



## The Political Economy of Governance in the Euro-Mediterranean Partnership

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## **Easternization vs Southernization: The European Neighbourhood Policy and the Polish Foreign Policy Interests**

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## Abstract

The European Security Strategy (ESS) of December 2003 states that the European interest is “to promote a ring of well governed countries to the East of the EU and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations”. The European Commission pointed out that security does not depend solely on the internal situation of member states (MS), but must include helping the countries situated on the EU’s borders to build stable democracies, reduce poverty, enhance economic performance and cut their exploding population growth rates in order to minimize the threats stemming from those countries and endangering the security of the region and of the EU.

A more practical goal of the European Neighborhood Policy (ENP) was to improve the EU’s foreign policy instruments and cooperation frameworks or to replace some of them with new measures. The newly introduced ENP Country Reports and, finally, Action Plans are the main policy tools for ENP implementation, embracing specific action goals which when fulfilled can lead to planned achievements. Countries progress in fulfilling the goals as defined by the Action Plans’ priorities. . The Action Plans are part of the Neighbourhood Association Agreements (NAA), which are planned to replace the current, first generation bilateral agreements called Partnership and Cooperation Agreements (PCA) in the case of the EU’s eastern neighbours. Euro-Med Association Agreements regarding the southern neighbouring countries are relatively new and will be replaced in further stages of cooperation. The ENP was complemented by a new financial instrument, the European Neighbourhood and Partnership Instrument (ENPI), to support the policy for the period post-2006, thus replacing the TACIS and MEDA programmes respectively.

The 2004 enlargement was expected to change the ENP proposals, particularly in regard to the Eastern European Countries, including their prospects of being included in further enlargement. Those expectations turned out to be true and Poland has been actively influencing the formulation of the ENP, especially towards its closest neighbours: Belarus, Russia and Ukraine.

This paper examines the EU policy developments towards the EU's Eastern and Southern neighbours starting with the introduction of the PCA and the EMP and finishing with some predictions on how the future NAA could be arranged in order to match EU policy interests. Firstly, it will show the development of Polish foreign policy after 1989 and analyze the consequences of Polish policy towards Ukraine, Russia and Belarus in the process of conceptualizing the ENP framework and its financial instruments. Secondly, it analyses the Ukrainian and Moroccan Action Plans – the results of the negotiation game which is taking place between the EU member states and their immediate neighbours. Finally, the last chapter of the paper explains why the two regions are important for the EU, with more or less similar weights in the ENP, which indicates that the EU is willing to neither Southernize nor Easternize its ENP, or that such an approach would be advantageous for the EU.

## **1. Introduction**

The goal of this study is to show what the background and the aim of introducing the ENP was, which states have been included and what type of policies have been applied towards them. It also aims at pointing out the interests of EU MS, in particular those of Poland, in launching such a policy as well as interests of the Mediterranean states and the CIS in incorporating it with its tools and requirements. It shows also that interests of the MS within the EU differ. It shows why the ENP was launched and what seems to be its guiding principle, what the common elements of the policies are as applied towards the two groups of states, and what can be considered as an individual solution there. Why can Mediterranean states be considered as more advanced in changes in comparison to the CIS, and is such a perception a correct? Finally, what type of knowledge should policy-makers have in order to negotiate conditions of their new institutional ties with Europe?

The new ENP financial instrument ENPI enforces a new approach to the ENP by new member states (NMS), especially Poland who has a common border with three CIS states: Russia, Ukraine and Belarus. It also enhances the interests of Romania as the country has a common border with Moldova. Such a new situation can be considered as a change in weight of interests concerning ENP from the Southern dimension to the Eastern one. The paper addresses this issue and tries to answer this question as well, presenting abilities of border cooperation in the framework of the new financial perspective 2007-2013.

## **2. European policy towards Eastern European and Mediterranean countries before launching the European Neighbourhood Policy**

Since the 1970s, relations between the European states and 10 Mediterranean countries have been regulated by Cooperation Agreements (CA) replaced by Association Agreements<sup>1</sup>. On the 2 December 1995 the Council adopted the Directives to the Commission to open negotiations for Euro-Mediterranean Association Agreements between the European Commission and its member states and southern partners. The last agreement was signed in October 2004 between the EU and Syria.

The enlargement of 2004 took place nine years, almost a decade, after the conclusion of the Barcelona Declaration and the start of the Euro-Mediterranean Partnership. What has

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<sup>1</sup> Details on AA available at: [www.ec.europa.eu/comm/external\\_relations/euromed/med\\_ass\\_agreements/htm](http://www.ec.europa.eu/comm/external_relations/euromed/med_ass_agreements/htm)

happened since then? How have the EU's policies changed toward its nearest neighbors in the South and East? What can be said about the evolution of the applied policies and their course? What was the impact of the 2004 enlargement on political and financial decisions, as well as the reaction of southern states? Answering these questions should include analysis of their global and regional context. Political, economic, social and cultural aspects should be included as well as the interests of the EU's member states.

Creating the European Union was a kind of response to globalization but, also, to the new political order in Europe. The Soviet sphere of influence had been shrinking which was followed by a more and more limited role being played by Russia (the Soviet Union at that time). This process embraced East and Central European states as well as CIS. Deep systemic changes in states from that region and the reunification of the two German states were peaceful changes and a political victory of democracy. The proposals for partnership or cooperation agreements, with EU enlargement in the future, seemed to be very attractive offers for the changing states. Financial, intellectual and practical help ("export of ideas") was a part of a complex approach to the ECE states in their new situation.

If one accepts that the creation of the EU was a political response to the new situation in Europe, then future enlargement towards the East was a logical next step following this policy. But positive perspectives of future union, based on deepening of economic and political cooperation, needed some radical and quick steps. The ECEs had to reform their internal structures. This process was painful for their citizens, especially for some social groups. It was obvious that without external support, including financial, it would have been impossible to introduce new models of cooperation.

In parallel, new relations with Russia had to be built<sup>2</sup>. Accepting its status as a power, the EU clearly pointed out a list of problems which needed to be reformed. Common strategies of June 1999 towards Russia and December 1999 towards Ukraine and June 2000 towards Mediterranean defined such expectations.

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<sup>2</sup> The first PCA with Russia expires in 2007, as it was signed for 10 years and went into life in 1997. The Commission is granted powers to conclude a new agreement, which will replace the old one but it does not say what in addition to four spaces it will embrace. When the agreement is not reached in time there is a possibility to prolong the old one in yearly terms, which requires approval of the two partners the EU and Russia. The model of agreement applied in practice with Russia will have impact on the solutions applied with the remaining states of the region. Moreover, Russia's agreement with the EU can be used as a transmitting belt to the remaining CIS as they all have institutional ties with Russia. In other words creation of FTA with Russia can be used as market stimuli in remaining republics. This can be achieved either by revitalization of FTA's within CIS or by parallel approach within two existing economic solutions East European and Central Asia Customs Union (established around Russia) and GUUAM (a free trade agreement established around Ukraine). The second solution requires preparation to sign a new agreement also with Ukraine.

The Barcelona process of 1995 has begun the process of negotiating and signing Association Agreements. Initially agreements were signed with states having closer relations with the EU: Turkey and Israel (1995), Morocco (1996), Tunisia and Jordan (1997). Later, in subsequent years other states acceded (Algeria, Egypt, Syria). Association agreements texts show that both partners (i.e. the EU as well as the southern states) were devoted to building long-term, sustainable relations and cooperation. One of the aims was to change internally, creating modern, educated, democratic societies. Broad reforms were needed in social, economic and political spheres.

There are points of similarity in politics and expectations towards the two groups: East and South. That fact does not mean that those two groups of states were seen and treated in the same way. However, as those two groups were different in many respects, the result in essence of the reforms, agreements, and changes being proposed to them differed as well. Not only geography, but social systems were completely dissimilar. The same could be said about national economies, levels of development and political systems. Threats to countries' security and their origins were different, as were perceptions of these threats and methods to overcome them. In the East the problem was rooted in the relations with Russia, a nuclear power with political global ambitions. In the South, security was undermined by regional conflicts, lack of stability and influence of radical and external political groups.

Parallel to the 2004 enlargement new initiatives towards Mediterranean states were proposed and adopted. We may judge them as: "a political compensation of enlargement", and a will for closer cooperation with the region. In 2003 the FEMIP (the Facility for Euro-Mediterranean Investment and Partnership, in the framework of the European Investment Bank) was established and in 2004 the Euro-Mediterranean Parliamentary Assembly was created, the Anna Lindh Foundation for the Dialogue between Cultures was set up in Alexandria, and finally the Agadir Agreement was signed (AA).

One of the aims was to build civil societies and introduce democratic structures. It seemed necessary to keep states away from chaos and anarchy. Apart from that, social structures were to be built for systematic and effective democracy. Systemic changes are efficient only when approved by society and when able to be fulfilled by the society. They should not be enforced upon the society as the effects of such attempts might be uncertain. This point of view is shared by the EU and all European efforts are concentrated on preparing the ground for future changes, including organizing NGOs and other civic society organizations and initiatives as well as establishing stable state administration institutions, helping to set up small and medium businesses, support for improving legal infrastructure as well as developing a

telecommunications base. In all the EU documents dealing with neighbor states, PCA included, such indicatives can be found.

For Central European and Baltic states, the Eastern dimension is dominant in their foreign policy. Geography, geopolitics, history, security and economy influence such an attitude. The Mediterranean region and problems linked with those countries are underestimated, if not ignored. In a political sense, this region is almost absent. At least there is no coverage in media of any policies conducted by Ministry of Foreign Affairs addressed towards that region. Even such notions as “Eastern, Northern or Mediterranean dimensions” are not in use in the media. The reasons for this situation will be addressed in the third chapter of this paper.

### **3. ENP: A new Policy within the Common Foreign and Security Policy of the EU**

The process of the European integration has its two main dimensions. The first one concerns inclusion of new areas into cooperation between member states and is called “deepening”. The second one allows the Community to invite more European states to join the “Club” and is labeled as “widening”. Both of these dimensions have a very significant influence on the activity of the EU, which includes foreign policy.

The Common Foreign and Security Policy (CFSP) would have never been launched, if not for these two elements of the integration: deepening and widening. On the one hand deepening enabled a start to discussion on the CFSP, while on the other hand widening has been creating the shape of the policy, as new countries have been joining and therefore enriching the character of the CFSP. In the history of European integration there has been a number of visible results of the above mentioned processes. It was particularly the case in the 1995 enlargement, when the Northern Dimension (ND) was launched<sup>3</sup>. In the same year the Southern dimension gave impetus to the start of the Barcelona Process<sup>4</sup>, which concerned the Mediterranean Basin states. Finally, nine years later, inspired by its Northern counterpart, the Eastern Dimension (ED)<sup>5</sup> was suggested.

Already in 2003, when the Eastern enlargement was just a matter of time, the EU started to pay particular attention to relations with its neighbours: Ukraine, Belarus and Moldova. The

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<sup>3</sup>Catellani N., “The EU neighbourhood policy towards Russia: from the Northern Dimension to the “New neighbours”, Draft, p. 4; <http://les1.man.ac.uk/jeanmonnet/posters/tallinn/Catellani.doc>.

<sup>4</sup> More available at: [http://ec.europa.eu/comm/external\\_relations/euromed/](http://ec.europa.eu/comm/external_relations/euromed/).

<sup>5</sup>It was Poland that suggested the ED in 1998, and then repeated its idea in 2003; in Catellani N., „The EU neighbourhood Policy...”, p. 4-8

questions about the influence of the new member states (NMS) on foreign policy towards those countries were formulated. They have tackled such problems as methods and tools, strength and effectiveness of applied policies and future position of those states in the EU's foreign policy. Some of the questions have not been answered precisely until now, for example the model of new agreement, which will replace the PCA (Partnership Cooperation Agreement, signed with all CIS consecutively since 1994). Moreover, the question of the degree to which the Eastern enlargement would shift the EU interests from the South to the East is on the agenda. In reality a shift is not a proper approach. EU has sufficient capacities to deal with South and East in parallel. This approach seems to be the best solution here, especially when one compares the advancement of institutional ties between the EU and the Mediterranean with the ties established between the EU and Russia as well as with the remaining CIS. This approach additionally has to be supported by analysis of the willingness of the two regions to cooperate with the EU more closely, which means further liberalization of mutual relations in the economic field.

The response to all these concerns and questions was given in the publication of the European Commission entitled "Wider Europe"<sup>6</sup>. The document proposes a plan to form a "circle of friends", an area of peace, stability and prosperity encompassing the wider Neighbourhood of the EU, founded on the common values. In May 2004, the document was changed into the Strategy Paper<sup>7</sup> and took the form of a definitive policy statement on the European Neighbourhood Policy (ENP). There were a number of reasons why the EU considered it necessary to develop a common policy towards its neighbours.

The first one may be perceived as a strategic reason and refers to the European Security Strategy of December 2003<sup>8</sup>. The EU found that its security does not depend any longer solely on its internal situation and therefore it is of importance to help the countries on its borders to build stable democracies, and reduce if not eliminate poverty and insecurity, population explosions or resource shortages. A more practical reason for the ENP was the improvement of the existing instruments and frameworks as well as replacing them with the new ones. The ENP was a clear signal that the EU supports the changes in those states,

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<sup>6</sup>Wider Europe — Neighbourhood: A New Framework for Relations with our Eastern and Southern neighbours:[http://europa.eu.int/eurlex/en/com/cnc/2003/com2003\\_0104en01.pdf#search=%22Wider%20Europe%20EU%22](http://europa.eu.int/eurlex/en/com/cnc/2003/com2003_0104en01.pdf#search=%22Wider%20Europe%20EU%22).

<sup>7</sup>After the enlargement, in May 2004, the Commission published a further strategy paper on the European "Neighbourhood Policy". Document available at: [http://www.dellbn.cec.eu.int/en/pev/enp\\_strategy\\_paper\\_en.pdf](http://www.dellbn.cec.eu.int/en/pev/enp_strategy_paper_en.pdf).

<sup>8</sup> "A Secure Europe in a Better World. European Security Strategy", available at: <http://www.iss-eu.org/solana/solanae.pdf#search=%22European%20Security%20Strategy%22>.

however without any promises of further enlargement. The ENP seems to be preparing for still closer future relations with the EU. (R. Prodi, December 2003).

As the CFSP still continues to be the domain of each single government, the ENP as its element, is under very strong influence of the national interests. Each country wants to see its goals met within the ENP, and therefore the policy is criticized from many angles .

#### **4. ENP: The Polish Perspective on Eastern Dimension**

Poland has always paid particular attention to the development of EU policy towards its neighbours. Therefore the 2004 enlargement was expected to bring a shift within the ENP proposals, particularly in benefit of the East. This turned out to be true, since Poland, had a say about formulation of the ENP towards its immediate neighbours. Such a remark brings with it some new questions, namely: what are the Polish interests concerning ENP? To what extent may Poland contribute to the ENP shaping? What difficulties may occur here? To understand such interests, one has to look at history, which indicates Polish support for Ukrainian accession to the EU.

The new relations with the post-Soviet states after 1989 were strongly influenced by what was said in the 1960's, in "The Paris Culture" "Kultura"<sup>9</sup> to support an independent Ukraine. After the collapse of the communism regime in Poland, Eastern relations were to be balanced by Polish-German relation, and it was soon noticed that with improvement of relations with Eastern neighbors the Polish position in the West was gained importance. In the mid 1990s the aim of the Polish foreign policy was to maintain good relations with states of special significance for Poland (Russia, Ukraine, Belarus, the Baltic Republics, Kazakhstan and Moldova)<sup>10</sup>.

Polish diplomacy of the late 1990s perceived EU relations towards its Eastern neighbours as very significant. Since 1998, when Poland started accession talks, it called for creation of "the Eastern Dimension"<sup>11</sup> and asked not to "close the door behind our backs"<sup>12</sup> after the 2004 EU enlargement. The Eastern Dimension became an official Polish discourse in 2003. Such a

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<sup>9</sup> „100th anniversary of Jerzy Giedroyc birthday” at: <http://www.polskieradio.pl/polonia/article.asp?tId=39887>.

<sup>10</sup>See Expose of the Foreign Minister K. Skubiszewski in 1993, available at: <http://www.zbiordokumentow.pl/1993/2/1.html>.

<sup>11</sup>"The Eastern Dimension of the European Union. The Polish View." Speech by W. Cimoszewicz Polish Minister of Foreign Affairs, at the Conference "The EU Enlargement and Neighbourhood Policy" Warsaw, 20 February 2003 available at: [http://www.msz.gov.pl/20\\_lutego\\_2003r](http://www.msz.gov.pl/20_lutego_2003r).

<sup>12</sup> Ibid.

tendency could be observed until the present day, in particular in the case of Polish engagement during the Ukrainian Orange Revolution<sup>13</sup>. Taking that into account, the Polish contribution to the ENP might be characterized by its role in creation and support of the Eastern Dimension. Poland has been determined to put the Eastern Dimension high on the EU agenda, and thus upgrade the Polish contribution to the formulation of the CFSP. As it has been noted, it was inspired by the Northern Dimension<sup>14</sup>. Poland, together with Estonia, Latvia and Lithuania play an important role in the creation of the ND and therefore their experiences are perceived as crucial in forming the ED.

The Polish government has always asserted that the ED initiative differentiates the EU Eastern neighbours in terms of democratic and economic advancement as well as evaluating their attitude towards the EU. However, as has been stressed by Polish foreign ministers, it is very important that countries which show a clear interest in joining the EU in the future should not be deprived of such hope. Poland is the best example of how motivation in form of an enlargement promise works. The inclusion of a European perspective in the early 1990s into first association agreements seems to be the aim that led changes conducted in Poland.<sup>15</sup> The aim of good and tight relations between the two nations, very often called the Polish-Ukrainian partnership, has always been mentioned at the very beginning of each expose of the Polish Minister for Foreign Affairs, starting at least from the 2002<sup>16</sup>. The situation does not seem to change, especially as the German presidency starting from January 2007, wants to offer ENP strengthening, as P. Swieboda argues in *Gazeta Wyborcza*<sup>17</sup>. It would take place by differentiation of the states situated on the borders of the EU. Relations towards Ukraine would be much different from those with Morocco or Egypt. However this does not seem to be an easy task, as the Mediterranean countries will certainly defend equal treatment of the neighbours. The author suggests that the proposals for the Eastern neighbours should include advanced trade agreements and opening of the markets. Neighbouring states should also take part in the decision making process regarding those EU programs in which they participate. The Polish foreign policy should aim at supporting the facilitation of visa procedures and the increase the financial aid for the East, which is still only half of that for the Southern states. A

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<sup>13</sup>Article "Ukraine, Poland, and a free world by M. Matraszek dealing with Polish engagement during Orange Revolution, available at: <http://www.opendemocracy.net/debates/article.jsp?id=3&debateId=121&articleId=2251>.

<sup>14</sup>H. Haukkala (2002) Towards a Union of Dimensions: The effects of Eastern enlargement on the Northern Dimension, Helsinki, Ulkopoliittinen instituutti, pp. 27-28.

<sup>15</sup> On the other hand one can argue that giving the promise of future membership just at the beginning of the process of reforms might weaken the country's readiness to implement them consequently.

<sup>16</sup> All expose available at: <http://www.msz.gov.pl/index.php>

<sup>17</sup>P. Swieboda, *Polska-Niemcy: Pokonać Freuda*, *Gazeta Wyborcza*, August 14-15, 2006.

clear European perspective for Ukraine and Moldova should be put high on the European agenda. The Polish perspective of the ENP, and therefore much of the criticism, comes from the above described facts.

## **5. Polish Dissatisfaction with the ENP**

The main source of the criticism of the ENP, from its very beginning, comes from the fact that it mixes states with and without European aspirations and it is the Polish *raison d'état* not to do so. While countries like Libya, Tunisia or Morocco will remain only neighbours of the EU, Poland's immediate neighbors like Ukraine clearly express a desire for EU membership. Therefore the ENP is perceived by Polish politicians not only as a limitation to its foreign policy goals but also as a threat to its own *raison d'état*.

The "Wider Europe" document, which evolved from the New Neighbours Initiative (NNI) from November 2002<sup>18</sup>, went exactly in the opposite direction to Polish interests. While NNI included only Ukraine, Moldova and Belarus, the "Wider Europe" added to the basket different countries regardless of their membership aspirations. Therefore the idea behind the ENP seems to be far from Polish interests. Undoubtedly, the ENP separates the question of potential membership from these concerning internal relations and therefore excludes the accession perspective for the neighbouring states as Romano Prodi<sup>19</sup> and Gunter Verheugen<sup>20</sup> stated it. To such opinions of the leading European politicians, the Polish response was clear: from Warsaw's perspective, the neighbouring countries of the Eastern Dimension should not become "eternal partners".

Furthermore, the distribution of financial aid between Eastern and Southern states is still not satisfactory. While South-Mediterranean countries received as much as 2,4 billion Euro from MEDA between 2000-2003 and 41 Mio. Euro from the European Initiative for Democracy and Human Rights, Eastern countries were given only 1,33 billion EURO from the TACIS program and 19 Mio Euro from the Initiative.<sup>21</sup> Poland has always argued that "the Eastern

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<sup>18</sup> More about NNI available at: [http://ec.europa.eu/comm/external\\_relations/ceeca/gac.htm#ceeca181102](http://ec.europa.eu/comm/external_relations/ceeca/gac.htm#ceeca181102).

<sup>19</sup> See: speech by Romano Prodi, President of the European Commission "Peace, Security and Stability International Dialogue and the Role of the EU Sixth ECSA-World Conference. Jean Monnet Project, available at: [http://ec.europa.eu/comm/external\\_relations/news/prodi/sp02\\_619.htm](http://ec.europa.eu/comm/external_relations/news/prodi/sp02_619.htm).

<sup>20</sup> Speech by Mr. Günter Verheugen, member of the European Commission, at the Diplomatic Academy, Moscow, 27 October 2003, available at: <http://ec.europa.eu/>

<sup>21</sup> See Cieszkowski, Andrzej (2004): Polityka Unii Europejskiej wobec wschodnich sąsiadów - wkład Polska. In: Rocznik Polskiej Polityki Zagranicznej 2004. Warsaw, p. 111

Policy should not be counterweight, but should be equally important to its Southern counterpart<sup>22</sup>. The Polish government clearly explained its interests concerning the new financial aid scheme for the countries included into the ENP.

The Polish government supported following issues:

1. Financial aid for countries which do not have an Action Plan – e.g. Belarus and Libya
2. Diversification of financial support which would take into consideration countries' needs and characteristics, their engagement in cooperation and ambitions regarding future integration with the EU
3. Unification of the procedures and rules of concerning the access to the financial aid
4. Cross-border cooperation (CBC) between EU member states and a neighbouring country
  - Critics towards creating new administrative structures managing the CBC
  - Preparation of a common program for the cross-border region, when crisis in relations occurs
5. Larger amount of the financial aid going to the Eastern European countries
6. Financing of projects by both sides – the EU and a neighboring country – unless the country is not willing to participate in the costs of the projects promoting democracy ( i.e. Belarus) – these projects should be financed by the EU.
7. Aid for small and medium sized enterprises in Eastern Europe<sup>23</sup>

Poland is also an advocate of the extension of the ENP to Belarus which was excluded from it because of the Lukashenko regime. This situation is strengthened by the presence of a 400.000 person Polish minority in this state, and therefore Poland supports the EU in keeping at least ties with civil society in Belarus. The prospect of getting Ukraine closer to the EU was possible due to Polish advocacy for signing an Association Agreement, which eventually turned out to be impossible, as other member states opposed it. For Poland however, it is doubtless that Ukraine has the right to the same perspectives as Turkey<sup>24</sup>. Now it is clear that

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<sup>22</sup>Rotfeld, Adam D. (2005): Wschodnia polityka Unii Europejskiej: wkład Polsek. In: Wągrowka, Maria (Ed.): Unia Europejska i Europa Południowo-Wschodnia, Conference Proceedings. Warsaw.

<sup>23</sup>Polish government stance concerning Proposal for a Regulation of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument, 19 October 2004.

<sup>24</sup> Rotfeld, Adam D. (2005): Eine bittere Lektion - Außenminister Adam Rotfeld über das Engagement seines Landes in der Ukraine, die EU-Politik gegenüber Osteuropa und das Verhältnis zu den USA. In: Der Spiegel 9/2005., at: [http://www.mfa.gov.pl/Eine\\_bittere\\_Lektion\\_-\\_Außenminister,\\_Adam\\_Rotfeld\\_über\\_das\\_Engagement\\_seines\\_Landes\\_in\\_der\\_Ukraine,,die\\_EU\\_Politik\\_gegenüber\\_Osteuropa\\_und\\_das\\_Verhältnis\\_zu\\_den\\_USA\\_-\\_der\\_Spiegel,\\_9\\_2005,2372.html](http://www.mfa.gov.pl/Eine_bittere_Lektion_-_Außenminister,_Adam_Rotfeld_über_das_Engagement_seines_Landes_in_der_Ukraine,,die_EU_Politik_gegenüber_Osteuropa_und_das_Verhältnis_zu_den_USA_-_der_Spiegel,_9_2005,2372.html).

the Polish stance towards its main Eastern neighbour, strengthened by the events of Orange Revolution in November and December 2004, will not be shifted. Poland will still demand that the Union give a clear response to Ukrainian European aspirations. This position will certainly determine the contribution of Poland towards the ENP.

## **6. The Southern Dimension in Polish Foreign Policy**

Strong Polish support and interest in Eastern Europe is natural and results from its geopolitics, closeness of culture and better mutual understanding with the region. Nevertheless, in the years since 1989, the goals of the Polish foreign policy were concentrated on NATO and the EU. However this does not mean that Poland is totally absent in the Mediterranean policy of the EU in general as well as in one of this policy's aspects, that is the Southern Dimension of the ENP. Poland was present on the African continent in the form of expertise, knowledge and its products exported there. Going back to the 1960s and 70s Polish companies participated in the creation of some industries from the scrap. They have conducted projects such as sulphuric acid factories, sugar-refineries, cement works, shipyards, roads and bridges (Libya, Algeria). Although Polish exports and imports to these countries account for a very small share in Polish trade some MENA states might be considered as important in the future. This concerns Egypt, Algeria, Morocco and Tunisia. "Strategy of the Republic of Poland for the non-European developing countries" names many opportunities as far as the Polish presence is concerned. For instance an increasing Egyptian demand for imported goods may contribute to a surge in the Polish exports (for example coal and pharmaceuticals). Algeria expects from Poland political dialogue, economic expertise with regard to transformation processes, support for strengthening internal security and modernization of its army. Moreover Polish companies may find engagement in different Moroccan infrastructure projects (e.g. highways, sewage systems)<sup>25</sup>. Recently one of the Mediterranean countries, The Palestinian Authority, has been included in the group of countries covered by Polish humanitarian and development financial aid in the form of ca. 85.000 euro, planned to be spent on shelters, supply of drinking water, sanitarian aid and building of administration institutions. All this may seem to play an important role in creation of Polish Mediterranean

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<sup>25</sup> See „Strategia RP w relacji do krajów rozwijających się”, p. 39-46, available: [http://www.msz.gov.pl/files/docs/Strategia\\_kraje\\_roz.pdf](http://www.msz.gov.pl/files/docs/Strategia_kraje_roz.pdf).

policy and the Polish presence in the discussion on shape of the ENP towards the southern neighbours.

The Polish presence in the Mediterranean region and the neighbouring states also has a military aspect. Since 1992 the Polish Military Contingent has been operating in Lebanon within the framework of the United Nations Interim Forces. In 2003 Poland started its participation in the stabilization mission in Iraq and the Ministry of Defense started to increase the number of soldiers operating in Afghanistan.

## **7. Eastern Dimension Disagreements Between New Member States of the EU**

Although the Eastern Dimension was first suggested by Poland, it is clear that its presence on the EU agenda falls within the interests of all eight CEE states<sup>26</sup>. However, their attitudes towards the ED are different and seem to depend on three factors.

Firstly, much depends on the internal policy developments in the East European countries within the next few years. Much indicates that Ukraine, Moldova and Georgia will follow the path towards European standards of democracy, economy and law. The political situation in Russia seems to head towards an authoritarian system, Belarus is so far unpredictable. Armenia and Azerbaijan might be somewhere between democracy and autocracy. The second factor concerns the internal situation inside the EU, which now faces a constitutional crisis. Without any solutions it is impossible for new member states to realize their vision of the ED. Thirdly, the political developments in the eight ECE will play a pivotal role. A new situation after the presidential and parliamentary elections in Poland is an evident proof that such shifts of attitude towards the European integration as a whole and therefore towards the Eastern policy may occur.

Leaving the future developments behind, there are a few disagreements between eight CEECs, as far as the ED is concerned. Firstly, a fierce competition between Baltic states and Poland on the one hand, and the Czech Republic, Slovakia and Hungary, Bulgaria and Romania on the other, is visible. They also support the EU engagement in the Balkans. Secondly, a difference concerns the policy towards Russia, which is not rivalry, but not cooperative either. Finally, since those countries still see their role in a very parochial sense, the gap between their foreign policy interests may increase in the future. The only way to

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<sup>26</sup>New member states of the EU.

avoid this is to diminish differences between each other by looking at broader European interests and thus bringing an added value to the EU policy towards all EU neighbours. The results of the bargaining process within the EU and her neighbours over the ENP will be presented in the following chapter.

### **8. “Easternisation vs Southernisation of the ENP”: the Ukraine and Morocco Action Plans Compared**

The ENP Action Plan with Ukraine was concluded in September 2004 and adopted at a special Cooperation Council on 21 February 2005. The PCA constitutes the foundation for EU-Ukraine cooperation and reflects Ukraine’s European aspiration of moving closer into the European economic, political and social structures<sup>27</sup>. To this end, some of the priorities set out in the PCA were reinforced and extended due to the changes that have occurred in the EU and in Ukraine since 1998. However, the general concept on EU-Ukraine cooperation originates in the first EU comprehensive document - Common Strategy on Ukraine.

Ukraine’s choice on integration with the EU is perceived as a strategic national goal to modernize the country through the construction of a democratic and economically developed state as well as the upgrading of its international standing in foreign relations. The European path for Ukraine is largely seen by its political establishment as the best way to improve economic prosperity, particularly by creating new jobs, attracting foreign capital and new technology, and enhancing domestic producer’s competitiveness.

Meeting the commitments inserted in PCA determines effective fulfilment of the Action Plan’s ENP provisions<sup>28</sup>. Implementation of the Action Plan aims to: harmonize the Ukraine’s legislation, norms and standards with those of the EU; step up the EU efforts on further economic and trade integration, taking into account a possibility of the establishment of a free trade agreement following the Ukraine’s accession to the WTO; stimulate procedures and proper actions to further promote economic growth and social cohesion; raise living standards and protect the environment.

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<sup>27</sup> EU-Ukraine Action Plan, p. 1.

<sup>28</sup>The PCA, which is the point of reference for the ENP Action Plan was signed on 15 June 1994 in Luxembourg and was the first such a agreement to be signed with a country of the Soviet Union. The PCA key objectives were to develop close political relations; launch economic relations by fostering EU-Ukraine trade and investment, initiate cooperation in economic, social, financial, scientific, technological and cultural areas; support Ukraine in consolidating its democracy and to complete the transition to a market economy. Special attention was put to the Ukraine’s road to a market economy. The document presumed to consider the feasibility of future negotiations on a free trade agreement in 1998 following Ukraine’s accession to the WTO. The PCA entered into force on 1 March 1998.

1. In the section on “Political dialogue and reform” of the Action Plan, attention was put to further strengthening the stability and effectiveness of institutions guaranteeing democracy and the rule of law. Democratic conduct of presidential elections in 2004 as well as parliamentary ones in 2006 were to reflect political changes in line with international standards. Another pillar in mutual political dialogue refers to further strengthening cooperation on foreign and security policy. In this respect, Ukraine was recognised as a chief mediator in the settlement process to solve the Transnistria conflict in Moldova as well as an expert in the trilateral talks involving Ukraine, Moldova and the European Commission. Ukraine was also recognised as a vital participant in the future EU-led crisis management operations and exercises, which is developed within the ESDP (European Security and Defence Identity). Such cooperation entails the EU and Ukraine addressing common security threats, including combating terrorism, non proliferation of WMD and illegal arms exports.

2. Second section of the Action Plan relates to cooperation on “Economic and social reform and development”. The Action Plan following the PCA provisions may be seen as a kind of road-map in a gradual introduction of economic policies and trade related policies that would lead Ukraine in the direction of a market-based economy. In accordance with the PCA provisions, particular attention is put on implementing administrative and macro-economic reforms. Thus, it is considered beneficial to establish a free trade area with Ukraine, providing considerable advances in its reforms, following Ukraine’s accession to the WTO. However, functioning of the market economy is an objective that Ukraine is facing to be fulfilled at the outset. Ukraine needs to address a number of issues concerning its structural reforms, macro-economic stabilisation and growth policies, improving the investment climate and social situation, promotion of sustainable development etc.

The major priority elaborated in the Action Plan is trade. The PCA, which directly provides foundations for EU-Ukraine trade relations initiated, the key process of bringing Ukraine’s legal framework up to those of the single European market as well as the WTO. Thus, it is a main concern to implement the commitments of the PCA in the sphere of trade in industrial goods by removal of all export and import barriers.

3. Cooperation in the field of Justice and Home Affairs (JHA) was assumed to be based on the EU Action Plan. The priorities in this field are defined on an annual basis by the EU-Ukraine JHA Ministerial Troika Meeting.

4. The second major section of the Action Plan is devoted to transport, energy, information society and environment. The PCA provided a set of guidelines for implementation of a national transport strategy, including transport infrastructure development. It urges also to

adopt energy policy converging towards EU energy policy objectives as well as to reinforce EU-Ukraine energy policy cooperation.

5. Cooperation was also established in the field of science, technology, research and development. Under the title of people-to-people contacts the EU and Ukraine pledged to develop cooperation in science and technology, in the field of education, training and youth as well as in culture and audio-visual issues. Another vital condition to be met by Ukraine is to increase of its level of health security and epidemiological safety to be compatible with EU legislation and WHO standards.

In December 2005 at the EU-Ukraine summit, Ukraine was granted market economy status by the EU and in 2006 by the USA, which shows the advancement of the reforms in the state. This was sequenced after approval of EU Basic Anti-dumping Regulations. In Communication to the European Commission on “Implementing and Promoting the European Neighbourhood Policy” of 22 November 2005, Ukraine was mentioned as an example of benefit that the country managed to achieve by its pragmatic way of so called “small steps” reform. Much progress was recognised also in the field of energy and transport cooperation, which was marked by the signing of a Memorandum of Understanding on energy. Mutual cooperation was enhanced also in the areas of aviation and the Galileo Satellite Navigation System. In the field of Justice and Home Affairs, visa facilitation negotiations were launched as well negotiations for a readmission agreement. This trend matches the Polish foreign policy interests regarding Ukrainian status and is an example of the Polish influence on the ENP development. Even so, there are still remaining priorities, which are considered to be entirely valid despite some of them have been already successfully fulfilled<sup>29</sup>.

According to the EU, cooperation between the EU and Ukraine in the framework of the ENP has so far been successful, especially in sector policies and in foreign policy. Ukraine is perceived as the most effective of all ENP countries in implementing agreed reforms, however, the EU does not envisage a membership perspective in the foreseeable future<sup>30</sup>. Nevertheless, EU membership remains the final goal for Ukraine. We would like to expect that next year during the German Presidency, with help of Poland and the Baltic republics it would make use of one clause from its Action Plan which says that “the EU acknowledges Ukraine’s European aspirations and welcomes Ukraine’s European choice”.

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<sup>29</sup> Communication to the European Commission, Implementing and promoting the European Neighbour Policy, Brussels, 22 November 2005, SEC(2005) 1521.

<sup>30</sup> Where are Ukraine-EU Relations heading for? Brussels Focus, Friedrich Ebert Stiftung, Mai 2006, pp. 1-4.

As mentioned already, the widening of “the EU neighbours list” as well as the conditions and provisions of each Action Plan resulted from the internal bargaining process between the different member countries, including Poland<sup>31</sup>. Especially the Mediterranean countries and the southern member states as their spokesmen on the European forum strongly pushed for the similar status of Eastern and Southern EU neighbours fearing of “Easternization” of European foreign policy. Looking back at the EU enlargement history it is possible to notice that each of the enlargements had some negative or positive impact on the European Mediterranean policy depending mostly on the countries’ decision to join the EU. In 1972, Global Mediterranean Policy was formulated as a result of UK accession and its trade interests with the Mediterranean countries. The notion of a Mediterranean region was then created. Unfortunately this was later undermined by the accession of Greece, Spain and Portugal, which divided the whole Mediterranean region and undermined the regional promotion policy, leaving Mediterranean non-Members away from the main EU developments. In those circumstances, Morocco’s application to join the European Community was rejected in 1987. Finally the changing political and economic situation at the beginning of the 1990s put the problems of the region to the top of the EU agenda<sup>32</sup> – the Barcelona Process introducing the Euro-Mediterranean Partnership (EMP) was created.

After ten years of the EMP it is far from reaching its goals of building the area of peace, stability and prosperity at the southern shore of the Mediterranean Sea. It needed reinvigoration, which was done within the framework of the ENP, although there are a number of issues which are different within the EMP and the ENP<sup>33</sup>. The ENP provisions for the Mediterranean region seem to lack real incentives to reform the countries’ economies and politics according to “*aquis communautaire*”<sup>34</sup>. Weak, not well-defined “stake in the EU Single Market” and increasing financial resources through the European Neighbourhood Policy Instrument (ENPI) instead of the more advantageous modes of integration (the “European perspective” is not given like in the Ukrainian and Moldavian case) represent an effect of

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<sup>31</sup> There are also some other internal developments in the EU as well as some external factors important for the policy making in this area. Unfortunately this paper is too short to address all the issues. However it is worth mentioning that Russia refused to accept a status of a neighbouring country and together with the EU built a Strategic Partnership built on the four spaces – economy, external and internal security, education and culture. At the same time Turkey was accepted as a candidate country which explains the Caucasus countries on the ENP list.

<sup>32</sup> The main characteristics of the changed political and economic situation were: the end of the cold war, the European perspective for the Central and Eastern European states, the successes of the Middle East Peace Process, the rising issues of illegal migration and terrorism networks.

<sup>33</sup> See: A. Raffaella del Sarto and T. Schumacher, From EMP to ENP: What’s AT Stake with the European Neighbourhood Policy towards the Southern Mediterranean?

<sup>34</sup> See: A. Chilosi, The European Neighbourhood Policy: A Substitute for EU Membership or a Consolation Prize?

many factors, among which an interplay between the interests of the Mediterranean and Eastern Member States during the ENP negotiation phase is a crucial one. One can try to show this process by analyzing the EU- Morocco Action Plan which was implemented in 2005 and comparing its provisions with the provisions of the EU-Ukraine Action Plan discussed above.

Morocco belongs to the most Euro-enthusiastic countries from the Mediterranean Partnership Countries (MPC). The ENP was warmly welcomed by the Moroccan government<sup>35</sup> which saw in the ENP a chance to redefine and structure the strategic relationship between Morocco and the EU. Its government's ambitions were always directed towards full membership of the EU, especially after Turkey was granted the status of a candidate country which could be seen as a signal of "Christian Europe preparing itself for Muslim members". However, recent developments, like failed referendums on the EU Constitution in France and the Netherlands, riots in France, the rising issues of illegal immigrants and the continuing terrorist attacks, all have put into question the prospects of this tendency and should rather make Morocco accept the "everything but institutions" concept.

The future of the EU-Morocco relations depends on the country's willingness and readiness to adopt EU laws and pursue its strategic goal of economic development through European integration as well as on the EU's readiness to accept the political burden of the necessary political adjustments to this situation. EU readiness depends on the existence of a group of countries which will be eager and consistent in presenting and pushing forward solutions of the Moroccan interests into the EU agenda and support their ambitions. So far it was mainly Spain, Italy and France, which could be seen as Morocco's advocates. In their interests was to put all the neighbours into one framework of the ENP which finally happened against the interests of the NMS who show limited interest in the MPC and big interest in the Eastern Dimension. So far it was clear that most of the countries, especially France, detach the ENP from the enlargement perspective. Having large immigrant communities from the MPCs, long historical and cultural links and expanded economic ties which determine their role in the region, the Southern Member States tend to attract more attention nowadays to such problems as: managing the illegal migration, eliminating cross-border organized crime, addressing the causes of extremism, ensuring energy security and, more generally, supporting economic globalization followed by increasing prosperity and higher social and environmental standards of their trading partners. All of these issues, considered as the main threats to European

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<sup>35</sup> European Policy Centre, Morocco and the enlarged European Union: New prospects for a strategic partnership, By: H.E. Fath'Allah Sijilmassi, Issue Papers, Issue 12 - Europe: How wide? How deep?

security, are of crucial importance for EU citizens and as such have found their place also in the European Security Strategy of 2003. The importance of this can be seen in the Morocco Action Plan (AP), especially in its part addressing the priority actions and priority economic reforms based on the earlier assessment of the obstacles to participations in the Single European Market (SEM) identified by the Morocco Country Report<sup>36</sup>.

According to the Morocco AP particular attention should be given to: enhanced cooperation on combating terrorism, effective management of migration flows, development of the transport and energy sectors, liberalizing trade in services, building investment climate, stimulating investments and sustainable development, reducing poverty, creating jobs and supporting education, scientific research and IT.

Those priority actions start from a point which states that Morocco should be engaged in activities “pursuing legislative reform and applying international human rights provisions”. From this point of view it appears that the EU attaches a great role to democracy, the rule of law and the pursuit of the fundamental rights by the partner. However, most observers question this assumption arguing that the EU Member States worry more about instability and Islamic fundamentalism than the democratic future of their Mediterranean neighbours. According to their opinions and analysis these stable authoritarian regimes are the guards of the economic reforms and stability in the region<sup>37</sup>. Thus pursuing fast democratic change could result in getting Islamic movements into governments, as has already happened with the Palestinian Authority, which would be highly unwelcome in the Member States and dangerous for the whole process of market reforms and integration with Europe. The other reason for this ambiguous EU policy is the fact that Morocco and other Mediterranean states are not seen as potential members of the EU and “European” in nature so the EU approach to human rights and fulfilling “the Copenhagen criteria” in the Eastern and Southern neighbours is different<sup>38</sup>. What Europe does is telling: change and become a member of the European Economic Area (sharing everything but not institutions) and when this stage of cooperation is achieved we can talk about membership. Each stage of fulfilling EU requirements enabling closer cooperation is creating new determinants for new solutions. However, from the New Member States’ perspective (provided they finally have their opinion concerning this region

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<sup>36</sup> Commission Staff Working Paper. European Neighbourhood Policy. Country Report. Morocco. COM(2004)373 final: [http://ec.europa.eu/world/enp/pdf/country/morocco\\_enp\\_country\\_report\\_2004\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/morocco_enp_country_report_2004_en.pdf).

<sup>37</sup>F. Cavatora, R. Chari, S. Kritzing, *The European Union and Morocco. Security through authoritarianism?*, Institute for Advanced Studies, Vienna, June 2006.

<sup>38</sup>A. Chilosi, *op.cit.* He gives an example of Tunisia governed by President Zine El Abidine Ben Ali associated with the EU via an Association Agreement and Belarus governed by President Aleksandr Lukaszenko. The EU froze the PCA with Belarus in 1996 due to his undemocratic regime.

which is so far away from their interests) it would be unacceptable to support the economic programs financed by the EU in those Mediterranean countries who are reluctant to reform their regimes and address the root causes of political instability<sup>39</sup>. Poland and the other Central and Eastern European States had to transform their economies and political systems in such a fast way accompanied by tough and long process of negotiation of the terms of accession in order to be allowed to join the European Community that they would probably be the last ones willing to accept any exceptions in this field from the EU side towards the associated countries. Especially in the situation when each failure of the Ukrainian government on its way to fully fledged democracy and free market is recognized and commented on in Brussels as an impediment to the country's struggle for a "European perspective".

Morocco's situation in terms of political problems emerging from its European ambitions implies in those circumstances a great challenge for the government. No better situation can be seen as far as its economic situation is concerned. Morocco's Action Plan identifies "obtaining a stake in the EU Internal Market" as the main objective and "carrot" which is to be given to Morocco after fulfilling the conditions set by the Plan. When one looks at the obstacles mentioned in the Morocco ENP Country Report (2004) which has build a kind of starting point towards the prescription of basic economic reforms identified by the EU-Morocco Action Plan (2005), we can see how difficult it would be for the country to fully participate in the SEM, because the conditions for application of the four fundamental freedoms and competition policy are hardly present<sup>40</sup>. Opening up the economy has to be preceded by deep systemic reforms, adjustments of laws and institutions, creating the environment for market forces to work. In other conditions market forces can damage everything that already exists in the Moroccan economy.

Despite all the obstacles, political and economic, external and internal, and despite some critical points towards the whole process of ENP implementation, Morocco sees in some features of the ENP its chance to accelerate integration with the EU. According to Del Sarto and Schumacher, there are at least three reasons why Morocco, as a real EU enthusiast among the MPC, should favor the ENP and further pursue its reform agenda. The bilateralism and differentiation which characterize the ENP can raise the Morocco's chances to voice its

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<sup>39</sup>R. Gillespie, Interdependence vs. Europeanization, draft version of the paper presented at UACES Workshop on Europe and North Africa: Theoretical Research Challenges, Foresight Centre, University of Liverpool, 22 May 2006.

<sup>40</sup>EU-Morocco Action Plan, Country Report Morocco, See also: G. Escribano, Europeanization without Europe? A Critical Reflection on the Neighbourhood Policy for the Mediterranean, Working Paper (WP) 23/2005, 16/05/2005, Real Instituto Elcano.

particular interests, reducing the negative impact of the other Mediterranean countries which are less “European” and moreover, it can diminish the role of the Middle East Peace Process, as some specialists point out<sup>41</sup>. The second point which can be treated as a positive development in terms of Morocco’s interests is the “joint ownership” principle which should help the Mediterranean states to take part in the process of ENP formulation in a more active way especially as far as funding is concerned<sup>42</sup>. On the one hand this could give a chance to state what can be considered a priority according to its policies, while on the other hand, it can be considered as incentive to decide about a more economical way of spending the money. Finally, the principle of “positive conditionality” aiming at the active engagement of the EU and rewarding more reformist Mediterranean countries is also encouraging for Morocco. Morocco’s enthusiasm towards the ENP will have to face the intra-EU interest constellation where the New Member States again may push the EU away from their needs trying to focus the EU attention on the situation of the Eastern neighbours – to some degree disappointed with the ENP prospect but willing to use it (especially its financial resources) as a tool in their transformation process. Nevertheless, the prospects of pushing interests more towards the East are not well founded in European realities and Poland has to recognize this fact. On the one hand one has to confront here such conditions as: weight of advocates of both dimensions of the policies, differences in advancement of the reforms of the two regions, and traditions in relations established with the East and with Mediterranean. Finally, a bit of competition among regions, which can shift some amount of aid from one region to another, can be considered as a tool stimulating changes in both of them, which in a natural way is used by the EU in the policy of “managing the queue”.

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<sup>41</sup>On the other hand, however, Morocco has to take into account that regionalism and security issues are crucial for the political and economic stability of the whole region and without that it is hardly to imagine good performance and implementing of Moroccan reforms.

<sup>42</sup>It is too soon to assess if this principle works because the ENPI starts in 2007. So far, in the process of the Action Plans formulation it was more “take it or leave it” policy from the side of the EU.

## **9. “Easternization and Southernization of the ENP”: is Competition Between two EU Neighbouring Regions Desirable and Needed?**

Advancement the EU relations with its Eastern neighbours is different in comparison to the relations with those in the South. This is so despite the fact that the current stage of mutual relations of the two regions with the EU was established in the same period, that is the middle of the 1990's. Differences embrace here such elements as:

- Length of mutual relations. Institutionalisation of relations with Mediterranean states is longer than in the case of EC relations with Russia and remaining CIS. In the case of the former it dates to the 1960's while in the case of the latter it dates to the 1990's.
- Type of institutional solutions applied in regulation of mutual relations. In the case of EU-Mediterranean relations FTA agreements are being signed consecutively, while in the case of Russia and remaining CIS PCA agreements are signed and pending. PCA are first generation agreements but they differ with traditional first generation agreements by introducing some forms of liberalization in industrial goods trade, which first generation agreements did not introduce before. Liberalization is brought even in the case of agreements which are not ratified being only signed, what is brought about by introduction into the whole agreement part called Interim Agreement. It embraces conditions of industrial goods trade liberalization. Moreover, signing PCA – CIS states were not members of the WTO, which traditionally was considered to be a precondition to sign an agreement with the EU for previous partners. Association agreements are considered to be highest ranking type of agreements institutionalising relations with the EU. Such agreements were leading European states to membership, while non-European states can seek some new solutions, like membership in the European Economic Area (EEA). European Commission introduces specific modernizations to applied agreements which are tailored to specific conditions of each partner country (or a group of partners like in case of CEECs). The formula of Europe Agreement, which was more advanced than simple association, was introduced in 1991.
- Mutual liberalization of economic relations. Relations within Euro-Med Agreements and EU-CIS agreements both liberalize trade but this liberalization differs in scope of the applied solutions.
- Different stages of advancement of cooperation in the regions with neighbours of the EU partners. Most Euro-Med agreements are agreements aiming at establishment of FTA. Agreement with Russia and remaining CIS introduces asymmetric liberalization in goods transfers but it does not aim at establishing a FTA between the EU and the CIS.

- Validation of the running agreements. Euro-Med Agreements are still valid, most of them are newly signed and have several years to go, leading in most case to establishment of free trade between 2008-2010, while PCA (Partnership Cooperation Agreements) are first generation agreements and the first of them with the Russian Republic was signed in 1994, went into life in 1997 and ends in 2007. Remaining CIS members have signed their agreements of the same type later, which means that consecutively they will come to an end in coming years, as ten years passes in their case as well. They will be replaced by some new solutions, probably by association agreements. Europe in the case of CIS can prepare a specific agreement of a new type as was the case with Central and Eastern European states when they signed their Europe Agreements. New agreements between the CIS and the EU can be pointed at liberalizing regional trade among CIS as well as liberalizing trade with the EU.

Enumerated differences indicate that the EU is not making a choice between Easternization or Southernization of her ENP policy. Both dimensions are part of the ENP, they compliment each other and should not be considered as mutually competitive as far as financial allocation is concerned, followed by support of experts as well as concentration of activities. Moreover, experience gained in conducting dialogue, establishing relations and management of changes gained in one group of states (which are considered to be more advanced in stimulating modern democratic structures and a functioning market economy that is able to join the main stream of world economy) is used in those states which are less advanced and catching-up in liberalization of their external economic relations and development, as well as sophistication of methods applied. Effective solutions replace those considered less functional, with higher costs and a lower success indicator. Modification and change characterize the approach towards institutional solutions applied by the EU in her relations with third states.

Relations of the EU with third states usually embrace the same phases, going through deepening as well as widening<sup>43</sup>. Traditionally, the EU starts the external relations with a partner (or region, grouping) by dialogue which in short leads towards establishment of mutual institutional meetings of specialized working groups or commissions. The first field requiring coordination and exchange of information and views usually is ascribed to statistical data, which embraces both figures illustrating the trend as well as definitions. After that, the

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<sup>43</sup> Deepening in this sense means that ties between both partners (EU and a region or country/ group of countries) with time passing are tightening and embrace further liberalization in comparison to the former solutions applied at starting point of establishment of the institutional ties. While widening means that mutual relations include a growing number of fields which are included in mutual institutional cooperation, leading towards liberalization, coordination (direct or open), harmonization and finally adjustments.

EU establishes an institutional form of cooperation, which should fall into one of these listed categories: 1. Advantageous access to the EU market within specific regional agreement (Lome convention I-IV, Cotonou Agreement, etc...); 2. Cooperation Agreements; 3. Trade and cooperation agreements; 4. Association Agreements; 5. Europe Agreements; 6. Membership in the EEA (European Economic Area); 7. Membership in the EU; 8. Membership in the EMU.

All the institutional ties established between the EU and a partner state/region/ grouping are followed by specific solutions concerning: 1. Access to the EU market; 2. Access to the EU financial resources. In case of ENP the financial instrument is ENPI<sup>44</sup>.

In both cases of advancement of changes<sup>45</sup>, the EU has worked out specific tools which are used in particular regions, well designed to increase effectiveness of their changes and stimulate growth. They are effective under one condition, which means that they have to be followed. Formulation of policies, definition of best goals and offer of instruments does not work on its own when not introduced into practice. Transfers of aid money are supported by intensification of mutual trade, which is considered more and more frequently as a force which helps to accumulate finances, which can be used for self-financing of development and reforms (political as well as economic).

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<sup>44</sup> This instrument also covers Russia.

<sup>45</sup> Liberalization of the economy means more access to the EU market as well as higher money transfers to the regions, which are on their path of catching up.

The three methods applied to stimulate changes, embracing institutional solutions, aid transfers as well as the offer of access to the biggest world market create conditions which are used to stimulate changes. The model of cooperation here is based on interdependence, what brings the best available guarantees that withdrawal of one of the partners will be disadvantages to the other one. Use of such solutions was only possible with advancement of development in the EU, which included widening and deepening, leading this market to a size which can be attractive to all external partners. Moreover, lack of production and thus lack of attractive goods for export in third countries is filled in short time by newly established production, stimulated by capital flows from economies with high savings and thus well supplied in capital, if only the economy is stable, legal infrastructure is transparent and institutions function well, which is also desired from communication and its infrastructure. Aid from developed economies in such circumstances is to create initial conditions for such positive changes, being thus conditioned, divided into instalments, and transferred within specially designed programs requiring reporting. The current stage of mutual relations between developed market democracies and the transforming or catching up economies required specific solutions in the world economy, which has approached to post-industrial era. Post-industrialism means that states which represent a lower level of development have competitive labour costs and thus can take over some production which loses competitiveness in developed economies. At the same time the post-industrial economies offer own markets as transitional markets for sales. In the medium and longer run, economies of third countries will join the group of consumers as happened in the case of China. They will stimulate the cost increase of production losing part of their competitiveness, which result from lower labour costs, as a consequence of lower level of development.

This pattern shows that the EU is engaged in both dimensions: Southern as well as Eastern and none of them can be considered as a dimension which can overwhelm the ENP. Both dimensions are important for the EU, both have their supporters among member states of the EU. Eight new MS from the group of Central and Eastern European states are considered to be supporters of concentration of aid and stimulation of changes in the Eastern ENP states, while Cyprus, Greece, Italy, France, Malta, Portugal, Spain are in favour of the concentration of action on Mediterranean states. Looking at the position of the advocates of Easternization of the ENP one could say that they are in a losing position in comparison with the supporters of the Southern dimension of the ENP. Is it so? Can such opinion be considered as an appropriate one? A simple calculation shows that Mediterranean states have bigger weight in destabilizing EU economies than the East Central European states.

The below table shows that both regions have guarantees which can be considered as balancing the future share of each region in the ENP. None of the regions should bother that the other one can take its place in the ENP. Both are important for the EU with more or less similar weights in the ENP, which indicates that the EU is willing to neither Southernize nor Easternize its ENP, nor would such an approach be advantageous for the EU.

**Table 2. Weights of South and East in Relations with the EU**

Area	Southern states of ENP	Eastern states of ENP
Engagement in mutual trade	Relatively high	Relatively low
Scope of opening towards the EU	Medium	Low
Deliveries of strategic raw materials	Medium engagement	High engagement
Dependency on aid transfers from the EU	Relatively high	Relatively low
Stage of development measured by move towards a consuming society	Medium	Low
Size of the potential consuming market	Big with growing share	Big but with falling share
Advancement in structural changes	Medium	Low
Weight of the supporters in favour of one of the mentioned regions seen among the EU MS	High	Low

Source: own arrangement.

Competition among states for the same place in relations with the EU plays the specific role of a tool “managing the queue”. Such wording was coined by Helen Wallace in her comments concerning the membership negotiations of CEE states. The strategy applied here turned out to be successful, which can be considered as a good argument in applying it towards the Mediterranean states and the CIS.

The new approach in Financial Perspective 2007-2013 allocates the financial resources to states which have common border with the neighbouring state, which means that the two border states will cooperate in spending the financial resources allocated by the EU within the framework of ENP and its main instrument called the ENPI. Such a solution means that in most cases the interests will be mutual to make a proper use of the available resources, especially, in the conditions when the allocations are not growing considerably and most of the MS have experience in preparing programmes applying for the EU resources, while additionally the 8+2 new-MS have experience in dealing with transformation of the economic and political systems. In the years 1991-1999 the EU made 4,2 million Euros available for the CIS states, between 2000-2006 relatively higher allocations were available, amounting to 3,1 million Euros. Mediterranean states in years 1995-1999 obtained 3,435 million Euros. In 2000 a new improved regulation was approved, which made available 3,435 million Euros. In the case of the Mediterranean states, the goals eligible for financing were defined by the Barcelona objectives. In practice they have embraced bilateral priorities, namely: support for economic transformation, strengthening the socio-economic balance, as well as regional

norms focused on regional and multilateral cooperation. Within the framework of new allocation principles of the ENPI designed in the Regulation of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument presented by the Commission (dated 29.9.2004)<sup>46</sup> Poland has big interests in the ENP. Until now Poland does not have well designed foreign policy, all priorities here were focused on the NATO and EU membership. With achievement of those goals the new ones were not formulated. One Polish MEP stated it clearly:

*“There is no Polish Mediterranean policy. Poland as a large European country is obliged to develop a concept of its foreign policy not only to its closest neighbours but also to the more distant regions. Unfortunately, a tradition of a foreign policy on such scale does not exist. For more than 15 years Poland was occupied with its own strategic goals, like entering the EU and the NATO. When I was a Minister of Foreign Affairs 90% of all the businesses and activities were devoted to the European or transatlantic problems. However, current strategic goals are fulfilled – we are a member of both the NATO and the EU. Poland’s foreign policy should be thus more focused on global and more distant issues, e.g. Mediterranean region or Latin America.”<sup>47</sup>*

The newly designed ENPI, which addresses the cooperation of bordering states, can be considered as a factor changing this situation dramatically. Under the new conditions, the role of Poland will grow vis-à-vis remaining bordering states. This gives an opportunity for preparing new Polish foreign policy guidelines with new, current priorities which in our opinion requires, for example, more financial resources for increasing the Polish diplomatic corps.

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<sup>46</sup> COM (2004) 628 Final 2004/0219 (COM).

<sup>47</sup> Interview with Polish MEP, 25 October 2006.

## **10. Conclusions and Policy Recommendations**

The ENP expands in terms of the number of states engaged as well as the fields included in cooperation measures. The ENP from the EU point of view can be seen as a solution enhancing security in the region, while seen from the perspective of the states towards which this policy is addressed as an instrument which helps to increase wealth and bring in reforms of economic, political, institutional as well as legal systems. Such a process of changes is stimulated within a framework of a model of international cooperation, which helps to introduce changes according to the pattern which was applied and practically utilized, turning out to be most effective in states with higher development of their political as well as economic systems. The relationship established within the institutional framework is based on interdependence, which creates guarantees for both partners engaged in such a cooperative model of relations. Such relations are introducing positive and desired changes on both sides of the Partnership, as they help to change the structure and system in the EU member states, while at the same stimulating changes advancing the process of market reform and democratization in less developed partners.

The observed processes needed long-lasting preparations. The current stage of relations between the EC and the CIS as well as the Mediterranean are rooted in the middle of 1990's, which has to be linked with end of the cold war, bipolar division of spheres of influence and their consequences. ENP is a policy designed by the EC towards states which are included into the group of neighbours. For "Neighbouring" to be approved of and considered a successful relationship requires good communication, effectively working institutional ties, as well as good ideas and a model of transmission from one group of states that is perceived as wealthy and successful to another one that is seen as a follower of a leader. Moreover, such a relationship should have a strong stabilizing mechanism based on interdependence. It must be attractive and commonly approved by the societies which are supposed to use it as a guidance to make changes on their own road to wealth. Otherwise this road can be always under construction, what means that it will lead no where or to a dead end.

The ENP has such features which guarantee that with the will of the Partners grouped on both sides it can be successful and help to change both engaged participants. The study has proved that there is no harm in the fact that the ENP embraces two geographical dimensions: Mediterranean as well as Eastern states which represent different systems, different problems and are tied with the EU by different institutional solutions. Those two dimensions are mutually supportive and should not be considered as mutually competing. They can have an

important impact on the dynamics of applied changes, especially in the light of new approaches to the allocation of the financial resources available for defined ENP policies. New ENPI with specific allocation of funds creates new conditions upgrading the role of foreign policy in case of new member states and their neighbours, which are embraced by the ENP. In such circumstances Poland gains importance and should be well prepared to use ENPI financing in cooperation with Russia, Ukraine and Belarus.

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