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**INTRA-REGIONAL COOPERATION
IN EASTERN DIMENSION OF THE EUROPEAN
NEIGHBORHOOD POLICY:
CHALLENGES AND OPPORTUNITIES²**

Keywords: European Union (EU), Eastern Partnership (EaP), European Neighborhood Policy (ENP), Southern Caucasus, Deep and Comprehensive Free Trade Areas (DCFTA)

ABSTRACT: The Eastern Partnership was established by the EU in 2009 as a new institutional framework for building cooperation between the EU and six countries from Eastern Europe and Southern Caucasus (i.e. Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine) as well as between the partner-countries themselves. The initiative was based on commitment to fundamental values such as democracy, the rule of law, respect for human rights, market economy rules, sustainable development and good governance. The idea of how to treat the countries left after the downfall of the Soviet Union was one of the biggest challenge for the EU's foreign policy. After the admission of Central European Countries to the EU in 2004 and 2007 the Union decided to launch a program which would provide the Eastern neighbors with an alternative to membership a set of incentives for engaging in economic, social and political reforms. The EU decided to promote regional cooperation under the Eastern Partnership instead of bringing the countries closer to the accession formula.

The aim of the paper is to present and analyze the problem of cooperation between the Eastern partners. Major question is whether the initiative has contributed to enhancing of cooperation among the partners and if it has what tangible progress has it brought to the benefit of the whole European Neighborhood Policy.

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INTRODUCTION

Development of regional cooperation is of utmost importance to the functioning of the European Neighborhood Policy (ENP). It is especially significant across the EU's external borders and among the EU's neighbors themselves, specially that are geographically close to each other. The problem is that the current cooperation is insufficient and superficial, which prevents genuine regional cooperation and makes common agreement on different issues impossible to attain.

Within the ENP framework two initiatives were launched to deepen cooperation with Eastern neighbors: the Eastern Partnership (EaP) and the Black Sea Synergy. In the paper the focus was put to the EaP, as it was much more developed and focused on strengthening the European cooperation. Seven years has passed since the Eastern Partnership was launched by the Polish-Swedish partners in 2009. The Eastern Partnership was expected to stimulate changes in Eastern Europe by bringing forward internal reform and enhancing intra-regional cooperation. The EaP highlights the importance of good neighborly relations, confidence-building measures and the advancement of stability.

The aim of the paper is to present and analyze the problem of cooperation between the Eastern partners of the ENP. Major question is whether the ENP initiative has contributed to enhancing of cooperation among the EaP countries and if it has – what tangible progress has it brought to the benefit of the ENP Eastern partners?

BACKGROUND

In 2009 the EU has taken general position towards the countries of Eastern Europe and Southern Caucasus (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine) by launching an overall initiative called the Eastern Partnership. This new institutional framework of cooperation was based on a commitment to fundamental values such as democracy, the rule of law and respect for human rights, market economy rules, sustainable development and good governance. The idea

of how to treat the countries left after the downfall of the Soviet Union was one of the biggest challenge for the EU's foreign policy. After the admission of the Central European Countries to the EU in 2004 and 2007 the Union decided to launch a program which would provide the EU's Eastern neighbors with an alternative to membership a set of incentives for engaging in economic, social and political reforms. The EU decided to promote regional cooperation under the EaP initiative instead of bringing the countries closer to the accession formula.

Promotion of regional cooperation within the ENP has become a key objective of the EU. In this respect, the programme of EaP assumes to "strengthen relations among the partners themselves, contributing to the exchange of information and experience in a whole range of reform areas and to the adoption of common standards" (Euronest, 2016). On the other hand achieving the goals has appeared to be a complicated task as a large number of Eastern partners are affected by armed or frozen conflicts which hamper economic, social and political transformation as well as regional cooperation, stability and security (Euronest, 2016).

Under the ENP Instrument for 2014–2020 the EU has allocated to the regional projects within the EaP between 741 and 906 mln EUR. Most of the funds were dedicated to enhancing intra-regional economic cooperation among the Eastern partners as their economic relations are currently at a relatively low level. Deeper market integration would help stimulate economic growth in the regions but might also bring political and social benefits such as reconciliation and confidence building in the area of Eastern Europe and Southern Caucasus. The crucial tool for development of ties among the partners are the agreements on Deep and Comprehensive Free Trade Areas (DCFTA) with Ukraine, Georgia and the Republic of Moldova as a part of Association Agreements (AAs). This universally used instrument of economic integration might contribute to building sound trade relations in the region and boosting foreign direct investments which would lead to job creation and long-term growth. The EU's ultimate goal for the DCFTA associate countries is to create a wider regional free trade area based on the WTO rules and international multilateral agreements (EC, 2015b).

For those Eastern partners who did not want to engage in negotiations for a DCFTA the EU offered more flexible mechanism such as Agreements

on Conformity Assessment and Acceptance (ACAAs), which allow free movement of industrial products in specific sectors (EC, 2015b).

The EU's concept of promotion of intra regional cooperation comes from the pattern of economic integration among Central and Eastern European countries and in the Western Balkans. These are good examples for deepening economic integration among the Eastern partners which are culturally and historically closely linked with each other. This might lead to increase social cohesion and stability which is then crucial prerequisite for closer political association and economic integration with the EU.

There were given four thematic platforms for regular cooperation between the partner countries, which were: (1) democracy, good governance and stability, (2) economic integration and convergence with EU policies; (3) energy security and (4) contacts between people. In 2009 it was held first inaugural ministerial meeting which launched the two-year work programs for each of the areas. There were established the so-called flagship initiatives: integrated border management; regional electricity markets, energy efficiency and renewables; natural and man-made disaster prevention; small and medium size enterprises and environmental governance (Boonstra, Shapovalova, 2010).

Much attention was paid to parliamentary cooperation as well as collaboration with non-state actors. For that purpose there were appointed the EU–Eastern partners parliamentary assembly EURONEST and Civil Society Forum. The intention of parliamentary cooperation was to improve mutual relations between the partner countries national assemblies and the representatives of the EU parliament. The task was to strengthen the EaP thematic platforms and flagships initiatives. The Civil Society Forum established in 2009 was designed to represent civil society actors from the EU, partner states and the third states. Moreover the EU's Committee of Regions took an initiative to establish local and regional assembly in Eastern Europe and Southern Caucasus (Table 1). There were to serve as a thematic platforms to establishing and maintaining regular dialogue and cooperation in areas of greatest importance for the local and regional

authorities (Boonstra, Shapovalova, 2010). The process of building cooperation was to involve state institutions (local and regional authorities) as well as non-governmental actors.

Table 1. Initiatives designed by the EU

Thematic platforms			
Democracy, good governance and stability	Economic integration and convergence with the EU policies	Energy security	Contacts between people
Flagship initiatives			
integrated border management; regional electricity markets, energy efficiency and renewables; natural and man-made disaster prevention; small and medium size enterprises; environmental governance			
Non-governmental initiatives			
Civil Society Forum	Parliamentary dimension (EURONEST)	Committee of Region's Proposal for Local and Regional Assembly	

Source: Boonstra, Shapovalova, 2010, p. 6.

Through the ENP initiative the EU was seeking to actively promote and development of regional political and economic cooperation by creating of join institutions for consultation and decision-making in its neighborhood and beyond. The ENP was to be an instrument for promoting regional and intraregional cooperation which in consequence should have contributed to security, stability and prosperity of the partner countries and the EU alone. By fostering cooperation within the ENP partners the EU was striving to maintain stabilization in its neighborhood which has changed significantly after the EU's 2004 and 2007 enlargement.

THE REASON OF FAILURE

The ENP was supposed to encourage development of regional networks and any form of bilateral and multilateral cooperation. The EU was particularly interested in extending its security area by expressing its willingness to resolve interstate conflicts and impede further disputes in that regions. It was particularly important in case of a number of frozen conflicts in the Western Balkans, Eastern Europe and Southern Caucasus. Resolution of the conflicts is largely impossible without external support and mediation of the EU. Due to their negative impact on the economy the conflicts and political disputes impede economic cooperation and political dialogue. Therefore the EU was very much interested in overcoming the negative tendencies in policy of the EaP partners.

One of the biggest obstacle to intraregional cooperation are looming interstate or local political or military conflicts. The open or frozen disagreement in the Eastern Europe and Southern Caucasus have been dominating political and economic scenes of that regions since the changes of the 1990. Some of the conflicts date back to the period of functioning the Soviet Union. However contribution to peaceful solution of the conflicts is a prerequisite to undertaking any further steps. The conflicts are continuing between Armenia and Azerbaijan over Nagorno Karabakh, Georgia and Russia over South Ossetia and Abkhazia. In turn, Ukraine and Moldova are enmeshed in internal conflicts where Russian plays a pivotal role. In all cases the problem arises from the ethnic, national and religious differences and the interference of external powers such as Russia, Turkey or Iran. Therefore cooperation between the rivalries is very much restricted or simply impossible due to political reason. The EU has not very much committed to the resolution of the conflicts despite its willingness for arbitration and conciliation.

In case of the conflict between Armenia and Azerbaijan over the Nagorno Karabakh both countries were called to enhance diplomatic efforts and intensified bilateral dialogue. Unfortunately not much so far has been achieved while in the first half of 2016 the situation exacerbated substantially. It proofs again that the ENP has not brought enough incentives for the partners to overcome the crisis. The EU is again criticized for

the inconsistent policy and the lack of bargaining power in the region. The Western Europeans were blamed for an insufficient use of their economic and political power by using the principle of stronger conditionality.

Because of the ongoing conflict over Nagorno Karabakh there is no mutual cooperation in the region of Southern Caucasus. All partners prefer cooperation with a much powerful neighbor such as Russia or the EU than collaboration with each other. For instance Armenia continues its strategic partnership with Russia which is its key trading partner and the deliverer of vital supplies of energy. Moscow is also principal source of Armenian security, providing much needed military equipment and support (German, 2012, pp. 149–176). Armenia's other significant partner in the region of Southern Caucasus is Iran. The two countries develop economic ties, in particular in the energy sphere. Armenia is under economic embargo of Azerbaijan, but it maintains close economic and security relations with Georgia. Tbilisi has in turn good relations with Armenia (Babayan, 2012, p. 49), therefore it can mean that Georgia is seeking to play a catalyzing role in the region having good relations both with Armenia and Azerbaijan.

In case of Moldova the most important problem is to resolve the frozen conflict in Transnistria. A peaceful settlement between the Republic of Moldova and territory of Transnistria is of utmost importance for socio-economic development of the country and for improving good relations with neighboring states. The conflict is situated in a broader geopolitical bargaining process involving Russia, the EU with special interest of Romania and Ukraine. The latter participates in international negotiations on the status of Transnistria inside Moldova alongside with Russia and the OSCE. Moreover Kyiv holds peacekeeping troops in the secessionist area.

The role of Ukraine in the conflict is ambiguous. On the one hand it seems that the settlement of the crisis is beneficial because it can contribute to improving regional stability and Ukraine's long-term European and Euro-Atlantic aspirations. Additionally Ukrainian's government is not interested in having Russian troops on its border any longer. On the other hand serious interest groups in Ukraine benefit from smuggling, trafficking and export of arms passing mainly through Ukrainian land and sea borders. That kind of cooperation was also profitable for the survival of

Transnistria specially after the new Moldovan customs treaty in 2001 was introduced and Ukraine did not stop accepting exports from Transnistria (Popescu, 2005, p. 25).

Major obstacle to Ukrainian recover is its conflict with Russia. It has weakened Ukrainian economy and prevented from developing cooperation with its neighbors. Ukraine is currently a long way away from stability after an annexation of a portion of its territory by its powerful neighbor and a perpetual internal political turmoil. In these circumstance there is difficult to develop sound and long-term cooperation with its neighbors. Southern Ukraine is still facing the threat of Russian military intervention and the central government does not have sufficient support from political parties and Ukrainian society. Key attention is paid to quick economic recovery with strong assistance of EU's institutions and programs.

The frozen conflicts in the area of EaP have confirmed that Eastern Europe and Southern Caucasus remain a volatile area despite a number of institutional framework for cooperation provided by the EU. An instability stretching from the Caucasus to Transnistria has not disappeared. The continuing conflicts in Georgia (South Ossetia and Abkhazia), Azerbaijan and Armenia (over Nagorno-Karabakh region), as well as Moldova over Transnistria make the current situation under the ENP framework even more fragile (Jankowski, 2014). In all above mentioned cases Russia plays a pivotal role of revisionist power by precluding the EaP partners from strengthening their ties with the EU.

CHALLENGES OF COOPERATION

The individual Action Plans (AP) signed by the partners of the EaP with the EU include provisions of regional cooperation (EEAS, 2016). However whilst each of the document contains the strengthening of the regional cooperation as a priority area, each of the partner country presents different approach towards the idea of a 'region'. Armenia is focused on cooperation between the three South Caucasus states, plus Russia and Iran. For Georgia the area of cooperation was extended to the Black Sea region with special attention to the relations with Russia and Turkey.

Azerbaijan has declared to include in the area of its cooperation both the Black and Caspian Sea regions (German, 2012, p. 145). Moldova announced its commitment to develop cooperation with South-East Europe. Special attention was paid to continue cooperation with the EU, Russia and Ukraine (EU–Moldova Action Plan, 2004). Ukraine declared in its AP to strengthen cooperation on regional issues such as settlement of Transnistria territory and problems in the Black Sea region, including the Southern Caucasus (EU–Ukraine Action Plan, 2008). Finally Belarus announced to participate in a number of cross-border cooperation projects funded by the EU included Poland, Ukraine, Latvia and Lithuania (Belarus–EU, 2016). Minsk is interested in participating in those regional projects which involves substantial EU funds except the programs entails any political burdens.

The Eastern Partnership initiative encompass the partners which are combined by common post-soviet historical legacy. Their communist heritage can both unite and divide. Therefore the state of cooperation among the EaP countries is unclear and full of paradoxes. All partner countries are bound by common history and close political, economic and cultural connections enforced by the former Soviet Union, which on the one hand may serve as a foundation for collaboration, but on the other restrain this cooperation. It depends on new political approach and the bargaining power of forces involved in cooperation. However it is more difficult because the Eastern Europe and the Southern Caucasus have lacked cooperation in certain areas like economic and at the beginning of their statehood they have been marred by intraregional and interstate conflicts.

Despite a number of institutional efforts and declared political will the current cooperation status of the EaP partners is vague and insufficient. It seems that the partner countries are much more divided and conflicted than ever before. The reason is twofold. First, it is the unresolved status of ethnic and national minorities with central government which resulted in conflicts and recurring political crisis. Second, there is a vast majority of actors involved in the process which may both develop or impede intraregional relations. Other than internal or local actors there are external entities such as the EU, Russia or Turkey whose contradictory interests and different positions affect directly the policy of the partner countries.

OPPORTUNITIES OF COOPERATION

The EU has established several cross-border programs that incorporate the countries from the Eastern dimension of the ENP. Most of the actions presented below have been launched by 2014. The priority areas for bilateral and multilateral cooperation are: (1) energy, (2) border management, (3) transport and (4) environment. Thanks to the overwhelming financial support of the EU some progress has also been achieved in educational cooperation.

Ad. 1. In energy sector the EU has launched in 2009 the Eastern Europe Energy Efficiency and Environment Partnership (E5P), which was first addressed to Ukraine and next extended in 2013 to Moldova, Georgia, Armenia. The aim is to unite the Eastern Partnership countries, European Commission and other bilateral donors in the region to coordinate and accelerate the implementation of energy efficiency and environmental projects. Moreover some progress was achieved within the specialized programs such as the INOGATE and the 'Covenant of Mayors' initiative targeted municipal level to better energy efficiency in Eastern partner countries. Regular dialogue on energy is taken at the foreign ministers plenary sessions that were held in Baku in 2014 and Riga in 2015.

Ad 2. In border management area the EU has initiated the support program for territorial cooperation to improve capacity building, communication and awareness-raising activities in all the EaP partners. The programme aims to promote cross-border cooperation between border regions of the EaP partner countries. It seeks to boost the capacity of local and regional actors in the bordering regions of partner countries that would help them implement cross-border initiatives without the involvement of EU member states. In practice the partner countries obtain technical assistance to develop the capacity of state and non-state actors (Panorama, 2013, p. 66). The objective is to lay a foundation for territorial cooperation programs established at 4 borders: between the Ukraine and Belarus, Ukraine and Moldova, Georgia and Armenia, Georgia and Azerbaijan. The participation on the programs is open for local, regional and national authorities as well as for NGOs.

As a significant aspect of EU-led regional cooperation and good neighborly relations the EU has funded in 2007 a South Caucasus Integrated Border Management Program that included the partner states from the region. Its aim is to help the partners to boost their security and facilitate the cross-border movement of people and goods. Similar initiative has been established separately for Ukraine and Moldova. A capacity building projects under the integrated border management program are focused on specialized training and the fight against corruption, and human rights aspects.

Ad. 3. As far as transport is concerned the EU has launched the regional transport cooperation platform which is focused on rail and road priority projects, but also it includes the improvement of motorways of the sea, hinterland connections, logistics centers and the safety and security of maritime and aviation transport. The partners have committed to implement decisions taken at the Eastern European transport ministers meeting, which focused on including inland waterways in the transport network, but also dealt with EU road safety policy, including the adoption of the roadworthiness package. Two regional projects on road safety were launched in January 2014, supporting countries on road design, awareness campaigns and enforcement of legislation (EC, 2015a).

Ad. 4. Under the environment and climate change panel cooperation is pursuing via the flagship program “Towards a Shared Environmental Information System Programme (SEIS) in the ENPI Region”, as well under the other regional and local programs. They are aimed at improving the quality, timeliness and availability of environmental information and to set up an environmental information system in line with the EU’s shared environmental information system. There was also established a number of specialized programs on nature protection sites (the Emerald Network), on forest law enforcement (FLEG), on obsolete pesticide and other hazardous waste (EC, 2015a). One of the tangible achievement in the environmental area was conclusion of the regional program on Air Quality Governance, which provided further assistance on pollution prevention permits (EC, 2015a). Moreover in all 6 EaP countries there were introduced a disaster risk assessments based on the EU risk assessment methodology. The results of the operation were presented as an electronic risk

atlas and are available at national, sub-regional and regional level. The activities bring the partner countries progressively closer to the EU civil protection mechanism and contribute to the enforcement of regional cooperation in that field. The disaster risk protection started in Belarus, Georgia and in the South Caucasus countries.

Good results have been achieved in the area of education. There were initiated various international programs on higher education, young people, culture and research. For the purpose of development of regional cooperation substantial progress was made in the initiative of regional Torino Process. All 6 EaP countries have an opportunity to share their achievements in the field of vocational education and training, identified areas for potential regional cooperation. In order to develop research and innovation network the EU has given an open access for researchers and innovators from EaP under the “Horizon 2020”. The willingness to join the program was declared by Moldova, Ukraine, Georgia and Armenia.

The above mentioned join actions are only some examples of intraregional cooperation. Other than establishing of vast institutional framework it is hard to assess the results for the EaP partners. First it is too early to examine real economic benefits and second most of them did not match high expectation of the partner countries even if they have been succeeded.

SUMMARY

The ENP has hardly committed to boost intraregional cooperation among Eastern partners. Most institutional and economic efforts taken by the EU and its members have not brought expected results. An increase of nationalist sentiments in most ENP partners, military conflict at the Eastern border of Ukraine, the escalation of hostile and military operations between Azerbaijan and Armenia in Nagorno-Karabakh are the most evident example of the EU’s failure. It was not repeated a success of the EU’ impact on Central and Eastern Europe and the Western Balkans. The EU’s strategy relied on political dialogue and economic assistance has not been sufficient incentive to change. Admittedly there were some area

of cooperation within the framework of the EU-led programs but the escalation of military conflicts and ongoing political tensions between the EaP states have dwarfed the symptoms of cooperation.

The potential was large but it has ended on declarations. The reason is twofold.

First it lies in the ENP concept as such which has not offered the perspective of the EU's membership, but a 'privileged relationship' with the aim of sharing the Union's stability and prosperity. The vague offer has discouraged the partners to take strong efforts on improving their neighboring relations, in particular in a situation when a conflict is a good motive for internal political use. In reality more advanced partner countries (such as Ukraine and Georgia) got uncertain political and economic benefits and those with poor transformation achievements such as Belarus and Azerbaijan encountered inconsistent objectives.

Second, internal situation in the ENP partner countries restrains greater and deeper cooperation among the partners. Democracy and rule of law have not been any improved and authoritarian regimes have remained mostly unchanged. Vast majority of the partner countries have hardly undertaken any political and social reforms. Therefore it is argued that the current position of the UE towards the Eastern partners risks living the current conflicts unresolved with little chance to enhance any regional cooperation. In turn the EU's lack of consistent engagement would lead to maintain current state of stagnation which can be used by other international actors opposed to the UE. Thereupon the ENP's plan on advancement of the regional cooperation is doomed to failure.

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