its market.

The Central and Eastern European Countries faced a very different situation when they applied to join the EEC, since the priority was the political strategy to recover the Eastern part of the continent, with the aim of building a united Europe. The easy going attitude of the European Union countries to welcome the former socialist countries members of the Council for Mutual Economic Cooperation (COMECON) was a political decision taken not only in Brussels but simultaneously in several Member States. The philosophy is based on the principle that economic success would imply a democratic transition to democracy, the rule of law and the market economy. The facts would show that such assumption would not be fully confirmed by the subsequent evidence.

**The exception of Ceaușescu’s Romania**

Romania was the first country from the socialist bloc to recognize the European Communities and open a diplomatic mission in Brussels. In the 1960’s Romania was out of the Warsaw Pact and condemned the invasion of Czechoslovakia in 1968. Ceaușescu kept his independence from Moscow in international relations and maintained leadership in the Non-Aligned Countries group. The dictator decided to repay the external debt of Romania by increasing exports of agricultural and industrial products, causing shortages of food, energy and other consumer goods which affected the standard of living of the population.

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8 The European Free Trade Association (EFTA) was set up at the Stockholm Convention signed on January 4th, 1960, under the initiative of the United Kingdom whose members were Portugal Austria, Denmark, Norway, United Kingdom, Sweden and Switzerland. A conditionality related to democracy was not required for membership in the EFTA bloc and the Spanish dictatorship could not face to any conditionality even for the integration of Spain into the EEC but the Spanish government didn’t take advantage from this situation. The recognition of the Franco regime by the United States, with whom he had an important military alliance, could have been the key for his “legitimacy” by other European states. It is not clear whether the obstacles to the integration of Spain in the EEC were political or economic.
As I already mentioned, the European Economic Community signed several agreements focused on specific sectors with most countries of the socialist bloc. It was in 1974 when the EEC decided to develop its relations with Romania despite the lack of political and economic freedom under the dictator Ceauşescu. There was already the precedent of the 1962 preferential agreement with Spain, under a strong political control of Franco, but this time the aim was to drive a wedge inside the Communist bloc. Shall we think that the EEC was dealing with a geopolitical conditionality in the case of Romania?

The EEC adopted a selective approach based on political criteria in its relations with the countries of socialist economy. Let’s see the origins of these trade relations, which represented a qualitative improvement in the relations between the EEC and the countries of Eastern Europe. In January 1972 Romania requested the European Community the application of the benefits from the Generalized System of Preferences (GSP), which the Community granted in 1974. This was the EEC response to the rejection by the socialist states of the proposed negotiations of bilateral trade agreements with the European Community.

Next step was the negotiation between the EEC and Romania of an agreement to set up a joint committee and an Agreement on trade of industrial products between the European Economic Community and the Socialist Republic of Romania, ruled by Ceauşescu. What was the strategy of the EEC? To whom the EEC imposed a political and trade conditionality? To Romania? No. Brussels had sent a message to the COMECOM informing them that the only way of approaching was bilateral and never between organisations. Moreover, the EEC underlined the criteria for selective application to states according to their attitude towards the European Community.

The EEC for the first time signed a classic bilateral trade agreement with a COMECON member state in December 1980. The Agreement on trade in industrial products was concluded for a period of five years and the Agreement on the Joint Committee for an unlimited duration. Moreover, this first agreement with a socialist country was a model for future agreements that the EEC was ready to negotiate with other socialist countries. The Agreement on trade in industrial products with Czechoslovakia signed in 1988 was negotiated following the Romanian model.

The agreement signed with the Socialist Republic of Romania was a concession to the country and a prize given to Ceauşescu to reward his independence from the Soviet bloc and the Warsaw Pact. Furthermore, the Ceauşescu’s government maintained a close relationship with the Community. The agreement included all typical elements of a trade agreement, like the clause of the most favoured nation, although it was only theoretical, since it could not be applied reciprocally because Romania did not have a customs tariff recognized by the GATT. A safeguard clause, a clause of prices and the territorial clause or “Berlin clause” were also included in the text of the agreement.

Romania was a member of the “Group of 77” which made it easier to grant the country some privileges as a commercial partner. It was, therefore, another advantage offered to Romania.

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9 The G77 organised in 1964 joined 77 developing countries under the umbrella of the United Nations, to perform coordinated actions on specific topics in areas of trade, agriculture, energy, raw materials and other matters of interest to all its members. The number of members has now reached 130 states and Argentina in the chair for the presidency from January 2011.

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Romania and not applied to the rest of the socialist countries of Eastern Europe. It was a clear measure of discriminatory conditionality due to a political decision. All these concessions were not free of charge because conditionality was running along with obligations which, in the case of Romania meant, among other obligations, to provide “business opportunities” to economic operators from the EEC, decreasing its trade flows with other CMEA countries.

In 1986 the Council authorized the replacement of the Agreement with Romania signed in 1980 by a broader one, although negotiations were cancelled in April 1989 and the current agreement was frozen due to the repression of Ceaușescu’s government against the population.

In January 1990 a provisional government in Romania was set up, which established a commission for the transition towards a market economy. In the first elections held in May, the National Salvation Front won with a huge majority and, in June 1990, Petre Roman was appointed as the first Romanian Prime Minister of post socialist era\textsuperscript{10}. The two agreements with Romania signed in 1980 were replaced by an Agreement on trade and commercial and economic cooperation, signed in October 1990. Very few people know which was the role played by Western countries and the European Community in the events that put an end to 22 years of the Ceausescu rule and which was the starting point for Romania’s transition to democracy with the perspective of its integration into the EU\textsuperscript{11}.

The Agreement on trade in industrial products which the European Community signed with Czechoslovakia in 1988 was negotiated on the basis of the existing agreement with Romania signed in 1980. Later on, in 1990, this agreement was replaced by the Agreement on trade and commercial and economic cooperation following the guidelines of the agreement which was under negotiations with Hungary. The EEC started the rule of “differential character” in the negotiation of trade agreements with the countries of Central and Eastern Europe according to the principle of “conditionality and individual merits”.

\textbf{Trade Agreements EEC-CEEC}

The European Economic Community, in its commercial relations with the countries of Eastern Europe met with a specific case which limited the possibility of applying the principle of trade conditionality. The EEC could not impose other obligations to the Federal Socialist Republic of Czechoslovakia, as they were a contracting party of the GATT. It is true that the Prague’s government did not respect its obligations as a member of GATT and therefore even the United States did not recognize their rights as a founding member and contracting party of the GATT.

The Agreement on trade in industrial products between the EEC and Czechoslovakia was the first that the EEC signed with a socialist country founder party of the General

\textsuperscript{10} Petre Roman, who was prime minister of Romania between 1989 and 1991 spoke perfect Spanish, being the son of the Spanish Hortensia Vallejo who married Valter Roman, a member of the International Brigades that participated in the Spanish Civil War.

\textsuperscript{11} The Services of the Directorate General for External Relations of the European Commission organized the trip of Commissioner Andriessen, to Prague, Sofia and Bucharest, which took place on January 14, 1990 in order to analyze the evolution of the facts in these three socialist countries that were under surveillance by the European Commission with great interest and concern, especially after the tragic events that occurred in Romania.
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Agreement on Tariffs and Trade. The negotiations of this agreement which was replaced by the Agreement on trade and commercial and economic cooperation signed in 1990, suffered from the political turmoil in the country and the European Commission applied the principle of “stop and go” and even adopted diplomatic pressures due to the violation of human rights in Czechoslovakia. Gustav Husak, the President of the Republic of Czechoslovakia from 1975 was ruling the country with authoritarian manners so he faced frequent popular demonstrations since the late 1980s12.

The immolation of the student Jan Palach on August 19th, 1988, on the anniversary of the invasion of Czechoslovakia by the troops of the Warsaw Pact showed repression by the State Security Police (StB). In late 1989 the regime could not fight the pressure of the population and the “Velvet Revolution” succeeded and put an end to the presidency of Husak and it was also the end of the communist era in Czechoslovakia. In the meantime negotiations between the EEC and the Czechoslovak representatives in Brussels and Prague continued. Once again I wonder about the role played by the trade relations and the conditionality applied by the EEC in the transformation of the communist regimes in Central European countries.

The appointment of Mikhail S. Gorbachev as General Secretary of the CPSU was a surprise to the experts in the Soviet Union affairs including admirers and detractors of the communist bloc, which is the birth of the greatest transformation suffered by the continent since the October Revolution of 191713. The geopolitical impact will have a great effect for generations born under European socialist regimes in Eastern Europe. The new president of the USSR made possible the signature of the “EEC-COMECON Joint Declaration”, which took place in Luxembourg on June 25th, 1988 and was the starting point of a new era of rapprochement between the European countries of different ideologies.

The Luxembourg Declaration left the way open and free for the European Community to be legally recognized and the establishment of diplomatic relations between the Community

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12 Gustáv Husak was secretary general of the Communist Party of Czechoslovakia between 1969 and 1987 just after the invasion of the Warsaw Pact troops that ended the “Prague Spring” led by Alexander Dubcek. Both were of Slovak origin. In 1950 he was the victim of the Stalinist purges and imprisoned between 1954 and 1960. Suffered the enmity of the Czech nationalist and former SG of the Communist Party and President Antonín Novotný was pardoned in 1963. He was deputy prime minister in the reformist Dubček in April 1968 and participated in negotiations between Dubček and Brezhnev in Moscow, after the invasion of Warsaw Pact troops in August 1968. He cancelled the Dubček reforms who was separate from the government and Husak became president in 1975 during the period known as the “Standardization”. He resigned as president of the Republic in 1989 after the triumph of the “Velvet Revolution”.

13 As a representative of Spain I had the opportunity to attend meetings that took place in the embassies of Western countries in Moscow during that period. At a meeting held at the Embassy of a Western country in March 1985, after the death of Konstantin Chernienko, the first secretary of the embassy informed us that “a certain Mikhail Sergeyevich Gorbachev had no chance to become General Secretary of the USSR “. A few days later, on March 11, he was appointed general secretary of the CPSU of the USSR and was the first president born in communist times. I realized that most of so called “experts on Soviet affairs sur le champ had very little information on Soviet politics. Later on, in talks with former leaders of the Soviet Union I learnt some rumours about the appointment of Gorbachev as the last choice to become Secretary General of the Communist Party since there was a general attitude against “non-Slavic” candidates to avoid what had happened with Stalin. It seems that there was a great consensus on another candidate within the “troika” to appoint the general secretary of Communist Party of Azerbaijan but Gorbachev is of Russian-Ukrainian descent.
and the CMEA countries\textsuperscript{14}. During the signature ceremony of the Joint Declaration on the establishment of official relations between the EEC and the CMEA the Minister of Foreign Affairs of the Federal Republic of Germany, Hans-Dietrich Genscher was present, acting as president of the Council of Ministers of Foreign Affairs of the EEC, and for CMEA participated Mr R. Rohlücke, president of the executive committee of the CMEA, along with Viacheslav Sytchov, Secretary General of the COMECON.

Between 1988 and 1990, the European Community had negotiated trade agreements and trade and economic cooperation agreements with Hungary, Poland, the Soviet Union, Czechoslovakia, Bulgaria, Romania and the former German Democratic Republic. During this period there was a competition between governments of the countries of Eastern Europe to show Brussels their firm decision to abandon the path of socialism and embrace the democratic system and market economy. The Community agreed to reward each country accordingly with the conditionality criteria based “on the merits of each candidate”.

What were the conditions that converted candidates into beneficiaries of a trade and cooperation agreement? Firstly, the Community requested the state concerned to negotiate and sign an agreement with an explicit recognition of the legal personality of the European Communities by establishing diplomatic relations. We must remember that the CMEA had always proposed relationships between the two organizations on a level of equality, to which the European Community was firmly opposed in the absence of symmetry between the two organizations.

During the Cold War the Community only maintained relations with the Socialist Republic of Romania and the Socialist Federal Republic of Yugoslavia. Certainly, the first socialist country that had an ambassador accredited to the Communities was the Yugoslavia of Josip Broz “Tito”\textsuperscript{15}. However, we must remember that the only two agreements signed with these two socialist countries, the preferential trade and cooperation agreement in 1970 with Yugoslavia, and the Agreement on trade in industrial products in 1980, with Romania, were suspended for political reasons in November 1991 and April 1989 respectively. In addition, Yugoslavia had a partnership status to the Council for Mutual Economic Assistance\textsuperscript{16}.

Also during the Cold War, Western countries had provided certain commercial advantages and opportunities of economic cooperation and technical assistance to countries of the Soviet bloc in exchange for respect of human rights and civil liberties. The EEC had included this principle of conditionality in their trade relations with the CMEA countries as well.


\textsuperscript{16} Although the Federal Republic of Yugoslavia was a state trading country in the European Commission was included under the Directorate “Mediterranean, Near and Middle East” in DG External Relations.
Trade and cooperation agreements were considered “first generation agreements” from the point of view of their content and in the perspective of future agreements between the EEC and the countries of the former CMEA. The “European Agreements” represent the “second generation agreements” that were pre association agreements with states which left behind the socialist ideology and the centrally planned economy. In the first generation of agreements, a reference to the respect of the Final Act of the Conference on Security and Cooperation in Europe of Helsinki and the final documents of the Madrid and Vienna meetings, were included.

The European Community and the European Union afterwards have always applied conditionality “ex ante” with the countries of Central and Eastern Europe, giving special treatment to each country according to their willingness to accept the conditions imposed by Brussels. Conditionality involved political, economic, and respect of human rights. Therefore, in the preambles of agreements, reference is frequently made to the obligation to respect political, economic, civil liberties and human rights, as well as to abolish monopolies, and other restrictions to market economy. So business facilities offered by the European Union involved a conditionality criteria at different levels: social, political and economic.

**The Copenhagen criteria for accession**

The accession to the European Union is a complex and uncertain process because there are never two candidates with identical characteristics, not only if you consider the political and economic situation of the candidate, but also because the principle of conditionality is applied according to the “merits of each candidate,” as it is repeatedly mentioned in documents and conclusions of the European Council presidencies.

This is a process which applies criteria acting as “entry barrier” known as the “Copenhagen Criteria for accession”, adopted at the European Council in Copenhagen held in the Danish capital on June 21st and 22nd, 1993. Therefore, any European country that submits its candidacy to the Union to become a member state must comply first, with the obligations under Article 49 and the principles of Article 6, paragraph 1, of the Treaty of the European Union. The European Council in Copenhagen in 1993 established the “Criteria for Membership” which, subsequently were reinforced by the European Council in Madrid in 1995, requiring that any candidate to join the Union must meet the following criteria:

a. Political criterion. A country must have stable institutions guaranteeing democracy, the rule of law, respect of human rights and respect and protection of minorities;

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17 Paragraph 7 of the Conclusions from the Presidency of the Copenhagen European Council of 21-22 June 1993 on “Relations with the countries of Central and Eastern Europe” provides the “Criteria for Membership” in the following way:

“The European Council agreed on the date that the associated countries of Central and Eastern Europe that want become members of the European Union will do so. Accession will take place as soon as a country is able to assume the obligations of membership by satisfying the economic and political conditions. Membership requires that the candidate country has achieved stability of institutions, a guarantee of 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 ability to cope with competitive pressure and market forces within the Union. Membership supposes the candidate’s ability to assume the obligations of membership and the aims of political, economic and monetary Union.”

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b. Economic criterion. The new state must guarantee the existence of a functioning market economy, capacity to cope with competitive pressure and market forces within the Union;

c. Criterion of the *acquis communautaire*. The candidate must have the ability to assume the obligations of membership, including to agree with the goals of the political, economic and monetary union.

There were essentially three criteria that conditioned the accession of new members to the European Union, but there is still a fourth criterion affecting the ability of the Union to support new enlargements. The capacity to accept new members which will not interfere with the integration process of the Union itself was an important condition for both the Union and the candidates themselves.

Before the opening of negotiations for the accession it is necessary that the candidate meets the political criteria. Also in the course of negotiations it is an important element in establishing and strengthening the potential of the public administration to apply and manage the EU law in the country. As far as the economic reforms are concerned, section 7 of the conclusions of the Presidency “Relations with the countries of Central and Eastern Europe” highlighted the efforts being undertaken by CEEC for “modernizing their economies weakened by forty years of central planning, and to ensure a quick transition to a market economy”.

Conclusion number 23 of the Luxembourg European Council of 1997 states that “The Commission opinions on the candidate countries are a good overall analysis of the situation of each candidate in light of the accession criteria set by the European Council of Copenhagen. The perspective for membership is a unique incentive for candidates to accelerate the implementation of policies in line with the *acquis communautaire* of the Union”. The aligning of its legislation with the *acquis communautaire* of the Union is a necessary but not sufficient condition, since it will also be necessary to ensure its practical application.

The 25th conclusion stresses the priorities for accession: “Respect for the Copenhagen political criteria is a prerequisite for the opening of any negotiations for accession. The economic criteria and the ability to assume the obligations for membership have been and must be assessed in a forward-looking and dynamic way”. As noted above, the ability of the Union to absorb new members without affecting the proper functioning of the European Union.

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18 The Copenhagen European Council of 21 and 22 June 1993. Presidency Conclusions, paragraph 7: Relations with the countries of Central and Eastern Europe
A. The associated countries
i) The European Council made a detailed discussion on the relationship between the Community and the countries of Central and Eastern Europe with whom the Community has concluded or undergo to conclude Europe Agreements (“partner countries”), based on elaborate communication by the Commission at the European Council in Edinburgh.
ii) The European Council welcomed the courageous efforts undertaken by partner countries to modernize their economies weakened by forty years of central planning, and to ensure a rapid transition to a market economy. The Community and its Member States confirm their support to the reform process. Peace and security in Europe depend on the success of these efforts.


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Institutions is also important. In a time where the EU was considering institutional reforms, some worries appeared when discussing the enlargement of new members from Eastern Europe because it could be a challenge for European integration itself.

If conditionality criteria were established for new countries to join the Union, the EU also needs a period of adaptation to the new European reality. For some time the option “enlargement-reforms” was studied and the eventual possibility of delaying any enlargement before the necessary reforms was rejected to ensure the objectives of the Union. It was essential to realize that the reform processes could interfere with the adoption of resolutions and decisions, and during that time of great uncertainty, it was not clear that the reforms of the institutions could be performed simultaneously with the preparation of new candidates for EU enlargement. This was the reason to agree on a “strategy for accession” as a “roadmap” for candidates and for the Union to avoid any risk of malfunctioning of the European institutions.

After the “Phare” program, which was a real “European Marshall Plan”, although its adoption within the “G-24” also included other countries that were not part of the European Community and not even the European continent, countries of the former Soviet bloc adopted deep and huge economic reforms and they progressed in the democratization of its institutions, even if there was a big gap with Western countries. To cut this gap, reforms were a priority for the Union before absorbing new members with the necessary guarantees for both the Union and the candidate countries. Out of the four presidents of the European Commission dealing with the process of accession of the countries from Eastern Europe, Jacques Delors was the only statesman who could manage the process in the right direction with a clear vision

21 Jacques Delors was president of the European Commission since January 7th, 1985 until January 24th, 1995. He was member of the French Socialist Party and minister of finance. His successor was the Social Christian and Prime Minister of Luxembourg Jacques Santer until March 15th, 1999. The President of Council of Ministers of Italy, Romano Prodi Social Christian, was president of the Commission since September 17th, 1999 until November 22nd, 2004 followed by the current president, José Manuel Barroso a Portuguese conservative. The Spanish socialist and Vice-President of the Commission Manuel Marin was president of an interim basis between March 15th and September 17th, 1999.

The strategy of pre-accession was based on the steps that were applied to all CEEC:

- Partnership agreements, better known as “European Agreements”, including political dialogue, the establishment of a free trade area, the cooperation on the basis of previous agreements and technical and financial assistance and cooperation in other areas;

- Accession Partnership and National Programmes for the Adoption of the acquis communautaire (NPAA);

- Assistance during the pre-accession PHARE program which included support for investment in transport and environment (ISPA), the agricultural support (SAPARD) and funds from International financial institutions;

- Opening of agencies and programs to the EU candidates.
Furthermore, the Annex IV “Report of the Council to the European Council in Essen is a strategy to prepare the accession of CEEC partners” of the Presidency Conclusions of the European Council in Essen on 9 and 10 December 1994, reaffirmed the Copenhagen criteria. Above all, candidates might meet with political and economic conditionality simultaneously as agreed in the conclusions of the Copenhagen European Council.

The above mentioned conclusions underline the fourth requirement for membership: “The Union’s capacity to absorb new members, while maintaining the momentum of European integration and respecting their internal cohesion and its fundamental principles is also an important consideration in the interest of both the Union and the candidate countries”. This statement emphasizes new criteria for the future enlargement process and for the first time takes into consideration to make compatible the identity of the EU and the entry of new members without putting in danger the internal cohesion.

The political nature of this decision is clear because the institutional conditionality of the Union refers to the conclusion of the Intergovernmental Conference in 1996 that should be held before the starting of negotiations for accession of the candidate countries. “The Council would like to have available a detailed analysis prepared by the Commission on the impact of enlargement in the context of current EU policies and development”: the Union might also accept a technical and political precondition.

The Copenhagen criteria imposed a double conditionality, on the one hand, “the partner countries need to prepare for accession and to strengthen their ability to assume the responsibilities as a Member State” and on the other hand the Union had a necessary institutional conditionality to ensure the proper functioning of EU policies, for that the Council having to impose the Commission the obligation to prepare an impact study of the accession of new members.

The Conclusions of the Presidency of the Copenhagen European Council of 1993, in section 7 on relations with the countries of Central and Eastern Europe stressed that the Council had agreed that the associated countries from Central and Eastern Europe which applied to become members of the Union would be accepted if they meet with the required economic and political obligations22. Meanwhile the European Council in Amsterdam in 1997 pushed ahead the process of negotiations for accession and the European Commission adopted in July 1997 the “Agenda 2000” whose subtitle was “for a stronger and wider Union”. The Agenda included reports on applications for CEEC and opinions on enlargement and the financial framework, in addition to the recommendations on the strategy for membership. On May 6th, 1999 the European Parliament adopted a “Resolution on the Communication from the Commission - Agenda 2000 for a stronger and wider Union”.

The conclusions adopted at the Luxembourg European Council on December 12th and 13th, 1997 became the basis for the enlargement of the Union to the East of Europe. It was agreed to take the “necessary decisions to start the process of global expansion”

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22 The original version is the following: “Le Conseil européen est convenu aujourd’hui que les pays associés de l’Europe centrale et orientale qui le désirent pourront devenir membres de l’Union européenne. L’adhésion aura lieu dès que le pays membre associé sera en mesure de remplir les obligations qui en découlent, en remplissant les conditions économiques et politiques requises.”
and to “prepare accession to the Union ... in a comprehensive, inclusive and ongoing process which will take place in stages, and each candidate country will proceed at their own pace depending on their level of preparation”. Once again the EU emphasizes the different situation of the “readiness” as ex ante conditionality. It also reaffirms the self-imposed conditionality for the Union, reiterating what prevented as the fourth criterion for membership in the Council in Copenhagen in 1993, insisting “as a prerequisite for the enlargement of the Union, the functioning of institutions should be strengthened and improved in accordance with the institutional provisions of the Treaty of Amsterdam.”

The above mentioned conclusions of the European Council included to set up an “European conference to put together Member States of the European Union and European State candidates that share their values and internal and external objectives” whose members must also “share a common commitment to peace, security and good neighbourhood, respect for the sovereignty of other countries, the principles on which the European Union is founded, integrity and inviolability of external borders and the principles of international law and a commitment to the settlement of territorial disputes by peaceful means, in particular through the jurisdiction of the International Court of Justice in The Hague”. It was agreed that the first meeting of the Conference would be held in London in March 1998.

In the section concerning the “process for accession and negotiations,” the Council conclusions referred to this point to be set up on March 30th, 1998 in “a meeting of the Foreign Ministers of the fifteen Member States of the European Union and the ten candidates of the States from Central and Eastern Europe and Cyprus.” The accession strategy was to provide all candidates of Central and Eastern European states to become members of the European Union and, to that end, should adopt the acquis before accession. Since the European Agreements remained the basis for relations between the Union and the candidate countries, this strategy was focused on Accession Partnerships and the pre-accession aid was increased.

Conditionality criteria established in Copenhagen were repeated once again as a sine qua non condition to become member of the Union. It was a non-negotiable condition although all necessary facilities by the Commission could be supplied. It was an obligation non negotiable by the candidate countries.

Finally the conclusions of the Council in Luxembourg included to call for bilateral intergovernmental conferences in spring of 1998 and to begin negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia under the conditions to join the Union and to introduce the necessary modifications in the Treaty. These negotiations would be based on the general negotiating framework recognized by the Council of December 8th, 1997. In the case of Romania, Slovakia, Latvia, Lithuania and Bulgaria, negotiations would be accelerated through a review of the state of adaptation of the acquis communautaire. The Commission undertook to submit periodic reports to the Council, together with any necessary recommendations to exam the progress made by each candidate according to the Copenhagen criteria, and particularly with regard to the transposition of the acquis.
Final steps of the process of conditionality in the EU

The pre-accession conditionality and post-accession conditionality answer different dynamics and it was not always possible to compare them. When a country is applying for membership to the EU the conditionality was clear and precise and they were essentially the “Copenhagen criteria”. Candidate countries were ready to meet these requirements and adopted all obligations to impress officials in Brussels. In fact there was a “competition” between candidates to prove which is the best among the applicant countries to meet the requirements.

From all the requirements as conditionality for membership of a candidate country, only some acquired the status of “fundamental” and others became “rules of conduct” and occasionally Brussels officials introduced some remarks. An evolution of the criteria with a degree of flexibility in its demand occurred. The political criteria of establishing institutions that “guaranteeing democracy, the rule of law, human rights and protection of minorities” was devaluated after the accession to the EU of some countries. The same we can say about the obligation to ensure a market economy when its operation was subject to the power of the mafia, bribery and corruption.

Unfortunately the European institutions have allowed this phenomenon to occur, and in some countries it was getting worse. The original conditionality criterion has lost its power and has become simply “conditionality rules under control.” After the integration of new countries into the EU-15 the gap between them was even greater. This fact has happened not only in the case of member States from Eastern Europe but also among former MS because of the current economic and financial crisis, where some members of the Union have abused from this lack of control and flexibility of conditionality rules. Some MS have even provided false or inaccurate data to the European Commission that has not checked the accuracy of such information and if it meets with the conditionality of the convergence criteria of Maastricht. It was too late when this situation came out in the case of Greece when the country was in a deep economic crisis. At the same time the economic crisis has brought up a large number of cases of corruption that have affected the economy not only in Greece but in Spain, Portugal or France and in other Member States as well. All these Member States had sworn democratic principles and the criteria of the rule of law but they didn’t stand for it.

The European Commission often made statements or included clauses in the reports for monitoring and control of the applicant states like this: “Further efforts are necessary in the reform and modernization of the judiciary system, the fight against corruption and organized crime and control of agencies responsible of the management of European Funds”. The Commission services delegates its responsibility as a result of excessive bureaucracy of the institutions. The control was not efficient and transparent enough to detect possible abuses and corruption, which coexists with a judiciary system that is not independent and does not guarantee the independence and effective judicial protection to citizens and businessmen.

The two candidate countries who became Member States in 2007, Bulgaria and Romania, suffered the application of the most strict conditionality clauses that were not used with the candidate countries of the first wave of accession in 2004. The Report of the Commission to
the European Parliament and the Council on the progress made by Bulgaria regarding the complementary measures after accession of June 27th, 2007 clearly underlined that "when Bulgaria joined the European Union on January 1st, 2007, special provisions to facilitate and support its membership and ensure the proper functioning of EU policies and institutions “were adopted. And it adds, “The accession of Bulgaria is also accompanied by a series of specific complementary measures designed to prevent or mitigate the gaps in the field of aviation safety, the safety of food products, funds for agriculture, the judicial system reform and the fight against corruption and the organized crime. A mechanism for cooperation and verification of several indicators in order to create the necessary framework for monitoring progress was established”23.

Conclusions

The Treaty of Rome did not include specific conditionality criteria to be adopted by candidate members during early times. Nevertheless general principles on democracy, rule of law and market economy were frequently a guideline for its Member States. It was a heritage from the Marshall Plan introduced into the OECD as well.

As soon as human rights started to be developed in International forum, the respect of minorities and other basic principles were adopted in Constitutions and fundamental laws of developed countries, these criteria became also the basic criteria for future applicants for EU membership.

The EU-15 reinforced the basic criteria based on democracy and human rights. This situation made a consensus on the Copenhagen criteria possible which was applied to any candidate from Central and Easter Europe that left behind communism recently.

Common rules were not applied to all candidate countries for membership in the EU, but a clear discrimination was established according to the level of development of reforms and the engagement with respect to the fundamental principles of the EU.

So the conditionality criteria within the EU have been a process whose rules were applied by the Institutions to allow a European integration to take place, that was based on common principles including fundamental laws whose acquis communautaire was the most important and permanent condition.

23 The Report of the Commission to the European Parliament and the Council on the progress made by Bulgaria regarding the complementary measures after accession of 27th June 2007 [COM (2007) 377 final], draws the attention to the circumstances in which these measures of conditionality were adopted. Thus, referring to the mechanism for cooperation and verification states that “This mechanism was created due to the great importance attached to an administrative and judicial system that works properly in Bulgaria and allow to honour all its obligations and exercise the rights that the membership confers. It also reflects the need to fight corruption and organized crime. The mechanism for cooperation and verification is to ensure that measure in Bulgaria and the other Member States decisions and administrative and judicial practices in these areas became similar to the rest of the EU. Advances in the field of judicial reform and the fight against corruption and organized crime will allow Bulgarian citizens and companies enjoy the rights they are entitled to as citizens of the EU. If Bulgaria fails to succeed in irreversible progress in these areas there is a risk of not apply the EU law in the proper way".
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The European Economy: From a Linear to a Circular Economy

Florin Bonciu

Abstract: For quite some time a profound preoccupation for many economists, politicians, environmentalists, sociologists or philosophers looking towards the coming decades consisted in searching for a new paradigm of development and growth that is feasible within the given limits of planet Earth. There are already widely accepted concepts like “sustainable development” or “low-carbon economy” that seem right but not enough. Such concepts seem to address the effects and not the causes. In this paper we analyze a broader approach that places human activity into a long term historical perspective, namely the circular economy. This new development paradigm, supported by the European Union, is, in fact, an “old” one moved upwards on a dialectical spiral so that it connects and resonates with the spirit and realities of our times. The conclusions reflect optimism concerning the success in large scale implementation of the circular economy concept in the European Union and worldwide and thus in taking advantage of opportunities rather than wasting resources by opposing the ineluctable changes.

Keywords: development paradigm, linear economy, circular economy, European economy, spirit of our times.

JEL classification: A13, B15, B25, F63, O33, O44.

Historical models and concepts regarding economy and society: Some past and present concerns on the not so clear and bright future of humankind

Doubts on the future of modern (Western style) economy and society have been expressed in various forms since Malthus but more recently, in the 20th century, they got more substance since the oil shocks of the early 1970s and, on a conceptual level, since the publication in 1972 of the first report on the Club of Rome – The Limits to Growth which was regarded as “one of the most influential books of the 20th century”. This report that

1 Florin Bonciu, PhD, is a University Professor and Vice-president for Research with the Romanian-American University in Bucharest, and Senior Researcher with the Institute for World Economy in Bucharest. His activity materialized in 16 books and over 100 papers on issues related to international economics, European integration, international investment and international business. E-mail: fbonciu@gmail.com.
2 In 1798 Thomas Robert Malthus published his work “An Essay on the Principle of Population” in which in essence he stated that the growth of population would lead to poverty.
4 Ian Johnson, Secretary to the Club of Rome, in Foreword to Limits to Growth Revisited by Ugo Bardi, Springer Briefs in Energy, page 9
attracted equal amounts of attention and criticism presented the fact, that a linear, infinite increase in production and prosperity is simply not possible in a world with finite resources. To be scientifically accurate we have to mention that the previous statement assumed that humankind uses the current technological resources and that we do not access in the near future things like nuclear fusion, anti-gravity or total genetic engineering capabilities.

Later, in 1980, Jeremy Rifkin published “Entropy – A New World View”, a book in which he pointed out (among other things) the historical character of the linear, ever increasing, model of development. In a convincing manner Rifkin reminded his readers that even if it may seem amazing today, before mid-18th century (at least in the Western world) the representation of history had been that of a decline from a “Golden Era” to a dire present. This representation had been accepted in the Greek and Roman antiquity, as reflected in the works of Hesiod and Ovid, as a gradual decline from a Golden Age to lesser and lesser ages of Silver, Bronze and Iron. Even in the Christian view, as presented in the Bible, the passage of time reflected a decline from the Garden of Eden to a mortal existence of hardships and penitence.

What is therefore interesting is the fact that for more than a millennium the Western world had a vision in which the distant past had been better than the present and the human existence as well as the nature itself had been characterized by the cyclicity of seasons (which describes in fact a “circular” movement). Therefore, for a long time, measured in centuries, in the Western world the future seemed either worse than the past or, at best, the same as the past, marked only by the phases and cycles of nature.

This millennium long understanding of humankind had been replaced in 1750 by the “modern” concept of linear progress in which the future is by definition better than the past (due mainly to an accumulation of wealth, knowledge and experience) and the human condition is ever increasing and improving its status for a majority if not for all the people.

Very few concepts have a birth date as clear as this concept of linear improvement of human life and we owe this concept to Jacques Turgot who published in 1750 his work named “A Philosophical Review of the Successive Advances of the Human Mind”. The linear progress model found its solid base and growth in the Newtonian physics, in the first industrial revolution and in the global expansion and success of capitalism. Even the emergence of Marxism and then of the Socialist block contributed to the support of this linear progress model because Socialism was based on the materialist-dialectical approach that, in its turn, was linear and Newtonian (that is mechanistic) in its logic. According to this approach everything had a rational explanation and in order to obtain economic results it was only necessary to properly allocate certain resources.

The post World War II confrontation between capitalism and socialism has been described (leaving aside ideologies) as a matter of economic efficiency and very seldom, if ever, the relation of these economic and social systems with the environment was put into question. In this context the main topics of international debate were “market economy” versus “centrally planned economy”, “private property” versus “collective property”, “democracy” versus “authoritarian leadership”.

The reason why Nature or environment was left aside can be easily understood by looking at the following graph produced by the Global Footprint Foundation. For a long

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period of time economy (at a global level) represented a tiny fraction in relation with the global ecosystem. Therefore, in a world where humankind occupied just a small part, the idea of unlimited production seemed possible mainly because it was just theoretical.

In the decades after World War II this proportion occupied by humankind in the global ecosystem dramatically increased and we reached a point in 2010 when the overall needs exceeded by more than 50% the regenerative capacity of the Earth. In this case the continuation of the quantitative increase of resources extracted from environment, of the increase of production (output) sold to the markets and of waste eliminated in the environment became more and more a physical impossibility.

**Figure 1. Relation between economy and biosphere**

![Diagram showing the relation between economy and biosphere]

Source: Global Footprint, Annual Report 2012, p.21

**Initial reactions: energy conservation, increase of efficiency, recycling and sustainable development**

As a result of a multitude of signals coming from the economy (mainly because the increasing costs related either to extraction of resources or to environment protection and waste management), from scientists (that could determine long term effects of current industrial activities), from environment aware citizens and non-governmental organizations (that took into account the public interest and the impact of economic activities on health and well-being) after mid 1970s several attempts were made in order to improve the relation between human activities and environment or at least to alleviate the negative implications.

Immediately after the oil shocks of the early 70s, energy conservation became a priority and this translated in some cases into a substantial increase in efficiency. For example, in the developed countries in the 1960s the relation between economic growth and energy consumption growth had been 1:1, while in 1984, after the implementation of energy conservation measures, the relation became 1:0.4 meaning a reduction of over 2 times of the quantity of energy consumed for the production of an unit of economic growth.

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The more pragmatic, engineering style approaches related to energy conservation and increase of efficiency in energy use were accompanied in the conceptual field by the emergence of the “sustainable development”, a concept presented first in 1988 by the Bruntland Commission in its Report (“Our Common Future”) for the UN World Commission on Environment and Development.

According to this Report, sustainable development is the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.7

On a more profound level a scientist of Romanian origin, Nicholas Georgescu-Roegen, studied the implications of the entropy law on the economic process and the relation between entropy, value and development8 and formulated the concept of “bioeconomy” which proposed the transition from the representation of “the world as a mechanical machine” to the representation of “the world as a living organism”.9 At the same time, Nicholas Georgescu-Roegen stated very clearly that current generations are closely linked with future generations by the long term implications that the present activities have on the living conditions in the future.

These theoretical approaches had relatively little impact on the industry and serious attempts to improve energy efficiency, energy conservation or to limit the negative impact on environment took place only when and where either legislation imposed such measures or when cost arguments transmitted clear signals to decision makers.

In the coming decades after the 1970s there were debates on climate change and global demographic evolution and concerns were expressed on the limited character of natural resources or on the irreversible changes determined by human activity.

More and more people, including significant industrialists, remarked that it is not possible to conceive a continuous increase in the supply and demand of automobiles, TV sets, refrigerators and such as a sign of healthy economy and individual success. In the modern economic framework the rule of the game is based on profit and therefore, success is measured in profit terms. More profit means more sales and more sales means more units produced and sold. But is it possible to continue like this forever?

Beyond any political or philosophical debates there are some hard facts that point to a negative answer. According to Global Footprint Network by 2010 the global economy used the equivalent of 1.5 Earths to provide the resources needed and to absorb or re-integrate the waste that is generated as result of human activity. In other words, Planet Earth needs one year and a half to produce and absorb what is consumed as raw materials and eliminated as waste in one year10.

8 Nicholas Georgescu-Roegen, Legea entropiei și procesul economic, Editura Politică, București, 1979, pp.450-507
According to the estimates of the United Nations, if the current trends continue by 2030, humankind would need two Earths to function and by 2050 three Earths. A convincing graphic representation of this situation is shown in Figure 1.

The situation gets more complicated due to the fact that globalization determined more and more people worldwide, most notably from Asia, to join the ranks of Western style middle class and therefore to increase their consumption of resources. The research based on 2011 data, shows that if all the people on Earth would live as an US citizen then 4.1 Earths would be necessary\(^\text{11}\).

Starting from this we can say that the dilemma of our times is the following: to deny the people outside the Western world the right to enjoy a similar standard of living would be unacceptable according to any ethical standards; to pursue the achievement of this Western living standard for the majority of world population, with the existing technologies, would be impossible given the limited resources of Planet Earth.

**Figure 2. Ecological footprint of global economy**

Due to the process of globalization, that dramatically increased the inter-connection and inter-dependence among all actors from the global economy, even if they are transnational corporations, small companies or countries, long term solutions could not be found individually, at whatever level.

A simple example is that in which European Union enacted stronger environment protection regulations that determined large companies to simply relocate to other parts of the world where environment protection is not that strict. Global governance and global regulations may represent a solution for this type of situations but such a solution is not for the near or even foreseeable future.

**A European Union solution: the circular economy**

The gradual increase of awareness on the soon to be reached limits of the linear economy determined interest for the design of a new model of economic organization that would provide the necessary goods and services for maintaining and improving living standards for more and more people without ever increasing the consumption of raw materials and the quantity of waste ejected into the environment. To call into question the idea of a perpetual economic growth is still a delicate matter. As Tim Jackson observed in his book "Prosperity Without Growth? The Transition to a Sustainable Economy": “Questioning growth is deemed to be the act of lunatics, idealists and revolutionaries. But question it we must.”

The difficulty to question the idea of economic growth as a measure of development has also been proofed by the reaction to the economic crisis that started in several parts of the world in 2008. People expected that sooner or later we would return to growth or, in other words, to business as usual. To think about “prosperity without growth” is difficult because this requires a new frame of mind, a new perspective. And above all it requires us to invest in change, a profound change just like the one that had marked the first industrial revolution.

Fortunately, such a new perspective exists, namely the **circular economy**. It is not the only new perspective and it is not by far perfect and ready to be used out of the box. But it is feasible because it has already been tried by several companies and because it is endorsed by the European Union.

The official position on the European Commission on the circular economy was presented on December 17, 2012 under the name of a **Manifesto for a Resource-Efficient Europe**. This document emphasized from the first paragraph that: “In a world with growing pressures on resources and the environment, the EU has no choice but to go for the transition to a resource-efficient and ultimately regenerative circular economy”.

This statement called for a circular economy and society able to provide a way out of the crisis and, at the same time, a way towards the reindustrialization of Europe and towards an efficient growth that will be sustainable.

The circular economy is already applied by a number of representative entities from the business sector and in July 2014 it was also more clearly presented in a Communication

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12 Tim Jackson, *Prosperity without growth? The Transition to a Sustainable Economy*, Sustainable Development Commission, United Kingdom, 2009, p. 7
14 A prominent role in promoting the circular economy is played by Ellen Macarthur Foundation which has as leading partners companies like Unilever, Renault, Kingfisher, Philips, CISCO and McKinsey & Co., [http://www.ellenmacarthurfoundation.org/about/partners](http://www.ellenmacarthurfoundation.org/about/partners)
from the European Commission\textsuperscript{15} which refers to a radical change in the perception and use of resources.

In this new perception, resources are no longer something obtained at a cost from the environment \textbf{in a linear way} (a linear way means that more production requires more resources obtained from the environment and more waste returned into the environment with disregard of the sustainability of the process) but rather a component of the production process that is designed \textbf{in a circular way} (meaning that resources are initially obtained from the environment but afterwards waste becomes itself a resource and it is indefinitely re-cycled in the economic process). The graphic representation of this concept is reflected in Figure 2.

\textbf{Figure 2. The Circular Economy}

![Circular Economy Diagram](source)


The circular economy concept mentioned above \textit{does not refer to a perpetuum mobile}. Energy is indeed consumed in order to put and maintain the economic process in function and waste still exists but both energy consumption and waste exiting the system are orders of magnitude lower than in the current economic and technological processes.

The large scale implementation of the circular economy involves a paradigm shift because it includes all aspects of the social and economic activities\textsuperscript{16}. By its comprehensive, all encompassing content, the circular economy differs from earlier, partial attempts concerning only selective collection of waste or individual attempts to recycle or to increase energy efficiency.

\textsuperscript{15}Towards a circular economy: A zero waste programme for Europe, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Document COM(2014) 398 final, Brussels, 2.7.2014

\textsuperscript{16}Felix Preston, \textit{A Global Redesign? Shaping the Circular Economy}, Chatham House Briefing Paper, March 2012
Firstly, the circular economy would imply the ending to a large extent of the throw away society. Secondly, the circular economy would mean the renunciation of the “make, use, dispose” cycle as a way of organizing production and the transition to a “re-use and recycling” approach. A very brief and simple definition of circular economy is that when “your outputs become your inputs”\(^{17}\). According to the European Commission “A circular economy preserves the value added to the products for as long as possible and virtually eliminates waste. The resources are retained within the economy when a product has reached the end of its life, so that they remain in productive use and create further value”\(^{18}\).

Differences between the circular economy and previous attempts to improve the efficient use of energy and materials

Some aspects distinguish the circular economy concept from previous attempts to reduce energy and material consumption as well as to reduce pollution under all its forms of manifestation.

The first aspect refers to the holistic approach that characterizes the circular economy. The circular economy refers to all activities carried out in a society. It starts with the design of products, services and processes. These have to be designed in such a way as to be more durable, repairable and upgradeable, in order to allow remanufacturing and recycling for the same industry or for others. Therefore, the fundamental difference between the circular economy and the linear (existing) economy refers only to some materials and parts that are recycled and consists in the fact that in the circular economy products, services and industrial processes are designed, conceived in a way that allows a longer life cycle and the possibility to be repaired, to be upgraded or to be remanufactured (restored to brand new condition). Besides, from the design phase of products and services it should be taken into account that when their life cycle ends they will represent inputs for other industries.

Such an approach would mean less throw away products (single use products) and more very durable, repairable, upgradeable products. How will this approach fit with the current trends and life styles that put a premium on novelty and encourage consumers to buy new products just because they are new remains to be seen. But even this simple question gives an indication on the difficulty of the implementation of this new approach.

The second aspect refers to the scale on which, the companies will rely on re-using, recycling and remanufacturing products during their industrial activity. The large scale implementation of such an approach will reduce the energy needed to produce whatever product and will require less raw materials. At the same time, in order to be successful, such an approach will require an intense networking and collaboration among companies from different sectors of activity and among companies and consumers. This aspect also points out the fact that the circular economy will require changes in education, values and behaviors of producers and consumers. From this point of view the difference between the linear and the circular economy is the difference between individual decisions and actions.


\(^{18}\) Questions and answers on the Commission Communication “Towards a Circular Economy” and the Waste Targets Review, Memo 14/450, 2 July 2014, Brussels
related to re-using, recycling and remanufacturing and a structured and systemic approach in this direction carried out in a regulated manner at the European Union scale.

If we analyze Figure 2 we can understand that the essence of the circular economy is to maintain and recycle energy and material resources as much as possible within the economic system. In order to have a functioning economic system in an optimal way it is necessary to secure an efficient inter-linkage among industrial processes, various industries and activities. At this point it may be useful to remind the old saying that a chain is as strong as the weakest link. Therefore, we can not have a partial circular economy and, like in case of traffic rules, everybody has to drive by the same rules at the same time in order to secure a fluid traffic without any accidents. Even if such a task may seem gigantic, it is still feasible within the European Union because the mechanism of the single market allows the implementation of rules that are observed by all participants.

From this perspective, the circular economy is feasible as a theoretical model and it is supported by small scale industrial applications that already proved their efficiency. Therefore, the concept is valid from both theoretical and practical points of view. Anyway, this is a necessary but not sufficient condition. It remains to be widely accepted and implemented at the European level and a huge coordination task is required so that various framework programmes and plans (Horizon 2020, Ecodesign Directive, Green Public Procurement, Eco-Innovation Action Plan, EU Environment Action Programme to 2020, to name but a few) act in a consistent and synchronized manner.

The third aspect has in view the fact that in order to be functional, the circular economy needs a specific legislative and institutional framework that will cover all aspects of economic and social activity. The European Commission is fully aware of this requirement and it already started this long and very intricate process. In order to underline the complexity and implications of this process we can note that only in case of food waste there is evidence that about 30% of all food produced is lost or wasted. The Commission is considering specific measures for tackling this issue but we can not expect a simple solution.

The fourth aspect refers to the need of selecting and developing specific indicators that would allow the implementation and further monitoring of the circular economy. While the process is underway, since mid 2014 some possible indicators have been discussed by the European Commission such as: resource productivity measured by GDP relative to Raw Material Consumption (RMC), water use, used finite land resources. Current discussions at the European Commission level have in view an increase of resource productivity by more than 30% by 2030.

Circular economy in the European Union: National initiatives and expected results

While the European Commission is creating the community framework and guidelines for the transition to a circular economy some of the more developed member states have

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20 The Circular Economy: Connecting, creating and conserving value, European Commission, 2014, p.2
already implemented national legislation and programmes that may represent best practices to be adopted and adapted to the specific conditions of other EU members.21

Some of the most substantial and directly related to the circular economy initiatives are the following:

- Germany set as an objective for the decoupling of economic growth and material consumption since 2002. In 2012 Germany adopted a law that explicitly promoted circular economy and the use of materials in a closed loop.

- United Kingdom has been developing an initiative for promoting circular economy named WARP (Waste and Resource Action Program) since 2000, its received a substantial increase in its scope towards a more global approach in recent years.

- In 2013 France developed a roadmap for the transition to a circular economy and established the French Institute for the Circular Economy. France expects to adapt its national legislation on circular economy by 2017.

European Union as a whole considers that a strong instrument for the dissemination and large scale implementation of circular economy is represented by the expected results obtained by the early adopters, results that can further motivate and attract more and more companies, governments and individuals.

Among these results, three are more notable:

- Stop losing valuable materials. Currently EU economy loses annually about 600 million tonnes of materials despite existing waste management programmes. Taking action in this area will reduce costs, dependence on non-EU suppliers and exposure to high competition for resources at a global level.

- Develop new businesses and create new jobs. This is maybe the most appealing result to be obtained by implementing circular economy. It was estimated that the increase of the resource productivity by 30% by 2030 will generate over 2 million new jobs while eco-design, re-use and waste prevention may bring net savings of 8% of the annual turnover of EU businesses.

- To improve the quality of life by means of creating a bio-friendly economy and a safer and healthier environment.

We appreciate that European Union has favourable circumstances for setting European economy on a solid path towards the circular economy. The favourable circumstances have in view the keen interest of all member states and EU institutions for the relaunch of the European economy after the crisis, the decision for reindustrialization of Europe, the existence of previous attempts and experiences related to the circular economy that can now be integrated in a systemic approach.

A larger favourable circumstance is represented by the fact that other countries and global organizations are already very active in promoting the circular economy. A representative initiative in this respect is Circular Economy 100 which is defined as a global platform reuniting global companies, innovators, networks of academics and universities, and regions with a view to accelerate the transition to a circular economy.

Using the advantages of the information society and internet Circular Economy 100 attempts to facilitate this transition by means of three levels of support:

21 Questions and answers on the Commission Communication “Towards a Circular Economy” and the Waste Targets Review, Memo 14/450, 2 July 2014, Brussels
- Creating a mechanism for collective problem solving;
- Building a library of best practice guidance to help businesses fast track success;
- Provide a scalable mechanism for building circular economy capabilities within businesses.\(^{22}\)

The economic motivation for this transition to the circular economy is very significant because according to recent research done by Ellen Macarthur Foundation, the net material cost savings at a global level determined by the adoption of circular economy measures may exceed by 2025 1 trillion US dollars annually.\(^ {23}\)

**Conclusions: Circular economy as a possible and viable solution for European and global economy in the medium and long term perspective**

The use, implementation and tentative regulation of the circular economy have intensified in the past years, especially in the European Union, marking the end of a more than 100 years old trend characterized by a decline of prices for numerous raw materials, goods and services.

The circular economy represents the opposite of the linear economy (model of production and consumption) that has been used on a larger scale during the 20\(^{th}\) century. The linear model has been defined by the fact that goods and services are produced, sold, used and eliminated as waste once they fulfilled their function.\(^ {24}\)

For many years science and technology allowed for the increase of the efficiency of the linear model and therefore the production of one unit of product or service was possible with a lower consumption of raw materials and energy. Anyway, this increase of efficiency could only postpone the moment when this type of economic system became unsustainable.

By contrast, the circular economy represents an industrial system based on re-use and regeneration at three levels: a) conceptual; b) organizational; c) operational. Within this system the re-use and regeneration are fundamental and intrinsic characteristics and not just additions or improvements of the linear economy. A significant aspect is that the circular economy is based on the study of the non-linear systems, particularly of the living systems. From this point of view, the circular economy concept has an approach similar with that of Nicholas Georgescu-Roegen who, at the beginning of the 1970s, proposed and studied the concept of “bio-economy”.\(^ {25}\)

At present, the good news is that the gradual transition to the circular economy approach has already started in the real world of business where more and more companies realized that the linear model makes them vulnerable at least from two points of view: a) the prospect of the prices increase and the associated vulnerabilities in the supply of raw materials and

\(^{22}\) What is the Circular Economy 100? at [http://www.ellenmacarthurfoundation.org/business/ce100](http://www.ellenmacarthurfoundation.org/business/ce100)

\(^{23}\) Towards the Circular Economy – Accelerating the Scale-up Across Global Supply Chains, Vol.3/2014, Ellen Macarthur Foundation, p.11


energy; and b) the threat of exhaustion of many conventional resources in a foreseeable future, correlated with the climate change and its consequences.

These two aspects must be put into the global context of the emergence by 2030 of an additional 3 billion people belonging to the middle class, the majority of them located in the emerging economies of Asia, a fact that will open huge sale opportunities but, at the same time, will place equally huge pressure and even unsustainable demands on the existing systems of production and supply with raw materials and energy26.

As mentioned above, from the year 2014 perspective, one of the most important aspects related to the circular economy is that this concept is already applied with notable results by a large number of global companies. One of this companies is Renault27 which uses, among other things, the re-conditioning of auto parts (a process which saves 80 % of energy, 88 % of water and 77 % of material waste in comparison with normal technological processes for obtaining such parts for the first time, from raw materials) and the re-positioning of some of its suppliers of industrial fluids, as suppliers of industrial solutions (a change of approach and of technological process flow, that reduces by 20 % the total cost of operation).

Philips is another significant supporter of the circular economy. Applying this new concept, Philips proposed to the local authorities to deliver to them lighting services instead of lighting products. In this case all technical aspects (maintenance, replacement, modernizing, optimizing) remain in Philips’ responsibility and two important consequences result: a) for the beneficiary (local authorities) the organization of municipal services is simplified as they outsource the lighting services; b) for the supplier (Philips) the whole process became more efficient and effective as they integrate vertically the design, production, choice of lighting solution, implementation, maintenance and re-cycling related to this activity.

These two examples show that the circular economy focuses on optimization of systems and not of components and therefore makes a very clear distinction between the consumption of materials and the use of materials28.

As a result the circular economy proposes a business model in which the economic actors maintain the property on their goods and act as suppliers of services, thus selling the use of products and not the products themselves. This approach makes the producers think and design from the very beginning their products in such a way as to fulfil the requirements of durability, re-usability and bio-compatibility with the environment.

In our opinion, due to these characteristics, the circular economy may be a comprehensive solution for the complex problems existing today in Europe and in the world economy as a whole. The concept is feasible; it can be implemented with existing technologies and capitalizes on the huge potential of the information economy. At the same time, the circular economy concept integrates and acts in a synergic manner with other concepts that are widely accepted such as: sustainable development, low carbon economy and communion with nature instead of conquest of nature.

27 Renault as well as Philips are members of Ellen Macarthur Foundation which promotes the circular economy.
28 Michael Braungart, William McDonough, *Cradle to Cradle: remaking the way we make things*, North Point Press, 2002
The European Union initiatives regarding the circular economy have all chances to be successful because they aim at assisting a process already initiated and partially implemented by significant representatives of the business sector, being at the same time in resonance with other strategies such as Europe 2020 and with a large public support for environment friendly and sustainable development.

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**Book Review** by Scott Nicholas Romaniuk

**Abstract:** How do concepts come to be? And, in particular, how current conceptions of international human rights are built upon a particular conceptual architecture? Peter de Bolla, author of *The Architecture of Concepts: The Historical Formation of Human Rights*, addresses these questions in incremental steps, building on what scholars currently understand when it comes to concepts more generally. The methodology is based on the use of the Eighteenth Century Collection Online (ECCO) digital archives predominantly, with the aim of constructing data-dependent descriptions of conceptual architectures. The author, thus, looks at conceptual networks and the extensive relationships found within them so as to direct researchers in conducting future plotting of connectivities within networks. The opening chapter looks at concepts as a way of thinking. Concepts are treated as a metaphorical “subway or tube maps project into multiple dimensions.” The author then focuses on the eighteenth century and its printed materials. The use of large data allows the author to extrapolate matters of language spanning large communities. The following chapters combine the issue of creating conceptual dispositions with poignant debates about rights that pervaded the First Continental Congress during the 1770s, while repositioning the items of inquiry, mentioned previously, by challenging the assumption of the origin(s) of human rights.

**Keywords:** conceptualisation, conceptual networks, human rights

“Where do ideas come from?” The question inherently possesses the ability to offshoot a massive range of follow-up questions and inquiries delving into a deep abyss of formulation and conceptualisation. The three distinct aims of Peter de Bolla’s *The Architecture of Concepts* are cultivated by this very basic question. De Bolla addresses this spacious question through a very well defined and applied methodology based on the use of the Eighteenth Century Collection Online (ECCO) digital archives predominantly but among others with the aim of “constructing data-dependent descriptions of conceptual architectures” (p. 7). Frequencies of word usage as “singular terms” and as “concatenations in phrases” are yielded from what was surely a tedious process of measuring the dispersion of concepts “across the culture at large” (pp. 7-8). De Bolla’s study is not only concerned with the formation of concepts; he also

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1 Scott Nicholas Romaniuk is a provisional PhD candidate at the University of Trento (Doctoral School of International Studies), Trento, Italy. E-mail: scottromaniuk@hotmail.com.
assesses how conceptual forms come to be. Thus de Bolla looks at conceptual networks and the extensive relationships found within them so as to direct researchers in conducting future plotting of connectivities within networks. The study design, as quickly becomes apparent, provides distinct vantage points from which subsequent studies may be undertaken.

The book’s five chapters represent incremental steps in building on what scholars currently understand when it comes to concepts more generally. Its primary aims (including the construction of a useful methodology to facilitate future research) are guided by the author’s interest in human rights. “My argument outlines,” as stated by de Bolla, “how current conceptions of international human rights are built upon a particular conceptual architecture that has deep roots in the Enlightenment” (p. 2). Initially, the idea of this study would probably suggest that de Bolla engages specifically with discourse. This is not the case. Lending itself to a Foucauldian culture, exploration is undertaken beneath the level of discourse. By theorizing words, phrases, sentences, and statements, de Bolla introduces readers to the “conceptual turn” considered overlooked for too long.

The first chapter looks at concepts as a way of thinking. Concepts are treated as a metaphorical “subway or tube maps project into multiple dimensions” (p. 4). Concepts and how we treat them have much to do with the lives of ordinary people, ideas across culture, and explanations that can be found within and across societies. One such time period dealing with all of these elements is projected throughout the second chapter. De Bolla focuses his analytical lens on the eighteenth century and its printed materials. Handling this period through the use of large data allows the author to extrapolate matters of language spanning large communities. Although it would prove extremely difficult, if not absolutely impossible, to build a complete record of culture de Bolla adds significant value to his study by assuming a large corpus of data. Chapter three combines the issue of creating conceptual dispositions with poignant debates about rights that pervaded the First Continental Congress during the 1770s. Maintaining the analytical relationship between chapters proves anything but tenuous for de Bolla who states, “[t]he major preoccupation of the third chapter is to provide a detailed account of how a transformation in conceptual architecture became common currency in a community” (p. 6). The fourth chapter repositions items of inquiry located in chapter two by challenging the assumption of the origin(s) of human rights.

How could one expect a study about the architecture of concepts to be read with a narrow resolution? It might seem axiomatic that building the foundations for such a study would be intrinsically problematic. Nonetheless, even de Bolla speaks of the difficulty of such a task. Internalizing the primary question of this book is a personal matter to and for each and every scholar in his or her own field(s). Explanations, rather than distinct answers, to de Bolla’s question “will to a great extent be determined by the uses to which a specific discipline wishes to put the category ‘concept’.” (p. 19). Contemporary inquiries from such thinkers and writers as Philip van Loocke, Andy Clark, Morris Weitz, and Quentin Skinner support de Bolla’s attachment to disambiguating words and concepts—an ordering that is likely to spawn vociferous debate. The author builds on the Cambridge school, claiming that, “[i]t is useful to cantilever this historical account of conceptuality with the cognitive-science approach because the two intellectual traditions [Begriffsgeschichte acting as contender] cast very different lights on my object of inquiry” (p. 25).
Historical formation of the term human rights takes readers to an exploration of the historical settings and its encounter within contentious locution. The very substance of conceptuality and the nature in which words and concepts interact is featured. This is an exercise in discovering linguistic behaviour. De Bolla states:

One might very well be able to negotiate the world and one’s self with a conceptual lexicon that contains a proportion of “fuzzy” concepts, those that lack coherence or consistency. This observation can be taken in a number of directions with respect to my initiating question about the “invention” of human rights: It may have been the case that the period may not have had access to a fully formed concept of human rights, or perhaps it created a kind of concept in potentia, an as yet to be fully formed or coherent conceptual entity (p. 51).

The concept of human rights has received enormous attention within the fields of history and political thought especially. It is only natural (and absolutely productive) for these discussions from one discipline or another to interact and become subsequently layered. Michael P. Zuckert, Francisco Suarez, and Hugo Grotius, to name a few, are intellectuals who became the object of attention for their work on the “natural rights republic,” ideas surrounding the natural law perspective, and modern secular theory of natural law, respectively. Explorations of de Bollas quantitative data, guided by a solid typology, reveal sharp distinctions between concept usage, connections they share, and their frequency of use over different periods of time. These data suggest (the results of intricate historical formation and comparative historical analysis), as de Bolla expresses, “that we need to attenuate the common assumption that, over the course of the Anglophone eighteenth century, rights were increasingly misunderstood as subjective” (p. 82).

The tedious efforts that bring about this unusual book should not be overshadowed by the author’s focus on the issue of human rights. To be sure, this is a very pressing issue in contemporary society and should find that efforts to understand its roots and historical implications are made in tall order. However, as important as the topic is, de Bolla’s methodological testing is the most fascinating aspect of this book. Prickly terms such as “democracy” and “liberty” receive analytical treatment whereby a “forensics” fleshes-out the elasticity of concepts through their grammar and syntax. This is very much an exercise of applying both a broad and targeted approach. Though extremely quantitative, de Bolla’s analysis carries a strong element of taciturnity. Overwhelmingly calculated analyses tend to abandon a more humanistic side of scholarship, which in this case is somewhat of an oddity given the focus on a very human matter. To that end, what is identified as particular usage and which concepts pave the way for others needs to be plugged-in to social- and cultural-specific contexts.

There is value in highlighting the social-constructivist view in order to understand the world and those many traits within it. De Bolla’s work would benefit from greater attention on the narrative of phenomena so as to synthesize significant misconceptions. Others might agree that the matter of human rights is more than just a numbers game. But the abstract concept of human rights might welcome the application of very different approaches to understanding what this concept is, where it came from, and where it is heading. Though future studies on this topic will illuminate the value of diverse intellectual approaches there is little doubt that the product of de Bolla’s perspective in tackling the matter and contributing to methodological scholarship especially should certainly be met with substantial praise.
**Developing Trade and Trade Policy Relations with the European Union. Experience of Visegrád Countries and Implications/Lessons for Eastern Partners**, East European Studies, No. 5, 2014, MTA Centre for Economic and Regional Studies, Institute of World Economics, Budapest

**Book Review by Ágota Dávid**

**Abstract**: The trade cooperation between the Eastern Partnership countries and the European Union has faced significant setbacks in recent years. Because the EU is basing its cooperation with the EaP countries on similar Agreements to those concluded with the Visegrád Four, the lessons learned from the integration of the Visegrád countries can help the eastern neighbours in their relations with the EU. The perspective of full membership, yearly evaluations and recommendations and the support of a dedicated financial instrument were the main sources that fuelled Poland’s and Hungary’s successful integration process. Thus, the lack of a full membership perspective weighs heavily on the cooperation between EU and the EaP countries, while the current situation in Ukraine also called the Eastern Partnership into question. Even though the Republic of Moldova and Georgia seem to favour European integration, Azerbaijan finds itself in an interesting position that allows it to be independent of the two powers EU and Russia. The lack of incentives offered by the EU in the trade negotiations may lead to the strengthening of the relations between the EaP countries and Russia.

**Keywords**: European Union, trade policy, Visegrád Four, Eastern Partnership

The current political situation in Ukraine put the question of the Eastern neighbouring countries, the so called Eastern Partnership (EaP) countries on the agenda of the European Union again. The events in Ukraine show the dubious situation of these former Soviet countries rooted in their past strong relationship with Russia, heading for western markets and integration with Europe. The current forms of cooperation possibilities offered by the European Union might not be sufficient to convince these countries to make a final decision about breaking their formal ties with Russia, taking all the risks of economic and eventually military sanctions. This volume of the Institute of World Economics is mainly dealing with trade and economy related questions but also draws political conclusions for the countries of the region and for the European Union.

1 Ágota Dávid is PhD candidate at the Pázmány Péter Catholic University (Doctoral School of Political Theory), leader of INCO-NET projects at the Regional Centre for Information and Scientific Development. E-mail: davidagota@gmail.com.

2 The volume consists of studies prepared in the framework of the project 'Developing Trade and Trade Policy with the European Union. Experience of V4 countries and Implications/Lessons for Eastern Partnership Countries'. The project was financed by the International Visegrád Fund and it was performed under the leadership of the Institute for World Economics of the Research Centre for Economic and Regional Studies of the Hungarian Academy of Sciences.
The bilateral cooperation with the countries of the EaP region is built upon similar Agreements to those formerly concluded with Eastern European countries in the 1990’s. That is why experience and lessons learnt by the Visegrád countries can be useful for their Eastern neighbours during their preparation for the potential joining of the European single market. The volume not only focuses on similarities but also on differences of the distinct types of Agreements as well as on the very diverse economic and political situation of the countries in the EaP region.

Starting with a general overview on the development of EU’s trade policy, Tamás Szigetvári – also editor of the publication – describes various forms of trade relations and related types of Agreements. The enlargement with the Eastern-European countries resulted in new frontiers and new neighbouring countries on the eastern borders, which explained the need for a stronger commitment of the EU. Support of free trade agreements, visa liberalisation, energy security are important fields of the cooperation, while a long-term objective would be the establishment of a network of Free Trade Agreements that could become a Neighbourhood Economic Community in the future.

The new programs and initiatives were also reflected in the new types of agreements. The Partnership and Cooperation Agreements (PCA) from the 1990’s – which were concluded with former Soviet republics – were planned to be substituted by the so called Association Agreements (AA). These new Agreements consist of four different parts: Political Dialogue and Foreign and Security Policy; Justice, Freedom and Security; Economic and Sectoral cooperation; Deep and Comprehensive Free Trade Agreements (DCFTA). Some of the EaP countries (Georgia, Moldova and Ukraine) have already successfully finished the negotiations of their bilateral AAs which were planned to be signed during the EaP summit in Vilnius in November 2013 (this publication reflects still these plans).³

This general introduction is followed by three articles about the experiences of the V4 countries⁴. First, in the joint study by Elżbieta Kawecka-Wyrzykowska and Sándor Meisel the Association Agreements concluded by Eastern European countries, the so called Europe Agreements are introduced. Then two country studies – one about Poland and one about Hungary by Elżbieta Kawecka-Wyrzykowska and Sándor Meisel respectively – follow. Both studies describe in detail the general and more specifically the economic expectations, negotiation strategies and techniques of these countries during their integration in the European Union. Both reports emphasize the importance of the perspective of full membership and its motivating power which is lacking for their Eastern neighbours⁵ – although initially this was only a unilateral declaration by Hungary and Poland. The studies also cover the questions of legal harmonisation in the field of trade related issues as well as institutional issues.

The main findings of these country reports can be summarized as follows: integration into the EU was an important pro-development and stabilizing factor in the economic transition period; national interest must be represented and supported by relevant arguments; domestic political and social support for the integration process, yearly assessment reports as well as administrative support for the process are essential; trade policy concessions must be accompanied by stable domestic macroeconomic conditions; trade defence instruments must

³ None of the Agreements could be signed because of the failure to sign of the Ukrainian party, which culminated in a revolution in Ukraine afterwards. The treaty was finally signed on 21 March 2014 still with a limited content.
⁴ Czech Republic, Hungary, Poland and Slovakia
⁵ The Association Agreements with EaP countries do not mention the possibility of full membership.
be used but not misused; the risk of opening of a weaker domestic economy must be reduced by slow and asymmetric liberalization. Although increased EU competition resulted in short term economic losses, it also led to growing Foreign Direct Investment (FDI), diminishing inefficient production, and more determined market economy reforms by the government.

Both articles emphasise some differences, mainly advantages of Eastern Europe, too: the importance of the perspective of full membership in the case of this country grouping ranks first on this list. The harmonization process followed a strict strategy with yearly evaluations and recommendations. The whole process was supported by a dedicated financial instrument (PHARE). The second and third points also exist in the case of EaP countries (Association Agenda, the European Neighbourhood Partnership Instrument) but these play a less significant role in the integration process.

After the V4 reports four EaP countries – Ukraine, Moldova, Georgia and Azerbaijan – share their experiences about the current state of trade cooperation between them and the European Union, with special focus on the new DCFTAs. Generally speaking in the short run most of the countries fear an economic loss due to lower competitiveness, labour market rigidity and the elimination of protecting tariffs and other trade barriers. Most of the analyses agree though that on the longer run advantages outnumber the previously mentioned risks. The recommendations towards the European Union would be the following: to support the entry into force of the AAs with the DCFTAs; exchange of technical expertise, know-how; intensive political and sectoral dialogues. The Eastern Partnership initiative could also support the implementation of the Association Agenda of the given countries by strengthening the EaP thematic platform on Economic integration; organization of trade related events; creation of a network of DCFTAs etc.

In addition to these general remarks every country has a special situation with special focal points. In the first article in this row, Lidia Shynkaruk, Irina Baranovska and Olena Herasimova point at the special situation of Ukraine among the Eastern Partnership countries. Ukraine is the key player in the region with the largest economy. Tensions between the European Union and Russia over Ukraine became evident in 2011 and resulted in the failure of signature of the AA in Vilnius, in a revolution in Ukraine, in the signature of the AA on 21 March 2014 and the current political and military actions. Adrian Lupusor emphasises that Moldova is currently undoubtedly in favour of European integration but the special status of Transnistria makes the picture more complicated. According to Merab Kakulia Georgia – partly as a result of its tensions with Russia – also favours European integration; the major problems derive from the weakness and vulnerability of the economy. From the study of Vugar Bayramov the different status of Azerbaijan becomes evident. Due to the abundance of natural resources this country is relatively independent from the EU but also from Russia. Azerbaijan is still negotiating its WTO membership which is a prerequisite for signing a DCFTA.

The final article by Zsuzsa Ludvig is about the other main player in the area. Russia obviously tries to maintain its former influence in the region both politically and economically. The Russia initiated Customs Union and Eurasian Economic Community might be attractive competing options for some of the former Soviet republics in the EaP region. The lack of the full membership perspective, the political conditionality, the risks of DCFTA, the slow progress in visa related issues and mobility and the lack of financial support from the EU side might result in turning some EaP countries towards their Big Brother, Russia.
Rien ne se crée sans les hommes. Rien ne dure sans les institutions.

Jean Monnet