

THE WIDER EUROPE MATRIX

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MICHAEL EMERSON

**PREFACE
BY
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**CENTRE FOR EUROPEAN POLICY STUDIES
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Contents

Preface by <i>Günter Verheugen</i>	i
1. Summary and Conclusions	1
2. Five Arguments for the Wider Europe	14
3. The Wider Europe Matrix	20
3.1 Variable geometry	20
3.2 The geographical vector	24
3.2.1 The Wider Europe	25
3.2.2 The Greater Middle East	29
3.3 The policy vector	30
3.3.1 Political and human dimensions	31
<i>Human rights and democracy</i>	31
<i>Education, culture and research</i>	32
3.3.2 Economic dimension	33
<i>European Economic Area</i>	33
<i>Euro and monetary regimes</i>	38
<i>Transport networks</i>	40
<i>Energy</i>	40
<i>Environment</i>	42
<i>Economic aid</i>	43
3.3.3 Justice and home affairs	44
3.3.4 Foreign and security policies	47
4. Systemic and Strategic Aspects	50
4.1 The Wider Europe	50
4.1.1 Common European House	50
4.1.2 Regional sub-structures	55
4.1.3 Systems for the extreme diversity of Wider Europe	56
<i>The elephant and the bear</i>	57
<i>The violently disordered small states and entities</i>	58
<i>The well-ordered small states and entities</i>	62
<i>Neighbourhood agreements</i>	64
4.2 The Greater Middle East	65
4.2.1 Objectives, principles and methods	65
4.2.2 Partnership and region-building	75
5. The Final Frontiers of Europe?	82

References	85
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Annexes

A. States of the Wider Europe and its Neighbourhood.....	88
B. Aid commitments of the European Union, 1995–2002	91
C. <i>A Secure Europe in a Better World, European Security Strategy</i> , submitted by Javier Solana to the European Council 11–12 December 2003.....	93
D. Selected articles of the draft Constitution relating to membership of the European Union, the immediate environment, and associated countries and territories	104
E. Joint Statement of the 12 th EU-Russia Summit, Rome, 6 November 2003.....	107
F. Serbia in Europe, by Jelena Radovanovic.....	114

List of Figures

1. Mapping the Wider Europe and its Neighbourhood	16
2. Model types for the organisation of a complex region	23
3. Average value of freedom scores in world regions, 1998–99	67

List of Tables

1. Simplified matrix of the Wider Europe and its neighbourhood.....	21
2. Summary statistics of the Wider Europe and the Greater Middle East, 2001 data	25
3. Average per capita aid receipts accumulated in 1995–2002	43
4. Attitudes towards religion, politics & democracy in 11 Muslim countries..	68
5. Opinions of the United States in the Middle East, 2003 post-Iraq war	71

List of Boxes

1. Three common European policy ‘dimensions’ and seven ‘spaces’	31
2. Ukraine between a rock and a hard place	36
3. Taxonomy of solutions to ethno-secessionist conflicts.....	59
4. On protectorates, association, integration and annexation	61
5. Possible mechanisms for partial participation in EU institutions by associated states and territories	63
6. Arab and Islamic initiatives	76

Preface

by
Günter Verheugen*

The European Union's new Neighbourhood Policy – the Wider Europe initiative – is growing into a major policy priority. There are two main reasons for this development.

- First, as the ongoing enlargement with ten new member states is approaching its successful conclusion, we are committed to preventing new dividing lines from being drawn in our continent. Enlargement will benefit not only acceding and incumbent member states, but also our neighbours. Yet, enlargement may also give rise to some challenges that we must jointly address. Our new neighbourhood policy aims at maximising benefits and overcoming possible problems.
- Second, with enlargement, the area of stability and prosperity in Europe expands substantially. Nevertheless, this area can only be sustainable if it also extends to our neighbourhood. Achieving such an extension is crucial to EU interests. This is the idea behind our concept of a 'ring of friends', based on shared values and common interests.

Our neighbourhood policy goes beyond the horizon of the ongoing enlargement. An enlarged European Union must be capable of speaking with one voice and acting coherently and efficiently in the world. A comprehensive neighbourhood policy is an important element of this project and will be reflected in the European Union's Constitutional Treaty. This policy is distinct from the issue of possible further enlargement and concerns those of our neighbours for which enlargement is not currently on the agenda. It will of course take fully into account differences among them. And it will be based on joint ownership of the process.

The European Neighbourhood initiative is both ambitious and realistic. It offers our neighbours advanced forms of cooperation, including a stake in the Union's internal market as a long-term objective and support in promoting political and economic reform. It does not close any doors to countries with European ambitions; but it also aims at superseding a foreign policy concept based on the sole incentive of successive accessions.

The European Neighbourhood Policy is no longer at its nascent stage. The Commission has produced two Communications that have been broadly

* Member of the European Commission.

endorsed by the Council and the Parliament. Partner countries have responded positively. We are at present preparing the first Action Plans to be adopted next year, together with country reports and a strategy paper. Considerable work is underway for improving cross-border cooperation along the enlarged Union's external borders. These activities do not mean that we have solved all problems: a number of issues need to be further explored and our new policy will have to meet the test of its implementation.

The contribution of think-tanks to the elaboration of the European Neighbourhood concept has been very substantial. Numerous papers, studies and seminars have stimulated the thinking of the Commission, and, I am sure, of the other institutions and member states as well. We very much welcome these contributions, which will also be needed during the next stages of this exercise.

The present CEPS book by Michael Emerson is a timely, comprehensive, thoughtful and forward-looking piece of work, which I very much enjoyed. It is based on a thorough knowledge of the issue in all its dimensions – geographic, sectoral and institutional. It has the merit of attempting a strategic overview, over an extensive time horizon, without the multitude of constraints inherent to similar exercises originating from more official sources.

The book certainly provides food for thought to us in the Commission. On a number of issues, we are on the same wavelength, not least on the importance we attribute to the European Neighbourhood Policy. There are also some points on which I would be more sceptical: for instance, the study goes arguably too far in proposing an extension of the Neighbourhood Policy to cover countries as distant as Afghanistan and in the Persian Gulf region, or in suggesting participation of our partners in many EU institutions. Our strategy for further enlargement and Europe's neighbourhood must always be compatible and supportive of a European project that aims at a Union that is stronger in the pursuit of its essential objectives. In my view, this dimension would probably need further highlighting in the study.

December 2003
Brussels

Chapter 1

Summary and Conclusions

With the enlargement of the EU from 15 to 25, the new Wider Europe debate – interpreted in the broad sense as in this book – rises high up on the EU agenda, complementing the draft Constitutional Treaty prepared by the European Convention. Together they are defining what the EU is to become. The Convention is defining the EU from the inside. The Wider Europe debate is seeking to define it by reference to its outer edges and wider neighbourhood. This discourse all connects with the widely discussed question about the ‘final frontiers of Europe’, whether or not there is to be any final answer. At any event, the generally recognised objective is to try to find a formula for the enlargement of the EU that will not result in new and dangerous divisions of the continent, or between the EU and its wider neighbourhood.

In March 2003, the European Commission published its first policy Communication on the subject.¹ This has been followed by two documents on European security strategy submitted to the European Council in June and December 2003 by High Representative for Common Foreign and Security Policy Javier Solana,² the optique of which is different, but whose content overlaps with the Wider Europe. In response, the European Parliament adopted a report in November 2003, taking a more systematic and comprehensive view than the Commission document.³ These texts may be viewed as ‘White’ or ‘Green’ Papers of the EU institutions. They are important references, yet highly preliminary and incomplete. The present document sketches a more structured policy framework and makes proposals for how this could be further developed.

¹ European Commission (2003a), *Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*, COM(2003) 104 final, 11 March.

² See J. Solana (2003), *A Secure Europe in a Better World, European Security Strategy*, submitted to the European Council, Brussels, 11–12 December, included here as Annex C; see also J. Solana (2003), *A Secure Europe in a Better World*, the draft document submitted to the European Council, Thessaloniki, 19–21 June.

³ European Parliament (2003), *Report on Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*, Rapporteur: Pasqualina Napolitano, final, A5-0378/2003, 5 November.

Primary concepts

It is argued here that there is a need for clearer conceptualisation of this debate. Two distinct terms are being used: ‘Wider Europe’ and ‘Neighbourhood’. The Commission’s paper has confused the two in its title.

‘Wider Europe’ could be reserved for the well-identified space of Council of Europe membership. Without controversy, this is Europe, and all its peoples have a degree of identification with its values, history and cultures. Even the most disorderly and distant parts of the Wider Europe, for example the South Caucasus, have European aspirations. At the level of territorial coverage, Wider Europe policy should ideally embrace all the different categories of states and entities of Europe not already acceding to the EU or engaged in accession negotiations, since otherwise there will be problems owing to the lack of coherence. In particular, the Commission’s proposed exclusion of the Caucasus from the Wider Europe would need to be corrected, which the Solana papers hint at already.

Wider Europe is the space in which ‘Europeanisation’ can be said to be the general objective, without overtones of cultural imperialism. Europe belongs to all these peoples. ‘Europeanisation’ has become a special form of modernisation for the formerly communist and fascist dictatorships, as well as the still weak states of Europe. It is a process that all Europeans may consider that they own and with which they can identify. The distinction is made between accession to EU membership (as a formal legal and political act) and Europeanisation as a wider process of political, economic and societal transformation. The ideology of Europeanisation appears to be democratic, liberal (of a social-democratic colour), non-hegemonic, multinational, multi-cultural, inclusive and integrative.

Europeanisation, as the driving force of the Wider Europe idea, may be seen as working through three kinds of mechanisms:⁴

- precise legal obligations coming from preparing for accession to the EU;
- objective changes in economic structures and the interests of individuals as a result of integration with Europe; and
- subjective changes in the beliefs, expectations and identity of the individual (regional/ethnic, national, European), feeding into the political will to adopt European norms.

⁴ For a summary of the literature, see G. Noutcheva (2003), “Europeanisation and Conflict Resolution”, *CEPS Europa South-East Monitor*, Issue No. 49, October (retrievable at www.ceps.be). For a more detailed presentation of the concepts and application to southern Europe, see K. Featherstone and G. Kazamias (eds) (2001), *Europeanisation and the Southern Periphery*, London: Frank Cass.

Europe's neighbourhood goes wider. To the south and south-east it embraces first of all the Mediterranean states of the Maghreb and the Mashrek, which are already subjects of the heavily structured Barcelona Process. These states are linked to the rest of the Middle East, including the Persian Gulf states, and link on to Afghanistan. Europe's neighbourhood extends to the east to Russia's neighbours of the former Soviet Union in Central Asia, as now represented politically by the membership map of the Organisation for Security and Cooperation in Europe (OSCE). This belt of territory and peoples may be called the Greater Middle East.

From North Africa to Central Asia is the Muslim world (with the singular exception of Israel), which today has become Europe's main source of security threats, linking the hazards of terrorism, trafficking, illegal immigration, weapons of mass destruction, and cultural and ideological confrontations. Westerners recommend variants of their liberal democratic model to this vast region. But neither the West – the US and Europe – nor the countries of this region themselves have clear ideas of how these non-democratic regimes may be reformed or perhaps transformed. The sensitivity to cultural imperialism is so acute that it connects with the discourse of the Islamic fundamentalist hyper-terrorist.

Although the United States is becoming less of an external actor in the Wider Europe as the EU widens and deepens, it remains the leading external actor in much of the Greater Middle East. The issue of coherence and coordination between EU and US policies is crucial for the Greater Middle East, especially in view of the divergences of ideology recently on display between Washington's neo-conservative elements and most Europeans.

Thus more precise and logical terminology for the Wider Europe debate may be to say that the 'Wider Europe' is indeed Europe (of the Council of Europe map), whereas its wider neighbourhood consists of the 'Greater Middle East'. North America may be viewed as part of Europe's neighbourhood too, but in the present context, this mainly concerns the US as an actor in the Greater Middle East.

Yet these two vast geo-political regions should not be rigidly segmented by EU policy. Some countries of the southern and eastern Mediterranean in particular may be willing and able to associate closely with European values in due course. Although the Commission's first document of March was too superficial and sweeping in stating that all the Mediterranean countries of the Barcelona Process should simply be part of the Wider Europe initiative, it should not go to the other extreme either, with a message of ethno-cultural discrimination. The Commission now intends to prepare Action Plans under the label of the Wider Europe for Morocco, Tunisia and Jordan. If other such countries of the Mediterranean want to make a serious commitment to

European values, the Council of Europe could open its door to associate membership for them, and maybe in due course full membership. Israel and the future Palestinian state could be candidates after resolution of the conflict (before which Israeli democracy would hardly qualify).

Five arguments driving a Wider Europe strategy

First, for the continent of Europe, Europeanisation is an *idealistic argument*, since security threats from within this Wider Europe are now much reduced and the ideology of Europe is relatively settled. Second, for the Greater Middle East, matters of ideology are not settled and for the West the *realist argument* is to limit security threats, which means that the EU and the US have to try to work together there. These distinctions, both territorial and ideological, are of course only approximate, and there are fuzzy borders between the continents in places (and to some degree ideology has universal foundations). Nevertheless the distinction between these first two arguments – the idealist and the realist – is categorical and has crucial policy implications.

Third, there is an *efficiency argument* that searches for the most effective organisation of policy spaces in a complex continental region, and the optimal distribution of jurisdictions and powers by level of government in multi-tier settings. For some policies or economic networks and infrastructures, geography will be a dominant factor, such as river basins or seas. But for other policies political commonalities are far more important. There is also a search for the most efficient blend of multilateral structures and bilateral relations.

Fourth, there is a *circumstantial argument* alongside these three timeless views. The current huge expansion of the EU to 25 member states is going to take years to digest institutionally. Yet there is already a list of further potential candidates. Although the prospect of EU accession is the strongest incentive for Europeanisation, the EU's Wider Europe policy seeks to extend this influence as far as possible without making additional commitments for new full members, at least for the time being.

Fifth, there is the *comparative advantage argument*. The EU's still fragile and incomplete foreign policy system underlines the need for the EU to make a credible job of what it can do best in the broad field of external relations. This means the Europeanisation of its neighbourhood in the first place, more than global power projection. Wider Europe policy may be a key to resuming progress towards common foreign, security and defence policies after the devastating split caused by the Iraq war.

Images of variable geometry

Since Wider Europe policy is going to be highly complex in practice, it needs some simplifying images (see chapter 2, Figure 2).

Dominating powers (or hegemonies), be they global or regional, naturally tend towards *hub-and-spoke* systems. Yet each bilateral relationship between hub-and-spoke may be broken down into its various policy dimensions and sectors, which is certainly relevant for the specific case of the EU and its neighbours. This idea suggests a *matrix*. In practice, for the EU and the Wider Europe one can identify numerous states or entities of the Wider Europe and the Greater Middle East in the geographical aspect beyond the EU of 25 member states. The EU25 of 450 million citizens represents only a little over half of the population of the Wider Europe (of the Council of Europe map), but about 90% of its national income. The Greater Middle East adds almost 400 million more in population, but only another 10% in national income (see chapter 2, Table 2).

Regarding the policy aspect, seven major policy spaces are identified below. The huge number of cells in the matrix (see chapter 2, Table 1) is more than can receive individualised attention. In order to simplify the system there has to be recourse to multilateral relations between the EU and groups of neighbours, for which the image of *concentric circles* is often referred to. In practice, however, the system becomes a blend of bilateral and multilateral features, for which the *cobweb* image serves better.

Yet even this subtler image encounters a further complication when there is more than one hub, with overlapping spokes and cobwebs. The EU, the US and Russia are all hubs for parts of the Wider Europe or the Greater Middle East. The very idea of overlapping cobwebs becomes so complicated that such systems are unlikely to be sustainable in practice. Either one hub dominates or the hubs coordinate. This latter case suggests the *Rubik cube* image, which adds a third dimension to the matrix. Solutions to potential discord among the leading actors are possible but of course difficult to organise.

These images lead on to the substance. The Wider Europe may tend towards a cobweb system around the EU. But for the Greater Middle East either the US, the EU and Russia will be able to work out cooperative Rubik cube solutions or the international system will be chaotic, or the influence of the lesser hubs will turn out to be of only a secondary or token nature. The *matrix* turns out to be the main image, since the EU's task of strategic policy definition and planning must be to devise a graduated yet coherent set of policies for the many partner states of the Wider Europe.

Common European spaces

Although Wider Europe policy can be approached from either the bilateral or thematic sides of the matrix, here the thematic approach is preferred as the place to start. There are already lively but rather chaotic discussions underway about *common European policy spaces*, which take place mainly in the bilateral dialogue between the two European hubs – the EU and Russia. This debate deserves to become more open and inclusive. One may start with the three large ‘dimensions’, following the OSCE and the Stability Pact for South-East Europe – political, economic and security. But these may best be broken down into seven main policy spaces to be more tractable in operational terms. Here the several spaces adopted in EU-Russian discussions are retained, completed by two additional and highly important spaces (democracy and human rights, and macroeconomic and monetary affairs). Each space is identified and commented upon very briefly below.

A. Political and human dimension

- *A European space of democracy and human rights.* Here the Council of Europe is well-placed to work alongside the EU as a key partner in the Wider Europe. Priority should be given to the least-ordered states of the Council of Europe.
- *A European space of education, culture and research.* EU programmes are rightly being opened to the Wider Europe. There should be no conditionality beyond quality, given that these investments are looking decades ahead.

B. Economic dimension

- *A European Economic Area (EEA) for trade and market regulations.* The EU should propose an open-ended multilateral Pan-European Free Trade Area (PEFTA) and develop a modular approach for the progressive inclusion of the Wider Europe states in the EU single market, with a restructuring of existing EEA and European Free Trade Area (EFTA) institutions.
- *A European macroeconomic and monetary area.* The EU’s official documents have continued to ignore the inevitable extension of the euro into the Wider Europe. Its doctrine is excessively restrictive even in the conditions for the newly acceding states, whereas for non-acceding states and entities, the policy line needs to be more open and reasoned (some micro-states and sub-state entities are already fully euroised).
- *A European infrastructure and network area.* Pan-European networks in transport, energy (oil and gas pipelines and electricity grids) and

telecommunications are being developed with financial support from the EU, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), for which the overriding condition should be the economic efficiency of the network as a whole.

C. Security dimension

- *A common space of freedom, security and justice.* The EU can offer powerful incentives to the individual states of the Wider Europe, by exchanging increases in the freedom of movement of persons (visas and immigration) for improved border controls, and domestic law and order. For this exchange, the EU needs to clearly establish its benchmark standards for successive stages, first for visa-free status, and so on to Schengen standards.
- *A space of cooperation in the field of external security.* EU instruments of security and defence policy are developing and can support the Europeanisation process in the still unstable parts of the Wider Europe.

There should be a comprehensive series of *Green* or *White Papers* for the Wider Europe, one each for the seven common European policy spaces, with further papers on a) institutional issues including association arrangements, b) regional organisations and structures and c) economic aid and its conditionality. The Action Plans for individual states of the Wider Europe could then be structured along the lines of the common European policy spaces, reviewing opportunities and performance under each heading. The Action Plans should also review institutional issues in the light of possible new categories of association arrangements for states, countries and territories.

The total of ten White or Green Papers may seem a lot, but the figure should not be surprising. The subject matter is extremely complex if a comprehensive list of common European policy spaces is to be pursued seriously. More precisely, one could imagine separate Green Papers being prepared by each of the concerned directorates general of the Commission according to common guidelines, to be submitted for debate with partner states of the Wider Europe as well as EU member states. The Commission would then draw up an overarching Wider Europe White Paper.

Economic aid from the EU is granted on the basis of an exceedingly complex set of differentiated rules and regulations for aid to states of different groups. These should be made more user-friendly for the context of the Wider Europe, notably for projects in overlapping neighbouring states that fall into different political categories. In July 2003, the Commission published a second Communication with proposals moving in this direction, which also

proposes a New Neighbourhood Instrument post-2006.⁵ The conditionality question needs systematic consideration. Aid allocations should be partly conditional on policies of the partner government, but there should be important exceptions for long-term investments whose time horizons extend way beyond political terms of office, as for example in education programmes and pan-European network infrastructures.

The working out of the Green or White Papers policies, and then their application to the bilateral Action Plans, corresponds to working out the *Wider Europe matrix*, which becomes the main image. Coherence across the matrix is necessary, but this is not the same as multilateralism. The matrix would define the EU's policy set.

The Wider Europe and conflict resolution

The Wider Europe policy framework should reach out to the most disorderly zones of the European periphery, especially to South-East Europe, from the Balkans to the Caucasus. The EU is uniquely well-placed to introduce a quasi-constitutional element, and indeed vision, to aid resolution of the ethno-secessionist conflicts that erupted with the collapse of the Soviet Union and the disintegration of Yugoslavia. A systemic view of the possibilities is set out in Box 3, chapter 4, which distinguishes three or four multi-tier governance systems (sub-state, state, region, EU supranational or multilateral, with a wider coalition of external powers and organisations). An overarching EU tier of governance in particular may be decisive in stabilising states and entities of the Wider Europe that are conflict-prone or weak, in some cases holding together fragile federative structures. Such solutions should be considered a normal part of the constitutional system in ethnically complex regions, for both advanced and peaceful societies (e.g. Belgium) as well as those that unfortunately succumb to civil war before being able to return to peace and reconciliation. Variants on this three- or four-tier model have been proposed (and almost accepted in 2003) for Cyprus. The new (still fragile) Union of Serbia and Montenegro may be interpreted in this light too.

Institutions and organisations

The Wider Europe needs an adequate, multilateral institutional structure, whose design is primarily the responsibility of the European Union. The *European Conference* may be usefully retained as a standing forum for dialogue on the Wider Europe agenda and more meaningfully renamed the

⁵ European Commission (2003b), *Paving the Way for a New Neighbourhood Instrument*, COM(2003) 393 final, 1 July.

Pan-European Conference. But this very thin, ad hoc arrangement should be reformed to be more effective. It should be opened to all the member states of the Council of Europe and to a degree linked to this organisation, with which the EU is increasingly developing practical cooperation already. Coordination arrangements with the other relevant multilateral organisations could also be structured within the framework of the Pan-European Conference.

Regional structures should be supported where they have both a geographical rationale and political value. The Baltic, Barents and Mediterranean Seas have seen the development of substantial regional structures, as is also the case for South-East Europe. The ‘Northern Dimension’, covering north-west Europe, has been promoted by Finland as a concept of regional cooperation that embraces the idea of a northern identity as well as technical cooperation. The Black Sea region (and the Black Sea Economic Cooperation – the BSEC organisation) is the main instance of neglect by the EU, a situation that may correct itself given that EU candidate states now account for half of its coastline and there are significant policy interests in the area (energy supplies, security and conflict resolution).

The key *EU-Russia strategic partnership* develops in steps decided at their half-yearly summits, promoting ideas for several of the common European policy space concepts. But the substance and depth of the relationship are not yet impressive and it appears at times more like an irreconcilable partnership. The EU hopes to see the Europeanisation of Russia, but looks for this without offering either the prospect of EU membership or the incentive of joint leadership of the Wider Europe. Russia hopes to re-establish its sway over its near abroad and extend its influence in Europe at large, without having to fully embrace European political or human rights norms. The EU can accept having to deal with Russia in a bilateral mode, without restraining its interests in offering incentives for the Europeanisation of any European state or in developing its comprehensive set of Wider Europe policies. If Russia is not willing or able for some years to join in a genuinely democratic, multilateral Common European House, the EU has to go ahead with its matrix.

For the rest of the Wider Europe the EU should take a fresh look at its complicated array of *association arrangements*, which presently include Association Agreements with states, overseas countries (i.e. not states) and territories, and with other entities in Europe that have close relationships with EU member states. These arrangements, themselves needing clearer classification in legal and political terms, should be opened up to serve the needs of various sub-state entities, as well as Europe’s advanced micro-states and entities. One can conceive of ways of including associated states partially into the EU institutional system, to the point where the most

advanced states may become virtual member states. Participatory arrangements could in principle be devised for all the institutions. The only red line that cannot be crossed before acceding to full membership status would seem to be holding a voting seat at the table of the Council of Ministers (one may also add having a member of the European Commission, if all member states are to continue to be represented in future).

The Commission has proposed a new category of ‘Neighbourhood Agreements’, to be preceded by Action Plans. The Convention has proposed agreements that would ‘develop special relationship(s) with neighbouring states’. The Commission makes ‘full implementation’ of existing agreements a precondition for any new development, but this is so vague as to be virtually meaningless and is certainly devoid of any incentive effect at this stage. This ‘full implementation’ condition should also be dropped, since the Partnership and Cooperation Agreements for the Commonwealth of Independent States (CIS) states (for example) have in any case become increasingly obsolete, as the EU’s own policies have developed and the states in question become increasingly differentiated.

The *Action Plans* should not just focus on what the states of the Wider Europe should do to conform better to EU norms, as if the process were just a weaker version of the regular reports produced for accession candidates, for which the reference is complete adoption of the *acquis*. The EU itself has to propose standards and priorities for the common European policy spaces adapted to the level of development and economic structures of the diverse set of neighbouring states. These then have to be translated into operational policy commitments and attached to clear incentives.

The Greater Middle East

Even before the Iraq war there was a growing movement of ideas among Arab scholars in favour of the region’s progressive democratisation as a key to modernisation and development. The UNDP report published in 2002, written by Arab scholars, provided a template document, with a focus on the three deficits – of freedom, women’s empowerment and human capabilities and knowledge.⁶

Faced with the issue of how to respond, various models of Western policy may be identified:

- *Model 1. Acquiescence*, with priority given to regime stability, even when the regime is authoritarian and repressive. But time has run out for Model 1.

⁶ United Nations Development Programme (UNDP) (2002), *Arab Human Development Report*, UN, New York.

- *Model 2. Passive engagement*, with political dialogue over democratic values and human rights, but without significant pressures.
- *Model 3. Active engagement*, in a more holistic approach, calling for political, economic and human development in parallel.
- *Model 4. Aggressive engagement*, against objectionable regimes. This model includes sanctions but can bring in a wider arsenal of diplomatic measures.
- *Model 5. Forceful regime change*, meaning war in the extreme case or political pressures backed by credible threats of force.

The EU could plausibly recalibrate its Barcelona policy from Model 2 to Model 3 and may already be inclined to do so gradually.⁷ But it is in the nature of the partnership concept that this be done with the aid of incentives and not by force. The US, in the shadow of the war with Iraq is developing a Middle East Partnership Initiative, which is similar to the Barcelona Process in combining technical assistance (for education, business development and democratisation) with trade policy initiatives (bilateral free-trade agreements). The financing and trade flows on the US side remain small by comparison with the EU. US policies here are switching from Model 1 to Model 3, as clearly confirmed in a speech by President George W. Bush in November 2003; nonetheless the main action has been in the switch for Iraq from Model 4 to Model 5, with threats of the same for Iran. The EU has also implicitly shifted its position over Iran closer to the US position, in acknowledging the possible legitimacy of the use of force to stop the proliferation of weapons of mass destruction (moving to somewhere between Models 3 and 4).

The prospects for EU-US coherence at the strategic level are therefore not non-existent, yet they depend on two essential conditions: resolution of the Israeli-Palestinian conflict and the outcome of the Iraq war. For the US, these two theatres of operation seem to be linked through the need for the US to rescue the calamitous state of its public reputation in the Arab world, where its public opinion approval ratings have fallen to virtually zero in some cases. For the EU, the belated turn of attention by the US administration to the Israeli-Palestinian conflict with the aid of the Quartet's Roadmap to Middle East Peace was welcomed, although the process was itself deeply flawed and is now practically defunct. Nevertheless interest in a genuine peace plan has been revived with the unofficial Geneva Accord of 1 December 2003. As Israeli Prime Minister Ariel Sharon is dismissive towards this plan, it seems

⁷ This is being advocated by Commissioner Chris Patten in "Democracy Doesn't Flow from the Barrel of a Gun", *Foreign Policy*, September-October 2003.

that implementation has to wait until the arrival of a new government, replacing the current Sharon administration.

There is a risk now that conflict between the people and the occupying powers in Iraq degenerates to the point where this theatre of operation may assume the role played by the Israeli occupation of the Palestinian territories as a touchstone for Arab resentment towards the West. It may be that the US and its coalition partners will extricate themselves from Iraq once some kind of improvement on the Saddam Hussein regime has been established, possibly with the UN taking over responsibility for the transition to self-government. The EU itself can hardly determine the outcome directly. It can, however, continue a Middle East policy mainly in the sense identified above (Model 3), with a focus on both state-building and region-building. The EU has already signalled a partial convergence of its security strategy in the direction of the US over Iran, the Solana documents having acknowledged the possible use of force – on condition of multilateral legitimacy – to remove threats of weapons of mass destruction.

If there were some breakthrough over the Israeli-Palestinian conflict, the door would be open to renew the drive in favour of regional cooperation. Although the Barcelona Process embraces the whole Mediterranean basin, at a further stage the EU could foster deeper sub-regional cooperation with the Mashreq and Maghreb regions. It could offer the prospect of institutional developments that could be more jointly owned, correcting in some degree the highly asymmetric Barcelona Process, which has no organisation of its own and relies entirely on the institutions of the EU. The ideas of forming Euro-Mashreq and Euro-Maghreb communities can be sketched. The enlargement of the EU further into the Mediterranean with the accession of Cyprus and Malta opens new opportunities. The EU-Gulf Cooperation Council relationship also holds out prospects for further development. As and when decisive progress is made in the Middle East peace process, Israel should be offered advanced association possibilities (apparently, official discussions between Israel and the EU over possible accession to the European Economic Area have already begun).

This recalibration of the Barcelona Process, with the increasingly important Maghreb and Mashrek sub-regional components, could become the leading element of EU policy towards the Greater Middle East. But with no peace in the Middle East, this has to wait; in the meantime, it is quite logical that the EU extends its Wider Europe policy into the Mediterranean with bilateral Action Plans for those states of the region that it judges to be the most promising (Morocco, Tunisia and Jordan).

Summary

This book proposes recalibrating, clarifying and further developing the EU's initial policy ideas on the Wider Europe in the following directions:

- Distinguishing between the Wider Europe and the Greater Middle East.
- Identifying the Wider Europe more closely with the Council of Europe, using its membership map as a defining characteristic, which also establishes the basis of common norms of democracy and human rights.
- Adopting a comprehensive view of this continental Wider Europe, embracing all states and entities other than those that are already negotiating accession – which would include the weakest states and entities of the region, and thus the Caucasus – and signalling opportunities for Belarus in due course; initiating a 'Pan-European Conference' and reshaping the actual (very thin) 'European Conference'.
- Providing a systematic framework and incentives for the bilateral Action Plans proposed by the Commission, along with
 - developing the operational content of seven proposed common European policy spaces, for each of which the Commission should prepare a Green or White Paper; and
 - taking a fresh look at actual and conceivable categories of the institutional association of states and entities of the Wider Europe with the EU, to provide maximum incentives for the Europeanisation before or without full accession.
- Recalibrating the model of EU policies for the Barcelona Process and the Greater Middle East in a more holistic approach, with greater emphasis on democratic values and human rights alongside economic reform and human development, and seeking to re-establish an effective partnership with the US in this direction.
- Giving increasing focus to sub-regional formats in the Greater Middle East (Maghreb, Mashrek and Persian Gulf), with new possibilities for the Mashrek that would become plausible with progress on the peace process. In absence of such progress, the focus of the EU's Wider Europe policy turns to bilateral Action Plans for the most promising states of the region.

Chapter 2

Five Arguments for the Wider Europe

The debate on the Wider Europe in the EU initially grew out of the current enlargement process, which in any case calls for clarification of EU policy towards its new neighbours. This discourse led to the first Commission paper in March 2003⁸ and the literature that now develops.⁹

This debate, however, has connected with two other epochal events. The first is the work of the Future of Europe Convention to give stronger shape to the EU's external policies. The second has been the shock of the Iraqi crisis, which caused searing divisions within the EU and across the Atlantic, and raised at least two fundamental issues: the rules of war and the multilateral order, and the strategy of the West in dealing with multiple security threats coming from Europe's wider Islamic neighbourhood.

These linkages mean that the 'Wider Europe' concept extends to defining a large part of the EU's emerging foreign, security and defence policies. Although the Iraqi crisis initially left the EU with the impression of being hopelessly divided, signs have developed quite rapidly that the shock therapy is having a mobilising effect on the EU. The Convention's proposals for a more muscular external policy were supported at the Thessaloniki European Council meeting in June 2003, which endorsed an outline of a European security strategy proposed by Javier Solana. The strategy was later refined and endorsed by the European Council in Brussels in December 2003.¹⁰

The ongoing search in official EU circles to define the objectives of a Wider Europe policy is seen in the different expressions being used at the same time, for example 'Wider Europe', 'proximity', 'new neighbours' and 'neighbourhood'. 'Wider Europe' would ordinarily be understood to mean the rest of geographical Europe, going beyond the EU's full member states. 'Neighbourhood' can be a larger concept, ranging beyond geographical Europe to neighbouring non-European areas of particularly close concern.

⁸ European Commission (2003a), op. cit.

⁹ See, for example, H. Haukkala. (2003), *A Hole in the Wall? Dimensionalism and the EU's New Neighbourhood Policy*, UPI Working Paper 41, UPI, Helsinki (retrievable from <http://www.hiskihaukkala.net>); this paper contains numerous other references. See also G. Guicherd (2002), *The Enlarged EU's Eastern Border – Integrating Ukraine, Belarus, and Moldova in the European Project*, SWP Studies, Berlin; and also J. Batt (2003), *The EU's new borderlands*, CER Working Paper, Centre for European Reform, London, October.

¹⁰ See Solana, op. cit.

The Commission's recent paper encompasses both with a deliberately ambiguous short title 'Wider Europe – Neighbourhood'. The Solana documents talk of extending the "zone of security around Europe" with a "ring of friends".

For this book the term 'Wider Europe' is at times used simply as shorthand to cover the whole subject. Nevertheless, for the purpose of operational policies the different political and geographical maps have to be defined more precisely. Below a distinction is proposed between 'Wider Europe' and the 'Greater Middle East', (which is also illustrated in Figure 1).

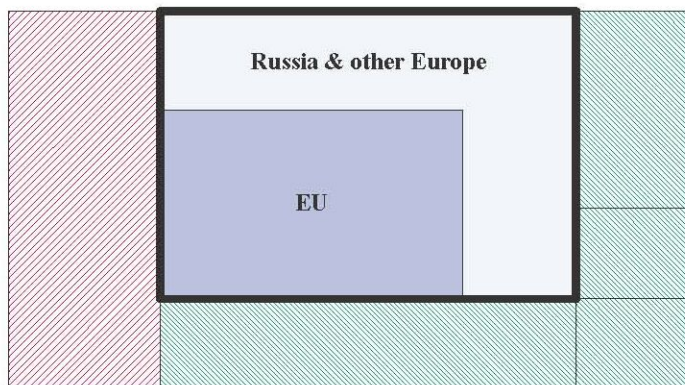
- (a) '**Wider Europe**' covers the whole of the geographical and political map of Europe, as represented by the membership map of the Council of Europe.¹¹ For this 'Wider Europe', the EU is the leading actor, while Russia is still a second European hub. The US is becoming less of an actor in intra-European affairs (notwithstanding US Secretary of Defense Donald Rumsfeld's promotion of 'new' versus 'old' Europe).
- (b) '**Greater Middle East**' starts with the non-European shores of the Mediterranean and extends to the rest of the Middle East and Persian Gulf states, then further on to Afghanistan and Central Asia. This area is Europe's surrounding neighbourhood, entirely of Islamic culture, except for Israel. The 'Greater Middle East' name is our preferred choice since the surrounding 'neighbourhood' is too anodyne a term, and with Europe's own substantial Islamic communities, it is not appropriate to stress the cultural dichotomy. For the Greater Middle East, the leading external actor is often the United States, and in parts, Russia remains an important hub. The EU is present everywhere, most forcefully in the Mediterranean, but it is not a dominant external actor anywhere in this wide region.

The case for the EU to develop an overall Wider Europe strategy may be based on five arguments. The first two are philosophical paradigms that lie at the heart of international relations theory.

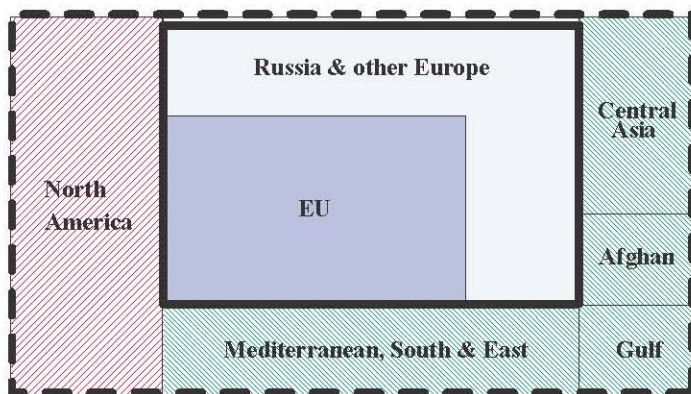
First, *the idealist argument* combines a conception of political and economic norms and values with a sense of European identity, based on history, culture and geography. At the official level this idealist argument has been reflected in the European Union's commitment to be open to all European democracies. The EU is flanked by the Council of Europe as a European organisation committed explicitly to democracy and human rights, which is able to accept all European democracies, including some that either do not want to accede to the EU or do not yet completely fulfil the Copenhagen criteria.

¹¹ With the temporary exception of Belarus.

Figure 1: Mapping the Wider Europe and its Neighbourhood



The Wider Europe
(Council of Europe map)



The Wider Europe and its Neighbourhood -
the Greater Middle East and North America

The Council of Europe map is therefore a well-founded geographical-political reference for a Wider Europe policy driven by the idealist argument. The distinction is to be made between accession to EU membership (a formal political and legal act) and ‘Europeanisation’, which is a wider process of political, economic and societal transformation. Europeanisation may be seen as working through three kinds of mechanisms:¹²

- precise legal obligations coming from preparing for accession to the EU and acceding to the Council of Europe (which is implicitly the EU’s associated democracy and human rights agency);
- objective changes in economic structures and the interests of individuals as a result of integration with Europe, including economic incentives offered by the EU, changes in the domestic rules of the game in politics and business, and the strategic position of domestic actors; and
- subjective changes in the beliefs, expectations and identity of the individual (regional/ethnic, national, European), feeding into the will of the individual, political parties and interest groups to accept or even push for the adoption of European norms of business, politics and civil society.

The key mechanism of Wider Europe strategy is ‘Europeanisation’ as defined here. For more vivid views of Europeanisation, going beyond the desiccated language of political science, one may take the words of Jadranko Prlic, former Foreign Affairs Minister for Bosnia and Herzegovina:¹³

The EU leverage is identification of the EU in the (Balkan) region as an area with security, jobs, a decent and rising standard of living, the rule of law upheld by accountable, democratic, clean public institutions, and a system of minorities protected by law, not by the carving out of territories... Without recognition that the future of the region is in the EU, there is no chance for the implementation of a coherent plan. Not only the political elite, military officers [and] intelligentsia, but also the majority of the public should share this opinion. For the first time all the countries from the region, even the participants in the recently ended conflict, are attempting to join the European main stream.

¹² For a presentation of the concepts and application to southern Europe, see Noutcheva, op. cit., and Featherstone and Kazamias, op. cit.

¹³ See J. Prlic (2002), “Milestones towards a Reunited Europe: Agenda for Integration of South-Eastern Europe into the European Union”, *Zeitschrift für gegenwartsforschung*, 51, Jahrgang, Heft 10-12/2002, pp. 543–593; for the view of a Serbian student, see Annex F.

Second, *the realist argument* is about the EU's security interests. The Greater Middle East is the locus or source of Europe's greatest concentration of security threats. The Solana documents note the poll data showing the threats that EU citizens fear most: 1) international terrorism, 2) organised crime, and 3) weapons of mass destruction.¹⁴ All of these threats are present in the Greater Middle East. The EU has so far been a 'soft-power' actor on the world stage, looking after its security interests by developing deep bonds of economic interdependence with its neighbours. It is beginning, however, to develop a harder discourse and the instruments to go with it. On 16 June 2003, EU Foreign Ministers adopted a statement recognising that weapons of mass destruction, maintained in defiance of international obligations, may in the last resort have to be removed by force. The Solana documents suggest that the EU should think in terms of a wider spectrum of missions than the Petersberg tasks, to include joint disarmament operations amongst others. Notwithstanding these developments in the wake of the Iraqi crisis, the EU's instruments remain primarily in the soft-power department. Its first priority in the Greater Middle East is the Mediterranean basin, which the Barcelona Process seeks to transform gradually through economic development and regional cooperation into political regimes that come closer to European values. The Mediterranean could become a leading region for progress across the whole of the Greater Middle East, stretching all the way through to the Persian Gulf, Afghanistan and Central Asia.

These two paradigms have of course a long and eminent lineage, from the idealist world of Kant's eternal peace through to the brutally realist world of Hobbes and Machiavelli. Attempts have been made to radicalise this battle of the theoretical paradigms in analysis of the current transatlantic differences, notably by Robert Kagan, who argues that the US and Europe now inhabit different planets, Europeans coming from Venus and Americans from Mars.¹⁵ Nevertheless the argument is considered more provocative than plausible by many Europeans, including Javier Solana.¹⁶

Third, *the efficiency argument* comes from economics and the political science of multi-tier governance. It concerns the search for the most efficient organisation of policy spaces or the distribution of jurisdictions and powers of public policy by the level of government in multi-tier settings. For some policies, or economic networks and infrastructures, geography will be a dominant factor, such as river basins or seas, even where these are or have

¹⁴ See Solana, op. cit.

¹⁵ R. Kagan (2002), "Power and Weakness", *Policy Review*, June and July.

¹⁶ Javier Solana, in a lecture at Harvard University, 7 April 2003, pointed out that "It was only in the arms of Venus that Mars found peace. And was not their beautiful daughter the goddess Harmonia?"

been divided politically. There is also a sorting-out of policies between those for which geographical contiguity is of primary importance and those for which political commonalities are far more important, as well as those policies for which multilateralism has serious advantages over bilateralism.

Fourth, a *circumstantial argument* may be added to these three timeless discourses. The current huge expansion of the EU to 25 member states is going to take years to digest institutionally. Yet there is already a list of further potential candidates. Although the prospect of EU accession is the strongest incentive for Europeanisation, the EU's Wider Europe policy seeks to extend this influence as far as possible without full membership for the time being.

Fifth, the EU's deep divisions over the Iraq war also underlines the argument that in the field of external relations, the EU should at least make a credible job of what it can do best. This means Europeanisation of its neighbourhood, more than global power projection, which is a *comparative advantage argument*. Wider Europe policy may be a key to resuming progress towards common foreign, security and defence policies after the devastating splits caused by the Iraq war.

Chapter 3

The Wider Europe Matrix

3.1 Variable geometry

An ordered discussion of Wider Europe, from the EU policy-maker's standpoint, may be framed in a matrix in two dimensions, by geographical coverage and policy domain. Such an approach is in any case useful as a consistency check, since wherever an EU policy or institution is opened for one state or group of states, it has to be asked what this means for others, and for the coherence and efficiency of the whole system.

The simplified matrix shown in Table 1 only has 12 zones in the geographical vector and seven policy spaces in the policy vector, translating into 84 cells to be described. This template gives a hint of the complexity of the subject. Yet it is still unduly simplified for many practical purposes, since the EU largely follows a bilateral approach differentiated by individual partner states, even if they are brought together in groups for some purposes. The individual states and entities of the Wider Europe and Greater Middle East are listed in Annex A and total no less than 52, excluding the EU of 25 member states.

The policy dimensions embrace the whole of the EU system of pillars and institutions, since Wider Europe policy may in some cases go as far as virtual membership of the EU, through association with many of its policies and at least some of its institutions. Indeed, a question addressed below is how far the EU could or should go towards full membership in its policies of association of its neighbours.

Although many cells of the matrix are of little substance, many of them do receive individualised attention in the bilateral partnership or association councils between the EU and its partners, as well as their subordinate working groups for specific topics. No wonder that the EU institutions feel overstretched at times. There is a real need to make the whole system coherent, to search for ways to simplify and rationalise it, and thus to exploit its potential synergies.

The EU's relationship with the Wider Europe is in any case heading in the direction of this highly complex matrix. With the progressive development of its competences under the new pillars, EU policy-makers are deliberately assembling a complete toolkit of instruments for external action, which means that the 'matrix as a consistency check' becomes increasingly relevant.

Table 1. Simplified matrix of the Wider Europe and its neighbourhood*

	Political & human dimension		Economic dimension			Security dimension	
	Democracy & human rights	Education, culture & research	European Economic Area	European monetary area	European infrastructure & network area	Freedom, security & justice	Cooperation in external security
Wider Europe							
1. EEA/EFTA & micro-states							
2. Accession candidates							
3. Balkans (SAA states)							
4. European PCA/CIS states							
4a. Russia							
4b. Bel/Ukr/Mold							
4b. Caucasus							
Greater Middle East							
5. Mediterranean							
5a. Maghreb							
5b. Mashrek							
6. Gulf (GCC), Iraq & Iran							
7. Central Asia & Afghanistan							
Pan-European areas							
8. Council of Europe map							
9. OSCE, EBRD, NATO-PfP							
Overlapping regions							
10. Baltic Sea							
11. Black Sea							
12. Mediterranean Sea							

*Note: The cells of the matrix are shown empty here, since each one would require a substantial document. Yet the idea may be to develop for each policy space a graduated and coherent set of models for associate relationships with the EU.

Unfortunately for the work of the policy planner, the matrix model is still an oversimplification. Figure 2 underlines this point. There are several systemic models that are alive, overlapping and constantly evolving. The images of the hub-and-spoke, cobweb, concentric circles, matrix and Rubik cube each represent an essential idea.

The *hub-and-spoke model* is where a leading power works out its relations with its neighbours bilaterally. This is the model typically favoured by a hegemonic power.

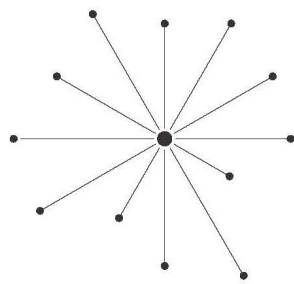
The *cobweb model* is where the leading power assembles groups of neighbours by their shorter or longer geographical/political distance in *concentric circles* from the centre, but sharing elements of multilateralism with each of these groups. In Europe one may identify the successive concentric circles of the euro core-group, then the EU itself and so on with the EEA, the Council of Europe and OSCE. This model may be more democratic and less hegemonic than the hub-and-spoke model, by virtue of its elements of multilateralism. It is also of interest as a buffer-zone security model, e.g. for interior ministers trying to control illegal immigration.

In reality the cobweb model tends to be segmented with regional groups such as the Mediterranean in the Barcelona Process and in the Balkans with the Stabilisation and Association Agreements. We may call this the *segmented cobweb model*.

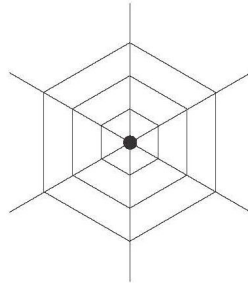
Still the image is inadequate, since there are other leading actors beyond the EU to be brought into the picture, especially for the Greater Middle East and the former Soviet Union. In all these regions, the US undertakes the most powerful hub-and-spoke system of bilateral relations, with a lesser emphasis on the multilateral features of the cobweb model. Russia seeks to maintain its own cobweb model for the CIS states and sub-groups. Thus the analyst of real world diplomacy has to handle the workings of a system that consists of two or more overlapping hubs-and-spokes or segmented cobweb models. Just attempting to visualise the images of Figure 2 being extended to handle three overlapping sets is enough to demonstrate that the system is becoming unmanageably complex. It could not work. Therefore it has to slim down to something simpler.

One possibility is that one hub comes to dominate, while the others may continue to exist in form but with little or no real effect. A second possibility is where several hubs coordinate, either through bilateral or trilateral alliances of the leading powers (combinations of the EU, Russia or the US).

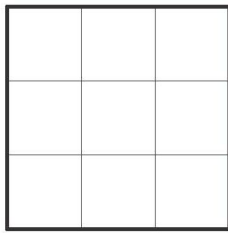
Figure 2. Model types for the organisation of a complex region



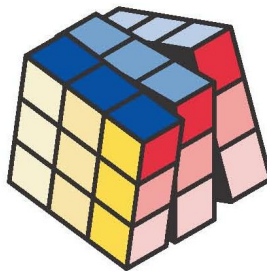
hub-and-spoke



cobweb



matrix



Rubik cube

- The *hub-and-spoke* system is based on bilateral relations between a leading power and many smaller states or entities.
- The *cobweb* system is where there are successive concentric circles of states and entities surrounding (neighbouring or dependent upon) the leading power, but where there are multilateral relations around each circle as well as bilateral relations with the leading power.
- The *matrix* represents the disaggregation of the relations between a leading power and a complex region by policy domain and by state or entity.
- The *Rubik cube* represents the same matrix where there is more than one leading power.

Hubs could also coordinate by making more use of regional or global multilateral organisations or by using Quartet formulae for combining the leading powers with the multilateral organisations (e.g. the EU, Russia, the US and the UN in the case of the Middle East Roadmap). This idea is suggested in the cube image in Figure 2, where the three major external actors could be more or less in line with each other,¹⁷ but they could also be seriously discordant. Thus the Rubik cube may find a solution or it can be a chaotic jumble of positions where the solution remains elusive.

We revert now to the simpler matrix approach as a check on what the EU is or may be doing, taking the geographical and policy dimensions successively. We return later to the complications of the multiple hubs (in section 4.2 on the Greater Middle East).

3.2 The geographical vector

The Commission's Communication on the Wider Europe of March 2003 addresses the future of relations for 'neighbouring countries that do not currently have the prospect of membership of the EU'. This leads to various minimalist and maximalist conceptions. The Commission's paper is itself at the minimalist end of the spectrum. The Wider Europe of Ukraine, Moldova and Belarus (with ambiguous references to Russia as a special case) is focused upon, along with the non-European Mediterranean states of the Barcelona Process. The European Parliament's report advocates a more comprehensive approach to "encompass a vast pan-European and Mediterranean region, structured bilaterally, sub-regionally and regionally (including the Northern Dimension and cooperation in the Black Sea and Mediterranean regions)".¹⁸ The present paper adopts a similarly comprehensive approach.

The summary statistics in Table 2 show the Wider Europe to consist of 52 states or entities (including the EU) with a population of 810 million. The EU25 represents 55% of this total population, but 90% of its economic size. The Greater Middle East brings in 25 further states with a population of 392 million. But their economies are only about 10% of that of the enlarged EU. The regional groupings in Table 2 are ranked roughly in terms of geographical, political and cultural proximity.

¹⁷ For a detailed application of this model, see M. Emerson and N. Tocci (2003), *The Rubik Cube of the Wider Middle East*, CEPS, Brussels.

¹⁸ See European Parliament, *op. cit.*

Table 2. Summary statistics of the Wider Europe and the Greater Middle East, 2001

	Number of states	Pop. (millions)	National income (\$ billions)
<i>Wider Europe</i>			
EU	25	450	8,500
EEA/EFTA & micro-states	8	12	433
EU candidates	3	96	219
Other South-East Europe, SAA states	5	24	43
European states of CIS	7	225	313
Non-recognised secessionist entities	4	3	NA
Total, Wider Europe	52	810	9,508
<i>Greater Middle East</i>			
Mediterranean	10	174	255
Gulf (GCC), Iraq & Iran	9	135	590
Central Asia, Afghanistan	6	83	41
Total, Greater Middle East	25	392	886
Total, Wider Europe and Greater Middle East	78	1,202	10,394

Note: NA refers to 'not available'.

Source: World Bank database.

3.2.1 The Wider Europe

The non-EU states of the European Economic Area are a first category, covering Norway, Iceland and Liechtenstein. Of course these states are fully part of Western Europe. Nevertheless their model is of interest as an exercise to see how close integration with the EU can be possible without full institutional membership.¹⁹

All EEA states are legally integrated into the EU single market, albeit with some exceptions. This integration has led to some joint institutional developments for implementation, notably the (confusingly named) EFTA Surveillance Authority and EFTA Court, which are interesting models of partial institutional integration with the EU. Norway and Iceland are also full members of the Schengen area and have some interesting institutional arrangements in this context (which are discussed further in chapter 4). As NATO members, these two states are also in the first ring of associates of the

¹⁹ See M. Emerson, M. Vahl and S. Woolcock (2003), *Navigating by the Stars – Norway, the EU and the European Economic Area*, CEPS, Brussels.

European Security and Defence Policy (ESDP). Switzerland refused the EEA model in a referendum and reverted to an ad hoc set of bilateral, sector-specific agreements. This case is also an interesting model for bilateral neighbourhood agreements.

Next there are the remaining accession candidates. These come in several grades: Bulgaria and Romania are among those in negotiation; Turkey has a 2004 date for a decision whether to begin negotiations; Croatia has had its application acknowledged; and Serbia and Montenegro and Macedonia are stating their intentions to apply soon.

Although Turkey is not yet in the accession negotiation process, it is already in the customs union with the EU, meaning that it has aligned its external tariffs with those of the EU, in addition to engaging in free trade with it. Turkey is also a key country associating with the ESDP, following an episode in 2002–03 in which Turkey was blocking an agreement to make certain NATO assets available to the ESDP. Turkey is also a key country for the Justice and Home Affairs (JHA) pillar of the EU, given the country's interface with the Middle East and the Caucasus. Since EU accession will at best take a number of years, during which the Europeanisation process in Turkey has to be sustained, it remains an important piece of the Wider Europe puzzle.

At the Thessaloniki summit of 21 June 2003, the EU confirmed that all the countries of South-East Europe are now considered actual or potential candidates for membership. There was agreement to introduce the prospect of 'European Partnership' agreements, inspired by the existing model of accession partnerships, as a way to enhance the present Stabilisation and Association Process.²⁰ The general idea is mainstream Europeanisation, seeking to enhance incentives for reform processes. Lines of policy development would include: discussion of visa and immigration policies; extension of EU education programmes to the region; extension of the pan-European, diagonal, cumulation rules of origin for trade preferences; an increase in the aid budget; an enhancement of Balkan regional cooperation; and association with EU foreign policy positions.

Yet some of the Balkan states or entities are so far away from European civil norms that they are protectorates of the international community and the EU. Here the paradigm changes. The Wider Europe model acquires harder properties at its outer edges than in its core and introduces a key issue for Wider Europe policy. The cobweb model supposes that the reach of EU policies gradually fades away as the geographical and normative distance

²⁰ European Commission (2003c), *The Western Balkans and European Integration*, COM(2003) 285 final, 21 May.

from core Europe increases. But the Wider Europe model has to be more complex. On the one hand the degree of ‘normal’ integration into the EU weakens as the geographical and normative distance increases. On the other hand, there emerges a zone at the outer edges of Europe where the disorders of the weak states call for stronger support, with protectorate regimes in the extreme cases.

Russia, which has a serious hegemonic tradition behind it, has introduced the complication of having its own hub-and-spoke system with some CIS states. Moreover Russia is the neighbour that does not want to accede to the EU, because it is too big and special to fit in with the constraints of membership. There is some overlap of the spokes of the two hub-and-spoke systems – the EU and Russia – in the former Soviet states lying between the enlarged EU and Russia. This overlap is set to become an important aspect of bilateral EU-Russian relations.

These two giants of the European area, the EU and Russia, seek to develop a strategic bilateral partnership. At times both parties seem to think in terms of joint management of a Wider European duopoly, disregarding the spokes. The communication from their latest summit in November 2003 announced an agreement to develop four common policy spaces (a common economic space; a common space of freedom, security and justice; a space of cooperation in the field of external security; and a space of research and education, including cultural aspects – see Annex E). The common economic space is also officially named the Common European Economic Space (CEES), which heightens the ambiguity over whether the EU and Russia are thinking about their bilateral relations or together designing the pan-European order. In fact, the Concept Paper adopted by the last summit (also reproduced in Annex E) makes it clear that the two parties are discussing their bilateral economic relations and not a pan-European economic space.

A recent speech by Russian Deputy Foreign Minister V.A. Chizhov confirms the Russian view that the system should consist of two hub-and-spoke systems, in which the EU should agree not to interfere with the development of CIS integration.²¹ Mr Chizhov goes on to explain a set of reasons why the Wider Europe concept “has an inherent conceptual deficiency”. First, it covers countries that have “totally different and sometimes incompatible goals”. Second, the wide geographical scope makes the project vulnerable to be taken “hostage to regional risks”. Third, it raises questions about existing

²¹ See V.A. Chizhov, Deputy Minister of Foreign Affairs of the Russian Federation, Statement at the International Conference on Wider Europe: “Enlarging Trans-border Cooperation in Central and Eastern Europe”, Press Release No. 32/03, 11 November 2003 (retrievable from <http://users.coditel.net/misruce>).

regional cooperation mechanisms such as the Northern Dimension and the BSEC. Fourth, it raises concerns for Russia's strategic partnership with the EU. Although one could debate some of these arguments, the main point seems to be that Russia does not like this Wider Europe idea, preferring its bilateral relationship with the EU and a free hand to deepen CIS integration. This stance amounts to saying that Russia does not want to see a strengthening of a multilateral Wider Europe or a Common European House, either under EU leadership or through the Council of Europe or OSCE. In these organisations, Russia is constantly being embarrassed by many small states that are brandishing norms of democracy and human rights. For the moment, Russia still seems to prefer the different game of geo-political competition, perhaps misjudging the strength of the cards in its hand.

Indeed, Russia has noticed that Belarus, Ukraine and Moldova are priority interests for the acceding EU states and are prime targets for the new Wider Europe policy of the EU. The complication of the overlapping spokes and hubs awaits resolution, with Ukraine and Moldova aspiring to a European future, while Belarus seeks to deepen re-integration with Russia.

The three countries of the South Caucasus are excluded from the Wider Europe with a footnote in the Commission Communication of March 2003: "Given their location, the Southern Caucasus therefore also fall[s] outside the geographical scope of this initiative for the time being". Presumably "for the time being" refers to the fact that these states are not direct neighbours of the EU25 (although they all border Turkey). This exclusion reflects the low political prioritisation of the Caucasus and the discouraging experiences the EU has had with its programmes there. The exclusion was immediately controversial and the Solana documents seem to want to correct it: "We should take a stronger interest in the problems of the Southern Caucasus, which will in due course also be a neighbouring region".²² The European Parliament's report explicitly advocates inclusion of the South Caucasus.²³

This ends the list of European countries, all of which are members of the Council of Europe (except the pariah Belarus). A cogent position for the EU would be to say that the Council of Europe map is the Wider Europe. These are all states that have opted for European values and are undisputedly part of Europe. Nevertheless, the European Conference (the periodic meetings convened by the EU to discuss Wider Europe questions) confuses the picture by including the entire continent except the South Caucasus and Belarus. This so far unimpressive Conference should be reformed, a subject to which we return later.

²² See Solana, *op. cit.*

²³ See European Parliament, *op. cit.*

3.2.2 The Greater Middle East

The EU's first priority external to Europe is the South and East Mediterranean, for which there is the highly institutionalised Barcelona Process. Against the background of the Commission's Communication on Wider Europe, Commissioner Chris Patten has said, "The EU's most successful external policy has been its enlargement. We must now see how we can establish with our Mediterranean partners ways of developing the Barcelona Process to bring them as many as possible of the same benefits, even if the question of joining the EU is not on the table for them."²⁴ But this friendly remark begs the question of whether the Arab states of the Mediterranean will be prepared within the next 10 or even 20 years to subscribe seriously to European political and human rights standards. As yet there is hardly any Arab state in which it is possible to have a frank and direct dialogue with the authoritarian leaderships about achieving high democratic and human rights standards, in the sense that Council of Europe members commit to.

Israel, however, presents a special case, with arguments in favour of considering it a European state. Israel's population largely comes from Europe, and many of its citizens have the option to acquire the citizenship of their former home state, and many are now doing so. Israel is the only southern Mediterranean state whose citizens enjoy visa-free access to the EU. Its economy could easily fit into the EEA. Some European and Knesset parliamentarians have adopted a manifesto in favour of ultimate EU accession. Although few consider this a plausible scenario, there are schemes for a very advanced association that are thinkable, notably in the Wider Europe context.²⁵ The Commission and Israel intend to examine the possibility of Israel's accession to the EEA.²⁶

For its Wider Europe policy, the Commission is proposing to start with Action Plans for Morocco, Tunisia and Jordan. A judgement is being made that these three states are the most promising Arab states for deeper association with the EU. Their political regimes are hardly less democratic than that of the Council of Europe member-state Azerbaijan. The essential political point is also being made by the EU that the Wider Europe and neighbourhood strategy should not have the form or effect of deepening the

²⁴ See Patten, *op. cit.*

²⁵ See A. Tovias (2003), *Mapping Israel's Policy Options regarding its Future Institutionised Relations with the European Union*, CEPS Middle East Working Paper No. 3, CEPS, Brussels, March; see also Emerson and Tocci, *op. cit.*

²⁶ See *Financial Times*, "EU seeks closer Israel partnership", 18 June 2003.

divide between Europe and the Arab states of the Mediterranean, wherever the latter show serious signs of wishing to converge on European norms.

Nevertheless, the Iraq war now puts the whole of the Middle East in a new perspective. The EU has already been advancing a free-trade agreement with the six states of the Gulf Cooperation Council, and has begun to negotiate a Trade and Cooperation Agreement with Iran. Post-Saddam Hussein, Iraq's place in the region remains to be clarified. But if it becomes a democratic state it will be a key element in some kind of new Middle East order, especially if there is also progress over the Israeli-Palestinian conflict. In any case, given the importance of Persian Gulf energy supplies to Europe (and the continuing cascade of consequences of US policy that are likely after the Iraq war), along with Turkey's direct borders with Iraq and Iran, the EU's policies towards the Greater Middle East area are sure to become stretched as a continuum across the whole of the Middle East, from Morocco to the Persian Gulf.

Similarly Central Asia has to be kept in mind as part of the Greater Middle East. Political commitments have already been made through the decision to include all the former Soviet Union states into the OSCE, the EBRD and NATO Partnership for Peace (PfP). The region's significance for the security of Europe has increased since 11 September 2001. Afghanistan emerged as the epicentre of the new hyper-terrorism and is now the location of a major European contribution to peacekeeping and state-building. Central Asia links to Afghanistan as a transit route for drugs. The ancient Silk Road to Europe, re-invented by the EU under an ambitious, integrated transport project²⁷ for aid to Central Asia and the Caucasus, has become notorious for carrying more drugs than silk.

3.3 The policy vector

In this section the matrix is discussed in more detail. The three large policy 'dimensions' have to be broken down into smaller policy domains for operational purposes. The main headings that follow are in line with the three-pillar system of the EU and the common spaces identified in the EU-Russia summits (see Box 1). Nevertheless, these official categories are not sufficiently systematic or comprehensive for an overall Wider Europe policy.

The question is how the EU does or could deploy the whole range of its policy instruments in the Wider Europe and the Greater Middle East. This question also involves the choice of how to use the regional and multilateral organisations. An objective criterion for these choices is the subsidiarity

²⁷ 'Traceca', a technical assistance project of the EU Tacis programme, stands for 'Transport Central Asia and Caucasus'.

principle applied to multi-tier governance structures, i.e. the search for the most efficient space for organising given policy functions.

Box 1. Three common European policy ‘dimensions’ and seven ‘spaces’

A. Political and human dimension

1. Democracy and human rights
2. Education, culture and research

B. Economic dimension

3. Economic area (for external trade and internal market regulations)
4. Monetary and macroeconomic area (euro and macroeconomic policy)
5. Economic infrastructure and network area (transport, telecommunications, energy and environment)

C. Security dimension

6. Justice and home affairs
7. External and security policies

3.3.1 Political and human dimensions

Human rights and democracy

By a seemingly lucky piece of institutional history, the domains of human rights and democracy are already well-structured for a Wider Europe policy. The Council of Europe has established the political norms and created the most operational jurisprudence of human rights that exists in the world at the international level. The Parliamentary Assembly, the Convention on Human Rights and Fundamental Freedoms, and the Court of Human Rights are its mechanisms. For those states that are not ready for EU membership, the Council of Europe provides full inclusion and identification with Europe, which is ideal for a Wider Europe policy. The Council of Europe map is clear and simply covers all of Europe, excluding only the notorious Lukashenko regime in Belarus.

The EU’s constitutional Convention has proposed raising the legal status of the Council of Europe’s Convention on Human Rights by formally making the EU a party to it. This link would naturally strengthen the possible synergies between the two institutions for the purposes of Wider Europe policy. Although the Commission’s Communication hardly mentions the Council of Europe, the EU could use it as a framework for increasing the Europeanisation of the Wider Europe in the fields of political and human

rights. The EU could declare that membership of the Council of Europe was the primary condition for eligibility for inclusion in Wider Europe policies (with a message for Belarus).

Similar principles of democracy and human rights are inscribed into the texts and agenda of the OSCE, with its human dimension. The membership of OSCE, beyond the Council of Europe, extends to Central Asia (apart from the US and Canada). Yet the leaderships of these countries are now among the least committed either to democracy or to the respect for human rights, with the cases of Turkmenistan and Uzbekistan having reached extreme notoriety. The OSCE has represented a considerable institutional investment towards helping to maintain order in the post-Soviet area, and its role can now be adapted to the new agenda of security threats. Although this institution is sometimes regarded as half-dead, it should not be dissolved.

Both the Council of Europe and OSCE are active in the field of national minorities. The Council of Europe has adopted normative texts, to which many but not all EU member states have acceded, and whose application it monitors. OSCE's former High Commissioner for National Minorities Max van der Stoep built up a highly appreciated mediating role during his period in office. He worked actively in implicit coordination with the EU over the accession candidate states, where the OSCE's (Mr van der Stoep's) recommendations effectively became part of the conditionality of the accession negotiations, e.g. for the Baltic states in relation to their Russian minorities. With the accession process completed, it remains to be seen whether or how the EU may sustain its interest in minority questions, given the extreme reluctance of some of the EU15 member states to see the EU adopt legislation in the field of national minorities. Yet in this context, the EU should have all the more interest in helping to build on the work of the Council of Europe and OSCE in this field.²⁸

The EU would like to see its political values spread to the Greater Middle East. But the gap between the Wider Europe, which knows what its values are, and the Greater Middle East, which is in a state of ideological turmoil, is categorical. So are the Western strategies. Should the democratisation of the Greater Middle East be pursued with gentle technical-assistance grants to non-governmental organisation (NGOs)? Or at the other extreme, should it be a target of Washington's neo-conservative prescription for forceful regime change? We return to this fundamental issue in the sections that follow.

²⁸ See H. Morris (2003), "The EU and Minority Policy – Does enlargement signal the end of influence?", CEPS Commentary, CEPS, Brussels, April (retrievable from www.ceps.be).

Education, culture and research

The principal policy issue in this domain is how far the education programmes of the EU, including university scholarships, doctoral and post-doctoral research grants, should be extended to students and researchers of the Wider Europe and other neighbours. If the objective is that a very weak state of the Wider Europe should become a member state of the EU when it reaches European standards, which in some cases may be in 20 years time, then now is the time to form the next generation to lead the process. The EU Erasmus programme began in the 1970s and became a very important instrument for fostering the mobility of students within the EU. The Wider Europe idea implies a case for an analogous programme for the whole of Europe. The Tempus programme has made a start in this direction, but it now needs and deserves fuller development.

Ministers of education from 40 European countries have set the objective of achieving a coherent and cohesive European Higher Education Area by 2010 (the so-called 'Bologna Process', associated with the Council of Europe). This project aims at the harmonisation of education norms, the raising of minimum standards and fostering mutual recognition. The group started to work in Bologna in 1999. At their latest meeting in Berlin in September 2003, they agreed a deadline of 2005 for making their university degrees comparable and for improving mutual recognition.

EU policies are already active in this area, as well as in the research and development domain, with the 6th Research Framework Programme. The creation of a European research space is also a plausible concept and one that is forward-looking. It is a policy that should not be conditional on short-term political criteria. There are already some investments in multilateral structures, such as INTAS, the independent association that fosters scientific and research collaboration between the EU and CIS states (the resources for it come from the EU, but the policy-making and execution is multilateral).

3.3.2 *Economic dimension*

European Economic Area

There is a well-established hierarchy of trade and market regimes relevant for the Wider Europe:

- membership of the World Trade Organisation (WTO);
- free trade, with zero tariffs and the enhancements of pan-European rules of origin;
- customs union, meaning common external tariffs in addition to free trade; and

- single market, where internal market regulations are harmonised and there is an assurance of total free access for goods and services.

There is, however, a huge confusion at present of concepts, terminology and policies. The existing European Economic Area sounds like something big, but only adds Norway, Iceland and Liechtenstein to the EU single market. The Common European Economic Space also sounds like a big idea, but so far only amounts to bilateral discussions between the EU and Russia over a loosely defined agenda of trade and market policy issues, without even mentioning the idea of tariff-free trade.

WTO rules restrict the free-trade agreements of its member states to other states that are also members of the WTO. This restriction already places an important constraint on Europe, since neither Russia nor Ukraine is yet a member. The case of Russia in particular is stuck over the level of tariffs at which Russia would be bound in acceding to the WTO, and the degree to which Russia's internal energy prices for industrial uses are aligned on world prices. It is not yet clear how or when these differences may be overcome. In the meantime, the official EU-Russian talks on creating a Common European Economic Space can hardly progress. After two years of discussions, the Concept Paper that the EU and Russia adopted in November 2003 covers a wide range of topics, including regulatory standards for trade in goods and services for virtually all products, conditions for the establishment and operation of companies, and related aspects of the movement of persons (see extracts in Annex E). The Concept Paper has been criticised for not corresponding realistically to the priorities of either party.²⁹ Indeed, it makes no operational or binding commitments. The bilateral working group that produced the Concept Paper has to resort to inviting the summit to give them a new mandate to draw up an action plan. The two parties have evidently not been able to make progress on the substance so far.

The EEA, however, has strong content, since the non-EU states are accepting nearly all the EU single market rules in exchange for virtually complete and guaranteed market access.³⁰ If the term 'Common European Economic Space' were to be taken at its face value and made into a reality it would mean extending the EEA model to the whole of Wider Europe.

The European Free Trade Area is today reduced to EU-Swiss bilateral trade, and this organisation is otherwise administering the EEA. Switzerland has negotiated a set of sectoral agreements that give partial access to the EU's

²⁹ See C.B. Hamilton (2003), *Russia's European Economic Integration – Escapism and Realities*, Working Paper, Stockholm School of Economics, April.

³⁰ See Emerson, Vahl and Woolcock, op. cit.

single market, on top of tariff-free trade. This model could be of interest for other trade partners (such as Russia) at a later stage.

Turkey and the EU have gone further ahead in forming a customs union. This is another model that could be of interest to other trade partners – especially the states of South-East Europe – ahead of EU accession. For the time being, the Balkan states are negotiating a matrix of bilateral free-trade agreements together, while proceeding with bilateral trade-liberalisation asymmetrically with the EU, with hideous complications over rules of origin. For this dense collection of small states, a huge advantage would be gained from a sweeping simplification of the trade system, especially for the weak states of the region where customs procedures are a well-known basis for corruption. A radical model would be to form an extended customs union of the EU, Turkey and all the states of South-East Europe that lie between them. This enlarged customs union would also make it possible to scrap the complicated apparatus of rules of origin. The states of the region could adopt the EU's common external tariff as a first step, in advance of entering into symmetrical tariff-free trade with the EU. Further, this model would resolve once and for all such problems as the tensions between Serbia and Montenegro over their external tariff regime.

For Russia, there remains the question of compatibility of its interest in a Common European Economic Space with the EU, and its ideas for a customs union and an integrated single market with the CIS states. One initiative has been the EurAsian Economic Area (EAEA) for Russia with Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. If the EAEA were to become a customs union, then an EU-Russian free-trade agreement would have to be extended to the EAEA. If the CEES came to mean Russia adopting many EU norms, these would have to apply to the rest of the EAEA, which could, however, be too difficult for some states (e.g. Tajikistan) to implement.

Russian President Vladimir Putin made some statements to CIS leaders in the spring of 2003 proposing the idea of a 'Greater Europe' economic space, which would bring together both the EU and CIS. But there is no evidence that the idea had been thought through seriously. At a CIS summit in Yalta in September, Russia announced a new Common Economic Space (CES), consisting of Belarus, Kazakhstan, Russia and Ukraine, as an attempt to create a more compact and operational body than the EAEA, which presumably is found to be giving disappointing results. Yet this CES agreement was immediately accompanied by disclaimers and controversy from Ukraine, with remarks stressing that the CES should not impede Ukraine's integration with the EU. At some point, however, the two processes would become incompatible, with the need to choose between convergence on EU policies or on those of Russia. For example, Ukraine could not be in a customs union with both the EU and Russia, unless a single,

wider customs union was created that combines them all. Russia clearly does not envisage a common European customs union, but favours instead modelling its CIS initiatives (EAEA or CES, or both) as its version of the EU.³¹ Ukrainian reticence over the CES plan is revealed in an opinion poll of an elite group (see Box 2).

*Box 2. Ukraine between a rock and a hard place**

What is your opinion of the ultimate aim of the CES?

1. Free-trade area – 16%
2. Customs union – 23%
3. Economic union – 19%
4. Common market – 9%
5. Monetary union – 4%
6. Hard to say – 19%

What is the maximum appropriate limit of Ukraine's integration with CES?

1. Free trade – 43%
2. Customs union – 2%
3. Economic union – 6%
4. Common market – 6%
5. Monetary union – 0%
6. Integration into CES is unnecessary – 36%

How would the CES affect integration with the EU?

1. It steps up integration with the EU – 2%
2. It makes integration with the EU impossible – 30%
3. It slows down integration with the EU – 49%
4. It does not affect integration with the EU – 15%
5. It makes integration with the EU unnecessary – 0%

What, in your opinion, are the prospects for the CES?

1. It will become an efficient economic unity – 6%
2. It will suffer the fate of the other CIS economic projects – 57%
3. It will become a tool for post-Soviet area reintegration – 17%
4. It will be transformed into another, more realistic project – 17%
5. It will be a bridge for membership of the EU – 0%
6. Hard to say – 4%

* Results of a poll of 53 Ukrainian experts in foreign policy on the Common Economic Space (CES) agreement signed at Yalta on 18 September 2003 by Belarus, Kazakhstan, Russia and Ukraine.

Source: Centre for Peace, Conversion and Foreign Policy of Ukraine (CPCFPU), Policy Paper No. 15, November 2003 (retrievable from www.foreignpolicv.org.ua).

³¹ See Chizhov, op. cit.

The EU is embarking on free-trade agreements with much of the Greater Middle East. With the Mediterranean partner states of the Barcelona Process the EU has negotiated a set of free-trade agreements for implementation from 2010. The EU is also negotiating a multilateral free-trade agreement with the six states of the Gulf Cooperation Council (GCC), which have themselves created a customs union. Following the Iraq war, the US has immediately proposed the idea of a free-trade agreement between the US and a similar Middle East grouping by 2013, from Morocco to the Persian Gulf, thus combining both the ‘Barcelona’ group and the Gulf states. These two programmes could, in principle, fit neatly alongside each other.

The World Bank is working with the EU on a joint programme for market reforms in the Mediterranean. Three initial studies – on electricity markets, transport and the service sector in general – all aim at preparing the EU’s southern Mediterranean partners to start moving along the track of the EU’s internal market project. The essence of the project is to pursue domestic regulatory reform and liberalisation, alongside external liberalisation and regional integration.³²

Work in this field also suggests the idea of a Greater Euro-Mediterranean economic space, from Russia to the Mediterranean. Of course the least advanced states of this vast area should not be expected to adopt the EU’s *acquis* wholesale, as the accession candidates are obliged to do. Nonetheless it leads to the important task of technical and political prioritisation for the least advanced states, to identify those parts of the EU’s internal market agenda that are most relevant and feasible for the states in question, as the World Bank studies are beginning to do.

How could these multiple systems and ideas in the trade and market domains be rationalised?

- Given that free trade is on the agenda between the EU and the European CIS states and Mediterranean countries, one proposition could be to design a Pan-European Free Trade Area (PEFTA). This initiative would couple multilateral tariff-free trade with common adoption of the pan-European rules of origin. Membership of

³² See D. Mueller-Jentsch (2001), *The Development of Electricity Markets in the Euro-Mediterranean Area*, World Bank Technical Paper No. 491, World Bank, Washington, D.C.; see also D. Mueller-Jentsch (2002), *Transport Policies for the Euro-Mediterranean Free Trade Area*, World Bank Technical Paper No. 527, World Bank, Washington, D.C.; and also D. Mueller-Jentsch, *Deeper Integration and Trade in Services in the Euro-Mediterranean Region – Southern Dimensions of a Wider Europe*, World Bank Technical Paper, World Bank, Washington, D.C. (forthcoming).

PEFTA would be an open-ended option for all the states of the Wider Europe and the Greater Middle East.

- For non-tariff barriers and single market regulation, the EU could propose that the existing bodies of EFTA and EEA be mandated to design a long-term process by which the EU single market is progressively extended to the Wider Europe. This effort could draw on the Swiss model as well as the current EU-Russian discussions. In essence, the task would be to design a modular and multi-stage approach to single-market harmonisation and mutual recognition, identifying the steps that would initially deliver advantages without the excessive burdens of harmonisation. Since the World Bank is already bringing its development expertise to bear on this question for the southern Mediterranean region, the overall aim could be to work out a set of models for submission at the political level, where the EU would have to take the major responsibility. These models could result in redefining the EEA as a multi-stage, multi-modular concept for a genuine, common European Economic Area.
- The PEFTA and redefined EEA together could be recognised as a single Common European Economic Area project.
- The EU could further propose to expand the EU-Turkish customs union to include the whole of South-East Europe, within, for example, five years. This expansion would go together with institutional assistance for customs services and border guards.
- The EU and the US should consider jointly proposing the formation of consistent free-trade areas to the states of the Mediterranean and Middle East, in which the Mediterranean and Persian Gulf states would form one large free-trade area among themselves, in addition to bilateral negotiations with the EU and US.

Euro and monetary regimes

The euro could become one of the most potent, unifying factors of the Wider Europe, progressively displacing the dollar as a parallel currency for trade and private savings, beyond the more restrictive extension of the eurozone. As the predominant and completely convertible currency of Europe, the euro would know no frontiers across the Wider Europe, at least in the private sector.

For the governments of the Wider Europe, there is already a well-identified hierarchy of monetary regimes relative to the euro: currencies floating freely against the euro; currencies semi-pegged against the euro; currencies rigidly pegged to the euro with the aid of currency board regimes (Estonia, Bulgaria, Bosnia); micro-states that are fully euroised (Andorra, Monaco, San Marino

and the Vatican); and some sub-state entities that are also fully euroised (Montenegro and Kosovo). Some of the micro-states (Monaco and San Marino) have also been authorised by the EU to issue their own euro coins as collectors' items, compensating for the loss of bank note *seigniorage*.

The EU finance ministers (in euro formation) as well as the European Central Bank could become more open and constructive in the positions they adopt towards the newly acceding member states as well as those in the Wider Europe. For the moment, the EU has adopted an 'exclusive' rather than 'inclusive' position, if not dogma. This stance is seen in two examples.

First, Commissioner Pedro Solbes has announced that the criteria for accession to the eurozone for the newly acceding member states includes two years of service within narrow 2.25% fluctuation bands. It is now, however, virtually the consensus among economists that there are only two robust exchange-rate regimes, fixed and floating. A return to 2.25% fluctuation margins is an invitation for volatile, short-term capital flows and monetary instability, or very costly stabilisation episodes.³³ To force such a regime on the newly acceding countries is economic-policy masochism. The Maastricht criteria for budget deficits and inflation have their rationale, but the exchange-rate test should best be dropped or reverted to the prior requirement of the wide 15% fluctuation-margin for participation in the Exchange Rate Mechanism, which the founding members of the eurozone applied to themselves.

Second, in its Wider Europe paper, the Commission simply ignores the euro, as if it were of no relevance. In reality, preparation for euroisation has already shown itself to be a useful instrument of support for some very weak states (i.e. the Balkan protectorates). This option deserves open-minded discussion. The recently successful, full dollarisation of Ecuador is a relevant example from the Americas, as are the long-dollarised cases of Panama and Puerto Rico.

The argument about the optimal timing for accession to the eurozone remains a matter of balancing costs and benefits. There is no presumption that all of Europe should euroise as soon as possible, especially during the transition process of the former communist economies. Nevertheless, EU Wider Europe policy should be looking sympathetically at all available means to help strengthen the governance of the weak states of Wider Europe and euroisation can be one of these.

³³ See C. Wyplosz (2003), "Who's Afraid of Euroisation?", CEPS Commentary, CEPS, Brussels, 19 June (retrievable from www.ceps.be).

Transport networks

The planning work of the Pan-European Conference of Transport Ministers has already resulted in a coherent transport map of the Wider Europe with ten corridors for road or rail routes, or both. These corridors and networks extend from the EU15 to the east, first through the newly acceding states. Then the corridors stretch on to Russia, Ukraine, Belarus, Moldova and the Balkans. These planning maps also link across the Black Sea to the Traceca network that passes through the Caucasus to Central Asia. Once work is identified in the planning maps, it goes ahead with detailed project preparation with the participation of the EU, EIB and EBRD for investment financing. EU financing for these corridors come from different EU instruments, all with different rules, which makes coordination difficult. It is indeed an issue for Wider Europe policy to rationalise these administrative complications.

As part of the next phase, the EU is now preparing for the enlargement of its members from 25 to 27, with the upgrading of the corridors that go through the Balkans to Bulgaria and Romania. Thereafter the focus will turn to the corridors going to Russia through Belarus and Ukraine. Semi-pariah Belarus is unlikely to benefit from EU investment funding for the time being. Nevertheless the request from Ukraine, for EIB funding for the corridors going through its territory, is already an issue. Russia has requested that the corridor that which goes from Berlin to Moscow and on to Nijni Novgorod (number 2) be extended to Ekaterinburg, with eligibility for EIB investment financing. The result could become the first tangible expression of Charles de Gaulle's old idea of a Europe that extends from the Atlantic to the Urals. The pan-European transport corridors represent the geographical map of the Wider Europe *par excellence*. Territorial continuity is, of course, a key quality. Political sub-classification and discrimination among individual states along any given corridor make no sense, only damaging the interests of the corridor stakeholders as a whole. The EU has so far been reluctant to make financing from the EIB available beyond the accession candidate states, but this could change with clearer development of the Wider Europe policy. The Commission's Communication curiously makes no reference to the Pan-European Transport Network. It does, however, mention the Trans-Euro-Mediterranean Networks, with their associated EIB financing (including the new Facility for Euro-Mediterranean Investment and Partnership – FEMIP).

Energy

This subject is the single most important factor that brings together both the Wider Europe and the Greater Middle East. Europe needs oil and gas supplies from Russia, the Caspian region and the Middle East. The

organisation of policy is a complex game shared by monopolistic or cartelistic producers and monopsonistic buyers. Russia enjoys the dominant market position as Europe's external natural gas supplier (80% in 2002),³⁴ and the former Soviet Union (Russia and Caspian states) now leads the Middle East as the primary supplier of Europe's oil imports (214 and 161 million tonnes respectively). Europe is buying 100% of Russia's natural gas exports and 81% of the former Soviet Union's oil exports. Thus Europe is now taking only 18% of the Middle East's oil, on which Asia is more dependent.³⁵ The increase in Russian oil production in 2002 was substantial, sufficient to satisfy the entire growth of world consumption in that year. OPEC's market share is gradually declining from a peak of 42% in 1998 to 38% in 2002.

The main attempt to create a pan-European energy organisation has been the European Energy Charter initiative, resulting in the Energy Charter Treaty of 2000. This project was initially an ambitious yet vague idea, launched in 1995 by the then Dutch Prime Minister Ruud Lubbers. The general idea was to cement together the interests of the EU and Russia in the energy sector. At the level of the membership map, the questions of whether the US and Middle East states would participate remained open. In the event, the US withdrew from the negotiations, arguing that some provisions would be inconsistent with US federal law. Russia has signed but not ratified the Energy Charter Treaty, with reservations expressed in the Duma.

At the level of policy content, the Energy Charter Treaty largely defers to the WTO for the rules of trade, but it seeks to improve the conditions for investment and the transit of oil and gas. The draft transit protocol aims at regulating the conditions for pipeline transit, with major examples being the routing of Russian supplies through Ukraine, of Caspian supplies through the Caucasus and of Persian Gulf supplies across to Mediterranean or Red Sea ports. Russia is expected to sign the transit protocol after long hesitations and internal divisions of interest; however, it would become legally binding only after ratification of the Energy Charter Treaty itself. Meanwhile, Ukraine and the Caucasus states have ratified the Treaty and will sign the transit protocol.

The Energy Charter Treaty will become, as and when Russia ratifies it, a significant element of pan-European multilateralism, its Treaty provisions being legally binding on all participants. In addition, the EU and Russia have

³⁴ See British Petroleum (2003), *BP Statistical Review of World Energy*, BP, London, June; Russia supplied 128 billion cubic metres (bcm) to Europe in 2002, compared with 31 bcm from Algeria (and 126 bcm of internal EU/EEA supplies).

³⁵ See British Petroleum, *ibid.*; in this paragraph, Europe is defined as the EU25, plus EEA, the Balkans and Turkey.

initiated a bilateral energy dialogue. The EU has also initiated a dialogue with the Persian Gulf states in the framework of the Gulf Cooperation Council. The Gulf states and Iran are already observers of the Energy Charter Treaty and may become full members later. The general model could become one of a single, multilateral treaty for the whole of the Wider Europe and the Greater Middle East together, supported by strategic bilateral dialogues between the EU and Russia, as well as the EU and the Persian Gulf.

Regional energy networks, notably for electricity, also figure on the agenda of the natural geographical regions. Thus the Baltic and Black Seas have agendas for electricity-ring integration, which the Baltic states have advanced faster than the Black Sea states so far.

Environment

At the level of the Wider Europe, the main issues are between the EU and Russia bilaterally, both for global warming and nuclear safety. On global warming, the EU's main concern has been to draw Russia into the Kyoto Protocol, since Russia is both a major polluter by global standards and a banker of very large CO₂ savings accumulated during the 1990s, which can enter into global-emissions trading schemes. Russia's intentions for ratifying the Kyoto Protocol (or not) remain unclear at the time of writing. Ukraine is the next most important partner for the same reasons. For nuclear safety, Russia similarly holds the largest stock of dangerous materials, including the rusting nuclear submarines of the Murmansk area. A major cooperation agreement in this field was signed in May 2003 by Russia, the EU, Norway and the US. Thus far, the Wider Europe of the environment appears to be a largely bilateral EU-Russia affair.

Nevertheless, the setting of norms and regulations for products, water and air pollution is a further dimension to environmental policy. This mass of detailed, regulatory policy overlaps heavily with the regulation of internal markets. It is therefore appropriate to put this aspect of environment policy alongside trade and market policies, as already discussed. The EEA and candidate states will be adopting all the EU norms, so a common European economic space will need to include environmental aspects.

Environmental policy also has its natural regional aspects, notably for river basins and regional seas that know no political borders. The Barents, Baltic, Black, Caspian and Mediterranean Seas all see significant environmental programmes, as also do some major river basins, for example the Danube and the Rhine.

Environmental policy is thus a policy domain that has to be split up into more precise sub-sections in order for the operating policies to be allocated

to the efficient geographical-political level of governance. In this manner, the Wider Europe becomes just one level of a multi-tier governance structure.

Economic aid

The EU has launched a comprehensive set of economic aid instruments, which are intended to support the policy spaces under discussion here. The aid instruments include grant programmes (called Cards for the Balkans, Tacis for the CIS states and Meda for the Mediterranean), investment loans from the European Investment Bank and macroeconomic loans (only made very selectively and usually in association with the International Monetary Fund).

The statistics of aid commitments over the period of 1995 to 2002, as presented in Annex B, speak clearly of the prioritisation given to the various regions of the Wider Europe. There is a huge range in the relative importance of these programmes, which may be summarised in the average per capita aid receipts accumulated over eight years by the states of the regions identified for policy purposes (see Table 3).

Table 3. Average per capita aid receipts accumulated in 1995–2002 (in euros)

Region	Aid per capita
Balkans (SAA states of former Yugoslavia and Albania)	246
Mediterranean (South and East Mediterranean)	23
European CIS	9
Central Asian CIS and Afghanistan	4
Persian Gulf states	1

Source: European Commission.

Two explanatory factors about aid has been distributed seem to stand out: first, the proximity of the region to the core of the EU, and second, the need for post-conflict reconstruction and rehabilitation. The former Yugoslavia scores high on both accounts. The Mediterranean partners receive on average only 10% of the amount given to the Balkans. The European CIS states receive half as much as the Balkans, and the Central Asian CIS states receive half as much as the European CIS. The rich Persian Gulf states come unsurprisingly last with zero.

Individual post-conflict (or outstanding conflict) cases are privileged: the per-capita aid figures during the same period as above are €465 for Bosnia, €553 for Kosovo and €153 for Palestine. In 2002, Afghanistan alone quickly overtook the scale of aid to all of the Central Asian CIS states.

For comparison, the annual national income of the regions of the Wider Europe tends to be in the range of €1,500–2,000 per annum. This means that the highest levels of distribution of EU aid (for the Balkans and Palestine) are certainly macroeconomically significant. If attached to conditions, such amounts may become a serious incentive for the recipient to follow policies favoured by the EU and international financial organisations. For the other regions and states of the Wider Europe, however, the amounts are very marginal macroeconomically, and for effectiveness, these have to relate to much narrower and precisely targeted objectives.

3.3.3 Justice and home affairs

Recent years have seen major trends in EU policy in the broad domain of justice and home affairs, particularly in its external aspects, in two respects: first, there has been a transfer of policy-making and legislation to the EU level, which includes the harmonisation of rules for immigration, visas and asylum;³⁶ and second, there has been an externalisation of ‘internal’ security policy in the wake of 11 September, with the heightened priority of combating terrorism and illegal trafficking of all kinds.³⁷

These policies naturally tend towards a distinction between the Wider Europe and the Greater Middle East, even if the principles of the policies are generally expressed in non-discriminatory terms. This strategic bargain with the Wider Europe is taking shape. The EU is setting standards of law and order as a reference. The EU controls its frontiers with increasingly unified protection at the level of visas, immigration, border controls, asylum and re-admission agreements with third countries. The EU offers openness to the citizens of the Wider Europe as and when the states in question move sufficiently towards EU standards. In the process, these states come to serve as a buffer zone between the EU and the more troublesome neighbourhoods beyond. By comparison with the eurozone, EU accession does not mean immediate or automatic access to the Schengen area.

³⁶ See J. Apap and S. Carrera (2003), *Progress and Obstacles in the Area of Justice and Home Affairs in an Enlarging Europe*, CEPS Working Document No. 194, CEPS, Brussels, June.

³⁷ See J. Apap and S. Carrera (2003), *Maintaining Security within Borders: Towards a Permanent State of Emergency in the EU?*, CEPS Policy Brief No. 41, CEPS, Brussels, November.

On the other hand there is already the precedent of the EEA states that have fully acceded to the Schengen *acquis* without EU membership. The EU is now moving in the direction of common coastal (maritime) border-security and common land border-services, both of which can reach into the non-EU states of the Wider Europe. It is discussing a draft Commission proposal for a new European agency for managing its external borders (European Agency for the Management of Operational Cooperation at the External Borders), which would be legally based on Schengen jurisdiction. There have also been proposals for a European Border Guard or a European Border Police.³⁸

Within the Wider Europe the incentive of obtaining visa-free access to the EU is of huge importance. The decision to grant visa-free access is basically a bilateral matter between the EU and the individual third country, and offers an important instrument of conditionality. Yet within the Wider Europe, governments may not always be the masters of the situation. Changes in citizenship by individuals, unintended by governments, can become a variable, forcing changes to the map of the Wider Europe. At issue here are the possibilities of citizens coming from poor and conflict-ridden states to acquire a second citizenship of a motherland, which may be a stronger state (e.g. Russia or Turkey) or an actual or prospective EU member state. It is no coincidence that these possibilities exist and are being exploited in all of the areas of secessionist conflict of the Wider Europe. Many Moldovans can become Romanian citizens. Many Transnistrians are Russian citizens. Abkhazians and South Ossetians can become Russian citizens. Northern Cypriots become either 'Greek' Cypriots or Turks. Macedonians can become Bulgarians, with dual-citizenship. Many Bosnian Croats can become Croatian citizens, with dual-citizenship. Bosnian Serbs can do the same with Serbian citizenship.³⁹ The people of Nagorno Karabakh are now Armenian citizens. The case of Israelis now obtaining a second EU citizenship has already been mentioned.

The message from these cases is that if the EU or Russia (or both) do not go to these conflict-ridden areas to resolve the problems effectively, then the peoples will come to them. Even where the conflicts are overcome, there are inescapable policy implications. For example, visa policies of the EU/Schengen area that seek to discriminate between states that are judged as

³⁸ A study group led by Italy, with Belgian, French, German and Spanish participation, has developed this idea in detail in a *Feasibility Study for the Setting up of a European Border Police*, final report, sponsored by the European Commission OISIN programme, Rome, May 2002.

³⁹ Bosnian citizens can have dual nationality. Bosnian Croats can obtain Croatian citizenship if they were born in Croatia, and more easily so if one parent was born in Croatia. Analogous provisions apply for Bosnian Serbs.

either suitable or non-suitable for the visa-free list can be rendered ineffective. Political frontiers within ethnically complex regions fail, since the spill over between states is too great. In the Balkan case, these facts push in favour of a unified visa and movement-of-persons regime for the region. The EU encourages the Balkans to form a visa-free region, analogous to regional free trade. In the Caucasus, if the international community does not mount a more effective conflict-resolution process, the outcome of the frozen conflicts becomes secession and annexation by change of citizenship (to Russian for Abkhazians and South Ossetians, and to Armenian for the people of Nagorno Karabakh).

The EU list of countries for which visas are currently required is reported in Annex A. The EU's visa frontier today is with the CIS states and the Arab world, all of whom require visas. The European CIS countries are beginning to enter the field of discussion over at least partial measures to ease visa restrictions. The Commission's Wider Europe paper shows a willingness to look for measures to ease restrictions for third-country nationals living in border regions (e.g. Ukrainian citizens, Russian citizens from Kaliningrad and other regions bordering the Baltic states). The most recent EU-Russia summit has identified visa-free travel as a long-term objective, which would mean be a fundamental step in Russia's Europeanisation. For these cases, the incentive and conditions are clear in the most general terms. Visa-free travel into the EU can be a plausible objective, on condition that the quality of law and order in these states approaches European standards. But the EU has yet to tell its neighbours precisely what has to be done to achieve visa-free status.⁴⁰

The migration policy of the EU now seems to be on the move. Economic and demographic pressures in favour of a more positive migration stance are translating into policy. The Thessaloniki European Council of June 2003 reflects this, in preparing for an 'EU Integration Policy' (meaning in this context the integration of the third-country individual into the EU labour market and society). The emerging line of policy discourse seems to be that the EU is going to have to absorb many more migrants in the decades ahead in any case, so it is best to start now to prepare the conditions for their successful assimilation into the host member states. This evolving policy is framed in universal terms, rather than discriminating between the regions of the world. Nevertheless one can expect that Wider Europe states will be well-placed to profit from such openings, combined with prospects of visa-free travel into the EU.

⁴⁰ This is apparent, for example, from discussions with the government of Macedonia, whose citizens face the prospect of needing visas for travel even into neighbouring Bulgaria, as the latter prepares for EU accession.

The European Council of Thessaloniki in June 2003 was also notable for its emphasis on the fight against terrorism, with an explicit reference to 'extreme fundamentalism'. A comprehensive array of measures is being prepared or adopted, such as threat analyses by region and state, measures against the financing of terrorism, technical assistance to third countries, etc. Sadly for the Greater Middle East, the distinction with the Wider Europe is evident. The Wider Europe has disorderly and criminalised areas, but it is not a source or location of extreme fundamentalism (Chechnya may, however, be the exception). There is a tendency for the Wider Europe to be regarded as a buffer zone by EU interior ministers, to protect the core of Europe from terrorist threats from the Greater Middle East.

3.3.4 Foreign and security policies

The Iraq war, a sequel to the Afghanistan war and the events of 11 September 2001, has become an epochal event for the EU's gradual and painstaking attempts to build up common foreign, security and defence policies. It has shattered some illusions that the EU was already on a well-defined track in this arena.

Such illusions may be forgiven for two reasons. The first is that the EU is actually progressing in assembling the mechanisms of an integrated foreign, security and (to an initial, small degree) defence policy. The plans to create Rapid Reaction Forces, consisting of both military and civilian police, have been advancing. Temporary political roadblocks have been overcome (e.g. the Turkish-Greek disagreement over the conditions for the ESDP to use NATO assets). The first military operation has begun in Macedonia. The first police operation has begun in Bosnia. A second military operation has just begun in the Congo. Further military peacekeeping operations are being discussed, e.g. for Bosnia and perhaps for Moldova/Transnistria. Other operations could appear on the horizon, for example in the Caucasus and the Middle East. The military Airbus and Galileo satellite projects are going ahead. At the higher political level, the European Convention developed an agreed position in favour of double-hatting the present positions of the high representative for CFSP and commissioner for foreign relations with the title of EU foreign minister. The incumbent will have the hugely important role of combining the presidency of the Council of foreign ministers with control of the Commission's executive functions.

The second reason relates to the Bush administration's strident moves in unilateralist, militarist and so-called 'democratic-imperialist' directions because of the attacks of 11 September 2001. Some say with hindsight that they could see this coming, or that the events of 11 September triggered the epochal change that had been long in the making, in view of both the build-

up of US military superiority across the world and what is now recognised as the long-gestating threat of Islamic fundamentalist hyper-terrorism.

The split over Iraq has been so deep and grave as to overwhelm (at least temporarily) the EU's incremental steps of progress in foreign policy-making. What the big split between 'old' and 'new' Europe shows is that while the EU has a clear view of what it is doing on its home ground of Europeanisation processes, it has no common view of the big, external, global issues in the presence of an aggressively unilateralist and militarist America.

While the world was still wondering whether the EU could recover from the split over Iraq, the EU institutions actually started responding constructively. Instead of a knock-out blow, the Iraqi crisis may prove to be a catalyst, without which the progress now in sight would not have emerged, at least not so quickly. Mr Solana responded to an invitation to devise a European security strategy by submitting a document entitled *A Secure Europe in a Better World* to the Thessaloniki European Council in June 2003, which received immediate and unanimous support within the EU and from across the Atlantic. The document clearly presents the new security threats: terrorism, organised crime and WMD proliferation, which take the top three places. It supports regional and international multilateralism as the key to legitimacy in a rule-based international order. It argues for an EU that would be more coherent and more capable: "We need to develop a strategic culture that fosters early, rapid and where necessary, robust intervention. We should think particularly of operations involving both military and civilian capabilities...We should think of a wider spectrum of missions. In addition to the Petersberg tasks, this might include joint disarmament operations, support for third countries in combating terrorism and security sector reform. The last of these would be part of broader institution building...In a crisis there is no substitute for unity of command." The European Council welcomed this document and mandated Mr Solana to develop it further by December. The same meeting adopted a declaration on WMD, stating its willingness in principle to use "as a last resort, coercive measures in accordance with the UN Charter". Nevertheless, the second Solana document, the European Security Strategy of December 2003 (included as Annex C), uses more bland language: "preventative engagement can avoid more serious problems in the future".⁴¹

Given the snail's pace of prior evolution of the Common Foreign and Security Policy (CFSP) and ESDP, these developments are almost revolutionary. Such progress is also why the EU's Wider Europe doctrine needs a clearer conceptualisation and then operationalisation. It has to be

⁴¹ See J. Solana, *op. cit.*

spilt into two departments. First, there is the Wider Europe department, where the Europeanisation paradigm can dominate as the US gradually fades into the background as a foreign policy actor in the region. Second, there is the department of the Greater Middle East, where the Europeanisation paradigm may still be interesting but is certainly not dominant, alongside the massive projection of military and diplomatic power by US.

The key challenge for European foreign policy planners thus becomes how to envisage a new order for the Greater Middle East, to which the EU can contribute, but where success (real success over basic objectives, not just tokenism) is only conceivable if there is coherence with what the US is doing, and also with Russia for some parts of the map (the former Soviet Union states of Central Asia and the Caucasus). We return to these issues in more detail in section 4.2.

Chapter 4

Systemic and Strategic Aspects

The open issues in this discourse are *systemic* for the Wider Europe, but *strategic* for the Greater Middle East.

By this it is meant that the strategic idea for the Wider Europe – that of European identity and progressive ‘Europeanisation’ of the politics, economics and civil societies of the whole continent – is effectively settled. The EU is the leading actor there and the US as an actor is gradually withdrawing. Equally, Europe is a continent within which indigenous security threats are also fading away or becoming fringe affairs. The open question here is how to organise the Europeanisation process in the Wider Europe where the play of EU accession negotiations is not possible or desired. This is a systemic question.

For the Greater Middle East, however, the open issues are first of all strategic. The general Western hope is that the whole region will become more democratic and modern, and this seems to be the desire of the peoples of the region too. But whether and how the West should go about this is a huge strategic question. The spectrum of opinions is so wide that it only emphasises the strategic uncertainties between those who say that the external powers cannot and should not try to fashion these societies, and Washington’s democratic imperialists, who have advocated and pursued the path of regime change by war. From an EU perspective, two things are clear. First, the societies of the Greater Middle East do not have a European identity to the point of legitimising a full Europeanisation process. Second, the US is seen throughout most of the region as the leading external actor. Although the EU is equally present there, it cannot hope to achieve decisive results unless EU and US policies are sufficiently convergent. As and when there is such a convergence of strategy, there may be scope for systemic region-building as well as state-building initiatives.

4.1 The Wider Europe

4.1.1 Common European House

There are several institutional issues for each of the common European policy spaces. What is the optimal geography or membership map for the activity? Should there be multi-tier structures with the regional level as well as higher levels? The global multilateral level is almost always present, but is there a need for initiatives bringing together both the Wider Europe and the Greater Middle East? What is the balance between EU leadership in terms of norms, resources and institutional organisations on the one hand,

compared with the role of the international and European multilateral organisations? What role could there also be for the EU-Russian strategic partnership as a duopoly?

With regard to European organisations such as the Council of Europe, the European Conference, the Organisation for Economic Cooperation and Development (OECD) and OSCE, the European Commission's paper offers little guidance, except vague words about these and other international organisations being engaged in the process. This lack of precision implies that the EU itself is the only common institutional structure of importance.

The Council of Europe has serious qualifications for an important role in the Wider Europe and some drawbacks. On the one hand, its membership map is perfect. Its legal and political codification of the norms of the human and political dimension is admirable. Its Parliamentary Assembly and Court of Human Rights fit well into the new Wider Europe institutionally. On the other hand its inter-governmental structure at the level of the Committee of Ministers has become increasingly obsolete in the sense that the EU itself does not fit into this assembly of 40 states, which is a problem that will be further accentuated with the EU's enlargement.

Nevertheless, the Secretary-General of the Council of Europe has drawn up a Memorandum, published in September 2003, to address these issues.⁴² He proposes an associate-partnership relationship between the EU and the Council of Europe, with consideration to be given to the EU having – in all areas where its competences justify it – direct participation and voting rights in all activities and organs of the Council of Europe. Such participation could include, for example, involvement in the control mechanism of the European Convention on Human Rights, if the EU accedes to the Convention, as proposed in the draft Constitutional Treaty drawn up by Valéry Giscard d'Estaing (and his 'European Convention'). The EU institutions have not yet responded officially to these proposals, but to do so in a positive spirit could form part of the wider reform of the EU to adapt its relationships with relevant international organisations.

The European Conference consists of ad hoc meetings that have been convened three times at the head of state/government level – in London in 1998, in Nice in 2000 and in Athens in 2003 – and at other times at foreign ministerial level. Its purpose is to reduce the perception of excluding those European states that are not included in the EU enlargement. The list of

⁴² Council of Europe (2003), *One Europe – A Europe of partners, towards an associate partnership between the Council of Europe and the European Union*, Memorandum by the Secretary-General, Information Document SG/Inf(2003)35, 25 September (retrievable from www.coe.int/sg).

invited countries has steadily grown and the most recent meeting has included 40 states: the EU and its candidates (15+10+3), plus the Western Balkans (+5), plus EEA/EFTA members (+4), plus Ukraine, Moldova and Russia. It has thus widened to include the whole of the Council of Europe, except Belarus and the three South Caucasus states.

The sessions of the European Conference typically last about three hours, which implies less than five minutes speaking time on average for the 40 participants. The list of topics of common concern set out in the *communiqué* of the last meeting in Athens was comprehensive, covering virtually all the common issues outlined above. But this semi-institutionalised conference amounts to no more than a very thin diplomatic gesture of inclusion by the EU towards the Wider Europe.

If the European Conference is to continue, its geography could be tidied up once and for all, with participation the same as for the Council of Europe, thus including the South Caucasus, and leaving only Belarus out in the cold for the time being. The purpose of the meetings would be to serve as a forum to politically discuss all the common European issues and air the interests of the EU's European partners, and to keep the adequacy of the institutional organisation of the specific common European policy spaces under review.

The relationship between the European Conference and the Council of Europe could be developed. It would still be the responsibility of the EU to convene meetings, thereby avoiding complications of form and mandate in relation to the Council of Europe itself. But the Secretary-General of the Council of Europe would be among the guests (the chairman in office is present in any case as a national representative). The linkage between the European Conference and the Council of Europe would be especially appropriate since the EU and Council of Europe are now working together more purposefully, as the concluding statement of the latest Quadripartite meeting of the Council of Europe and EU shows.⁴³ The EU is funding joint programmes for democracy, legal institutions and civil society undertaken by the Council of Europe in non-EU member states. The Council of Europe's centre of gravity as an institution is shifting towards becoming an implicit

⁴³ The 19th Quadripartite meeting took place on 17 June 2003. It was attended by the EU (Greek) Council presidency, the Director General of Enlargement for the European Commission, the Secretary-General of the Council of Europe and the Minister for Foreign Affairs of Moldova, (who is also Chairman of the Committee of Ministers of the Council of Europe). The concluding statement is itself an illustration of Wider Europe policy at work. Its headings include: EU Enlargement, Wider Europe Neighbourhood, European Convention, South Caucasus, Moldova, South-East Europe, Serbia-Montenegro, Bosnia, Macedonia, Russia, Belarus, Migration and the International Criminal Court.

Wider Europe agency of the EU. Among the non-EU member states, the sense of inclusion in Europe, which is critical for the process of Europeanisation, could be further enhanced. Some of the European Conference meetings could be held alongside meetings of the Council of Europe, at ministerial or senior official level.

The European Conference or the Council of Europe (or both) cannot, however, plausibly become a well-developed mechanism of the Wider Europe. Most of the non-EU states are in a continuous spectrum of proximity to EU accession, which is a highly competitive process. A strengthening of a Wider Europe institution would be seen by front-runners in the competition as grouping them together with more distant candidates and reducing their chances of accession. Russia would also be unenthusiastic about being lumped together with many small and weak states, thereby reducing the potential of its duopolistic, strategic partnership with the EU. Those in the EU who actually wish to avoid further enlargement may see more attractions in the formula, but the EU as a whole has gone too far in its commitment to full membership of the whole of the Balkans to make this a legitimate option.

Nonetheless, the Wider Europe's overarching structure could start with an upgrading of the so-called 'European Conference'. To mark the step, it could be more meaningfully renamed as the 'Pan-European Conference' or the 'Common European Conference', open to all Council of Europe member states.⁴⁴ A core structure would be required, however, if the initiative is not to resemble the UN General Assembly without the UN Security Council. The Council of Europe and OSCE themselves also need core structures if they are to be more relevant for an EU of 25 or more member states.

The Pan-European Conference could be given a coordinating group consisting of the EU (and future foreign minister) and some combination of non-EU states and the relevant multilateral organisations. Here, one could consider two main options. One option would be essentially political, centred on involving the major non-EU states of Russia, Turkey and Ukraine. A second option would be essentially technical and centred on coordination with the multilateral organisations.

⁴⁴ Given that the Pan-European Conference would have an attendance identical to that of the Council of Europe Committee of Ministers, the occasions of these meetings could also be used for Council of Europe decision-making purposes, with the ministers changing their hats for this function and thus avoiding the need for additional meetings (which would also help that organisation deliberate politically). There are already opportunities for sectoral ministers, for example of economics, transport, energy, etc. to meet at the pan-European level in the margins of other institutions' ministerial meetings.

Regarding the first option, Russia is already saying that it does not like the EU's concept of Wider Europe, on the grounds that it prefers a combination of a bilateral relationship with the EU and a free hand to deepen CIS integration.⁴⁵ Turkey and Ukraine would also be cautious about the idea. Although they may be attracted to being privileged members of a European core group, they would also consider it a risk, in view of their EU-accession ambitions, to be grouped with Russia in this way. The main concerns for the EU would be whether Russia would be sincerely interested in building up a pan-European structure based firmly on common European norms, rather than just acceding to a mechanism that gives it quasi-veto powers over any initiative, such as seemed to be the Russian interest in the past in forming a European Security Council. For these and the other reasons mentioned, this first option looks implausible at present.

The second option would be to build on the relationship that the EU has already been developing with several key multilateral organisations, notably the Council of Europe, the International Monetary Fund (IMF), the World Bank, NATO and OSCE, regarding their operations in the Wider Europe. The IMF and the World Bank have both increasingly operated in co-financing mode with the EU in their respective fields – with coordinated conditionality – in states and indeed sub-regions (notably South-East Europe and the Mediterranean) of the Wider Europe. For the World Bank, the EIB and EBRD are also important partners. An analogous cooperation, non-financial but addressing policy issues in legal-normative or security fields, has developed with the Council of Europe, NATO and OSCE. The coordinating group for the Pan-European Conference could see all the relevant organisations invited by the EU to prepare agendas.

The coordinating group would prepare meetings of the full conference, but not have decision-making powers. The Pan-European coordinating group would also supervise the work of separate coordinating groups for each of the seven common policy spaces, which would be structured in the same way with the EU and the relevant multilateral organisations. These sectoral coordinating groups include further specialised institutions, such as the OECD, the Pan-European Conference of Transport Ministers, the Energy Charter, Europol for the justice and internal security area, etc.

These coordinating groups would facilitate the exchanges between the Pan-European Conference and the sectoral organisations, thus helping to give coherence, synergies and impetus to the overall Wider Europe initiative. The EU institutions should take the initiative in submitting Green Papers on each of the policy domains, with supporting proposals to come from any of the relevant multilateral organisations or states of the Wider Europe.

⁴⁵ See the speech by V.A. Chizhov, *op. cit.*

A further institutional development could concern the place of the EU in the European multilateral organisations, particularly the Council of Europe, the OSCE and the OECD. The EU could accede as full member of these organisations following the model already established for certain UN agencies, replacing the existing ad hoc arrangements.⁴⁶ The EU (foreign minister or his/her representative) would have full rights in these organisations, with the proviso of ‘no additionality’ for voting rights. This means that where an issue would come to a vote, the EU and its member states would decide themselves whether this is a matter for a collective EU position or for individual member states to vote upon separately. In the former case, the EU representative casts a single vote with a weight of 15 (or 25, etc.), and the member states do not vote. In the latter case, the EU representative does not vote.⁴⁷ The previously mentioned proposals of the Secretary-General of the Council of Europe would be a more modest move in the same direction.⁴⁸

In this way, combined with the rest of the Wider Europe structure, these valuable organisations would be rescued from their increasingly grave institutional obsolescence. But the more fundamental point is that the Wider Europe would be given an institutional structure matching the level of this strategic concept. For over a decade, Europe has sought the formula for its post-Communist, post-Soviet and enlarging-EU era. There are already a huge number of ad hoc arrangements. The Wider Europe concept could be the framework for better mobilising the extremely strong professional expertise of these organisations.

4.1.2 Regional sub-structures

A further tier to the governance of Wider Europe consists of regional organisations, notably for the Balkans and South-East Europe, and the Barents, Baltic, Black and Mediterranean Seas. These regional organisations or networks can work on inherently regional issues and also serve as more compact forums for discussing the politics of the Wider Europe.

⁴⁶ A recent Commission Communication surveys the relationship between the EU and the entire UN system in considerable detail, but concentrates on the principles of multilateralism and the modalities of more effective coordination rather than institutional innovations. See European Commission (2003d) *The European Union and the United Nations – the choice of multilateralism*, COM(2003) 536 final, 10 September.

⁴⁷ This is basically the model established for the EU’s participation in the Food and Agriculture Organisation (FAO) of the UN and the UN Convention on the Law of the Sea.

⁴⁸ See Council of Europe, op. cit.

The EU could be more consistent in favouring this regional approach. It was dragged into supporting the Northern Dimension by Finland and Sweden. It has been reluctant, however, to respond to invitations to participate actively in the BSEC organisation. Yet there are increasing reasons now to focus on the Black Sea, since the region not only has a natural economic geography, but also harbours a wide set of security concerns or threats (unresolved ethno-secessionist conflicts, conduits for trafficking and corridors for energy transport and pipelines). The EU should therefore, in the Wider Europe context, reconsider its tepid attitude towards the overtures from BSEC.

Given that these four seas and the Balkans (and possibly the Danube river basin) all have their regional networks, a question remains as to whether there is a case for multilateralising the relationship between the EU and the European CIS states. This case could have the logic that the Wider Europe breaks down into three major zones: the European CIS, the Balkans and the Mediterranean. Yet this would be superficial logic, since it forgets that the European CIS states have another hub in Russia, whereas the EU is the only hub for the Balkans and the Mediterranean. While relations between the EU and the European CIS states deepen every year, this hypothetical regional grouping still looks premature, given apprehensions that would exist around the table today over the nature of the triangular relationships between the EU, Russia and the other smaller states. For the European CIS states it seems that the geographical regional approach is more promising, i.e. to use the Barents Sea, Baltic Sea and Black Sea organisations, where old geo-political apprehensions are diluted by a common concern for more technical and economic issues (e.g. environmental and infrastructural).

4.1.3 Systems for the extreme diversity of Wider Europe

So far the approach has been to focus on common spaces, thus commonalities. This approach has its value, yet the Wider Europe is extremely diverse in two respects. Its unit sizes range from the mega to the micro. The quality of the order in these states ranges from the most advanced to the least (in very weak states). The present section considers how a Wider Europe strategy on the part of the EU could accommodate this huge diversity. We look at three cases: the mega-state Russia, which is moderately ordered, those small states and entities that are violently disordered, and those micro-states and entities that are well-ordered.

The elephant and the bear

On an earlier occasion we have considered the co-habitation of the European elephant and the Russian bear, both impressive beasts.⁴⁹ The political relationship between the EU and Russia officially aims at strategic partnership. Although the Russian economy is still only relatively small, Russia is an actor way above its economic weight by virtue of its geographical coverage, energy resources and, under Mr Putin compared with former President Boris Yeltsin, firm leadership. The EU-Russian bilateral agenda is important under virtually every heading or at least potentially so. Since Russia is still the centre of its own hub-and-spoke system (even if a reduced one) that overlaps in parts with the growing hub-and-spoke system of the EU, the choice between coordination and competition cannot be avoided.

There is a search process going on to find an answer to this dilemma. At the institutional level, the half-yearly bilateral summits have been trying to find a formula to make better progress. The summit of May 2003 opted to explore the possible content of a Permanent Partnership Council, to improve upon the present Cooperation Council.

What form could be given to the new Permanent Partnership Council? In general terms one could have in mind the analogue of the Franco-German axis within the EU, which are two entities of comparable size, with large political ambitions that establish a systematic closeness of de facto alliances on the wide agenda of European and international affairs. The partners have no common bilateral legislative space, but they heavily influence European policy at large and share many important projects. For the EU-Russian case it is clearly inappropriate to work according to the EU accession or association model, unlike most of the EU's Wider Europe partners. The most important institutional innovation would be to upgrade the Cooperation Council into a joint Council of Ministers. At regular intervals, Russian cabinet ministers for all the topics of common concern could meet together with their EU Commission counterparts, the EU Council presidency and the future foreign minister. The list of ministers/commissioners attending, corresponding to real issues of common concern, would include foreign affairs, home affairs, economics and finance (plus the central bank governors), energy, environment, education/research/science, industry and trade and internal market. At times the topics of agriculture and fisheries would also be on the agenda. Defence would move onto the agenda in due course. Such a list means that the larger part of the Russian cabinet and EU Commission would be present. These joint sessions would be chaired at presidential level. The

⁴⁹ See M. Emerson (2001), *The Elephant and the Bear – EU, Russia and their Near Abroads*, CEPS, Brussels.

bilateral summit meetings should also be given more time than the present three hours. There could be restricted sessions at presidential plus foreign ministerial levels, in parallel with the bilateral ministerial sessions and the plenary sessions of all. The parliamentary dimension could also be more amply developed. There are already joint committee meetings of the Duma and the European Parliament, and such relationships should be expected to gather increasing importance.

One outcome of such collaboration and deepening of trust could be improved coordination to handle problems of the overlapping near-abroads, including the weak states and unresolved conflicts of the Caucasus and Moldova. We explore possible systemic solutions to these conflicts in the next section. Both Russia and the EU would like to see stability and more order in these states and secessionist entities, yet sufficient trust and transparency has not yet emerged to really work together for solutions. The legacy of the old sphere-of-influence attitudes has not evaporated and indeed sees some resurgence on the Russian side. Nevertheless, a great advantage could at some stage emerge for Russia in the shape of an EU contribution towards resolving the Chechnya problem.

The violently disordered small states and entities

The EU has thought in terms of concentric circle models, according to which the responsibilities and commitments of the EU diminish as a function of geographical or political distance (or both) from the EU. This approach, however, is now changing, given that the most acute problems of the Wider European space arise among the weak, conflictual or even failed states of the Wider Europe's outer periphery from the Balkans to the Caucasus, including Moldova (and not neglecting the unresolved problem of Northern Cyprus).

Official discourse often keeps the discussions of solutions to ethno-secessionist conflicts to two basic variants: either mutually agreed secession and recognised independent statehood, or, where there is no agreement between the two parties, the search for a federative solution within a single state. The European periphery, however, seems to be heading towards far more complex and varied, multi-tier governance systems. A taxonomy is offered in Box 3, listing options for composite solutions for the ethno-secessionist conflicts such as those seen in the Balkans and the Caucasus.

Federation and confederation are well-established concepts, yet in their classic forms have not supplied adequate solutions for the unresolved conflicts of the European periphery. A more recent concept, enlarging the menu of possibilities, is the 'common state'. Although this has no widely accepted definition, we regard it as a hybrid compromise between federation and confederation. As in a federation, a common state is only one state in

international law, but the functional structure of government is actually more like a confederation, which works on selected common policies.

Box 3. Taxonomy of solutions to ethno-secessionist conflicts

One-tier – secession or unitary state(s) or both

1. Secession denied, unitary state prevails
2. Secession and independence, recognised internationally
3. De facto secession and independence, non-recognised

Two-tier – with federative solutions

4. Federation (one state in international law, decentralised powers)
5. Asymmetric federation (one state, with autonomous entity)
6. Confederation (two states, some common policies)
7. Common state (one state, some common policies)

Three-tier – with regional cooperation

8. Regional community of two or more states and sub-state entities)

Four-tier – with the role of supranational or external powers

9. Multilateral, e.g. OSCE/UN/Council of Europe
10. ‘Europeanisation’/‘Russification’/‘Pax Americana’ (for overarching protection/association/integration/annexation)
11. Coalition/consortium/condominion, e.g. the EU and Russia or a troika of EU-RUS-US

Yet the thin functions and powers of the common state may not be substantial enough to prevent centrifugal forces from predominating, with the common state then breaking apart. For this reason it may need to be combined with a tier of supranational or external power to hold it together. Serbia and Montenegro is a case where the model is being attempted with prospects of EU integration as the umbrella, although it is far from clear whether this case will prove sustainable. The UN Annan plan for Cyprus was another example, which was stalled again in March this year, but may still come about with full EU membership.⁵⁰ Russian Prime Minister Yevgenii Primakov has advocated common state solutions for Nagorno Karabakh and Transnistria.

The disputed secessions of the European periphery have led to several de facto independent entities that lack international recognition, such as

⁵⁰ Belgium within the EU is the mature case of a thin, dyadic federal structure, made viable because of its deep integration with the EU tier of governance.

Kosovo, Transnistria, Abkhazia, Nagorno Karabakh and Northern Cyprus. It is typical, however, of these cases that the seceding party is not able to defend itself or may be perceived to be a threat to others. Therefore the role of a third party may be crucial in some form or other – in the manner of protectorate, association, integration or annexation (see Box 4).

Also popular with the international community is the idea that conflictual regions should not only settle their differences with federative structures, but also set up structures to organise regional cooperation. Natural geographical regions such as the Caucasus and the Balkans (or the Baltic Sea, the Black Sea, etc.) always have a potentially useful agenda for cooperation over such matters as transport, energy and communications networks, policies for regional free trade and the movement of persons, environmental problems, combating cross-border crime, etc. The idea is that regional cooperation may generate common interests in peace rather than conflict. It is also observed, however, that the incentives for regional cooperation in chronically conflictual regions tend not to be perceived as strong enough to tip the balance decisively from war to peace.

The supranational or external powers may overarch both these common state and regional cooperation arrangements, in order to ensure their survival in a post-conflict environment among the weak or failed states. Here the potential role of the EU has unique advantages. When the conflict states or entities have a long-term prospect of full EU membership, the democratic legitimacy of the overarching power has some serious foundations. The task for the EU is therefore to work on staged processes, in which former conflict zones graduate into EU associate status, then perhaps to move on to accession-candidate status in due course.

Although the EU clearly now has the leading role for the Balkans and for Cyprus, the situation in Moldova and the Caucasus is seeing a strong Russian and American presence. Nevertheless, all these states have European aspirations and are Council of Europe members. They are candidates for progressive Europeanisation. It remains to be seen whether the troika of external powers or sub-set alliances (EU-Russia, Russia-US or EU-US), can coordinate effectively enough to secure durable solutions. One view is that the path towards this kind of solution will only come with or after the deepened Europeanisation of Russia itself. Such a view underlines why the dialogue between the EU and Russia on these unresolved conflicts, as already suggested above, is so relevant.

The EU can, for the weak states and protectorates of the Wider Europe, provide a conveyor belt for helping these states or entities graduate out of the weak and protected category into full inclusion in modern (or indeed post-modern) Europe. This possibility provides democratic legitimacy for

temporary arrangements (peacekeeping, support for the judiciary, border protection, etc.) that would otherwise risk categorisation as neo-colonialism, and therefore provoke opposition and resistance.

Box 4. On protectorates, association, integration and annexation

- **Protectorate.** An external power keeps the peace with the aid of military or police forces as necessary and may also exercise powers of civil administration. The external power may be invited or uninvited, which means different degrees of democratic legitimacy.
- **Association.** A self-governing entity adopts some or even many of the policies and laws of an external power, usually its much bigger neighbour, but without becoming part of the political structure of the neighbour. This regime derives its legitimacy from being voluntarily sought or accepted.
- **Integration.** The entity voluntarily becomes a full part of the economic and political structures and jurisdiction of the (formerly 'external') power.
- **Annexation.** This integration happens through the use or threat of force, or without the consent of the parties directly concerned or the legitimising agreement of the international community.

Yet the process whereby the EU may become a more effective agent of conflict resolution in the European periphery is not without problems, even assuming the EU develops the political will and diplomatic capacity to do so. A current research project comparing four conflict cases suggests that there can be unexpected and perverse effects on the search for federative solutions to ethno-secessionist conflicts.⁵¹

The essence of the problem concerns how the incentive of Europeanisation and the conditionality of the EU may affect each of the conflict parties.⁵² The EU has a strong, passive power of attraction to the states of its periphery, but this may not work in favour of resolving the typical ethno-secessionist conflict without this passive power being backed up by an effective and

⁵¹ See B. Coppieters et al. (2003), *European Institutional Models for Resolution of the Ethno-Secessionist Conflicts of the Divided States of the European Periphery*, CEPS Working Paper No. 195, CEPS, Brussels, July; this study looks especially at issues between Serbia and Montenegro, Moldova and Transnistria, Cyprus and Georgia, and Abkhazia.

⁵² See G. Noutcheva (2004), *Europeanisation and Conflict Resolution – A Survey of the Literature*, CEPS Policy Brief, CEPS, Brussels (forthcoming).

complementary role as a foreign policy actor. The cases of Moldova and Georgia illustrate this situation vividly at the time of writing.⁵³

The well-ordered small states and entities

The purpose of this section is to separate the issue of the weak state from that of the numerous, well-ordered small or micro-European states and non-state entities. These small states and entities may be quite compliant with the EU criteria and *acquis* or could easily become so (Andorra for example). In the case of sovereign micro-states, their right to accede to the EU is written into the treaties as a matter of principle. Such states may want to be almost completely integrated into the EU, but may be content not to be full members institutionally. In addition, there are non-state entities that cannot accede, because they are not states under international law. At some point the EU may introduce a minimum size criterion for new membership applications, such as population of 1 million, while still wishing to minimise exclusion effects. It may also wish to provide an umbrella for some non-recognised entities whose status under international law is not settled or some sub-state entities that are semi-independent of member states.

It would not be impossible to design a category of membership that could come close to full inclusion in the institutions of the EU alongside full (or almost full) jurisdiction of EU law and policies. Examples are set out in Box 5. The EU has already given names to special categories such as ‘associated country’ or ‘associated territory’ and extracts from the existing treaties as adopted for the draft Constitutional Treaty are given in Annex D. The key constraint on inclusion in the EU’s institutional system is the intergovernmentalism of the Council of Ministers, where a very large number of small states threaten gridlock. This concern would also apply to the other institutional arrangements where there has to be one representative per member state, for example in the Commission (unless the proposed Constitution changes this), in the Governing Council of the European Central Bank and among the judges of the Court of Justice. In most other respects, there could be room for at least partial inclusion in the institutions for associated states, countries or territories.

⁵³ In November 2003, Russia proposed a draft Constitution for a Federal Republic of Moldova to resolve the Transnistrian conflict. This proposal, however, was considered biased in giving excessive power to Transnistria by both opposition parties in Moldova and the EU and US, and resulted in deep divisions at the OSCE foreign ministers’ meeting in Maastricht on 1–2 December 2003. During the same month, Georgia plunged into a political crisis following contested election results, leading to the resignation of President Eduard Shevardnadze and fresh elections planned for January 2004. The EU has not had a strong presence in either case.

Box 5. Possible mechanisms for partial participation in EU institutions by associated states and territories

- *European Parliament.* An entity may participate through inclusion in the constituency of a neighbouring member state (for a micro-state/entity), or as an observer or full member (if population reaches avg. constituency size).
- *European Commission.* A commissioner will have relations with the associated states and entities in his/her portfolio of tasks.
- *Council of Ministers.* A member state chosen by the associated state or entity may be mandated to speak on its behalf. In the voting of the Council of Ministers under the double majority proposed by the Convention, the mandated member state may cast the population vote of the associated state or entity separately. A representative of the associated state or entity may attend as an observer within the delegation of the mandated member state in open legislative sessions.
- *European Court of Justice.* Full jurisdiction would apply.
- *Economic and Social Committee.* An entity may be an observer (for micro-state/entity) or a full member (where the population reaches average European Parliament constituency size).
- *Committee of the Regions.* Participation on this committee would be the same as for the Economic and Social Committee above.
- *European Investment Bank.* Full eligibility for project financing could be granted.
- *European Central Bank.* An entity could become fully part of the euro area (but with no seat on the Governing Council of the European Central Bank) with the possibility for the limited minting of euro coins (e.g. Monaco euro).
- *Citizenship.* Citizens would have full rights as those in member states; passports may bear the identification 'European Union', followed by the name and symbol of the entity, and possibly a triple identity where the entity has a special relationship in or with a member state.*
- *Agencies of the EU.*** Participation may be granted if useful.
- *Staffing in the EU institutions.* Eligibility for staff appointments would be on the basis of merit.

*For example, citizens of the Åland Islands carry passports on which the cover page indicates the triple identification of the EU, Finland and Åland.

**For example, agencies of the EU include:

- European Environment Agency
- European Training Foundation
- European Monitoring Centre for Drugs and Drug-Addiction
- European Monitoring Centre on Racism and Xenophobia
- Office for the Harmonisation in the Internal Market
- Agency for Safety and Health at Work

One could extend this logic to the not yet well-ordered states or entities that seriously aspire to a European future and for which the Europeanisation process needs to offer strong incentives. Such states or entities could be offered prospects for progressive inclusion in the institutions as well as the policies of the EU, further drawing on the list of options in Box 5. But minimum standards of compliance with EU (and Council of Europe) norms would be required. Where an associated state, country or territory was vulnerable, weak or recuperating from a period of violent conflict, the security or governmental functions (or both) of the state could be supported by the EU. The minimum compliance with EU norms could thus be implemented with the aid of the EU. An associated state could only apply for full EU membership if it no longer needed such support and was fully in control of its internal law and order. The category of associated territory may provide an ordered place within the EU for entities whose status under international law cannot (yet) be agreed by the interested parties (such as Kosovo or Northern Cyprus) or that choose to remain only semi-independent entities.

Neighbourhood agreements

In its Wider Europe document, the Commission sets out the idea of a new category of ‘Neighbourhood Agreements’ as the centrepiece of its proposals. The Convention on the Future of Europe suggested the use of more general language in the draft Constitution to address the same subject, proposing in Article 1-56 (see Annex D) that “the Union shall develop a special relationship with neighbouring states”, and that “for this purpose the Union may conclude and implement specific agreements with the countries concerned”. The Commission also proposed that Action Plans be drawn up as preliminary activities to negotiating Neighbourhood Agreements.

The Commission’s proposals were spoiled by obscure language about the precondition that existing agreements, such as the Partnership and Cooperation Agreements (PCA) with CIS states, be fully implemented. Since these agreements contain a very long list of policies over which the parties undertake to cooperate in unspecified ways, there is no way of knowing what the precondition means, and this uncertainty surely undermines the incentive effect or credibility of the initiative for the time being. In fact, the experience of the PCA agreements has not been hugely successful for at least two reasons that are not attributable to the partner states. First, as mentioned, the agreements are full of vague commitments that have no precise content or binding force. Second, the EU itself has evolved a lot since these agreements were first drafted almost a decade ago. In particular, the EU’s Justice and Home Affairs competences and its external and security policies have developed enormously, such that the agreements have become increasingly

obsolete. Already there is discussion in diplomatic circles about what to do when the current PCAs reach the end of their initial periods of validity.

Regarding the substance of future agreements, one approach would be to follow the draft Constitution and aim at a set of special relationships with each or any of the states or entities of the Wider Europe. The term ‘Neighbourhood Agreement’ may turn out to be excessively restrictive. If in substance these agreements add to the family of association arrangements, this term ‘association’ may be more appropriate. It is potentially more flexible and could follow the existing precedents that include associated states, countries and territories. There is already a perceived interest in association, including the important case of Ukraine. It would also leave open the possibility of Association Agreements with non-state entities. The term would probably be acceptable to all partners, with the likely exception of Russia, which may prefer a ‘Strategic Partnership Agreement’ to succeed its present PCA.

A starting point and structure for such agreements could be the list of common European policy spaces. For each space, how the partner state would relate to these European policy concepts would be set out, and in some instances there will be a standard set of options as sketched above (section 3.3). There would be a primary focus on inclusion in these common policies. In addition, there would of course be the specific provisions tailored to the partner state. Here would be the place for the EU to deploy specific incentives, especially for the states or entities of the Wider Europe most in need of stabilisation and modernisation.

4.2 The Greater Middle East

We focus on two central issues:⁵⁴

- prospects for democratisation of the Greater Middle East and Western strategies to foster this; and
- issues of regional architecture and organisation.

In both cases there is the issue of whether or how the EU and the US may work together.

4.2.1 Objectives, principles and methods

Fundamental changes are underway in the narratives about the political, economic and societal condition of the Greater Middle East – from Morocco to Afghanistan and on to Central Asia. These changes concern both the

⁵⁴ For a more detailed presentation, see Emerson and Tocci, *op. cit.*

nature and objectives of human development in relation to the currently authoritarian political regimes, and the role of Western policies in influencing political and economic strategies.

Time has run out for the status quo in the Greater Middle East because of the extraordinary accumulation of crises in the region. Three of these are all too sharply identified – Israel-Palestine, al-Qaeda and Iraq. But the fourth one – the economic, political and societal crisis of the region – is quite different in nature. It is deep, diffuse and differentiated, yet with pervasive common features. It presumably links to the underlying cause of global terrorism, even if the definitive interpretation of al-Qaeda and associated movements remains to be written.

The UNDP's *Arab Human Development Report* for 2002 is a recent, landmark document written by Arab experts⁵⁵. This report emphasises societal factors at work or the three key deficits that are considered defining features of the Arab socio-economic malaise: 1) *the freedom deficit* (see Figure 3) where the Arab world is trailing behind even the poorest regions of the world; 2) *the women's empowerment deficit*, with the lowest political and economic participation of women in the world; and 3) *the human capabilities and knowledge deficit*. About 65 million Arabs are illiterate, of which two-thirds are women. The Arab world's 1.2% penetration rate for personal computers and 0.6% for internet use is the lowest of all world regions.

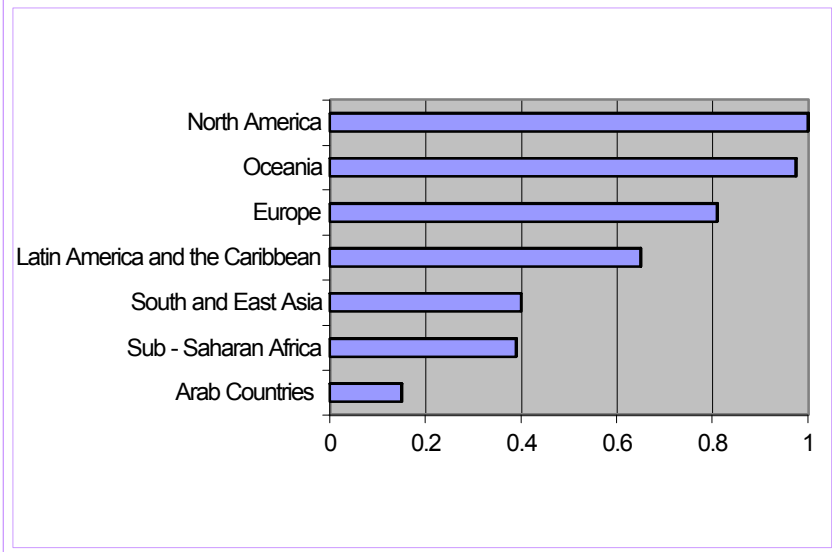
Conventional economic measures are also part of the story.⁵⁶ The overall incidence of absolute poverty is relatively low because of oil wealth, yet one in five people live on less than \$2 per day. Economic growth per capita over the last two decades has been the lowest among all the world regions with the exception of sub-Saharan Africa. Integration with the world economy has not advanced in line with worldwide trends towards globalisation.

Western policies were long based on the idea that regime stability was the priority, implying passive acceptance or active support for autocratic and often repressive regimes. Western policies have come in two variants, one essentially American and the other more European. The old US paradigm, starting after the Second World War, saw a basic deal with Saudi Arabia over the security of oil supplies for the West in exchange for strategic security guarantees for the regimes.

⁵⁵ See United Nations Development Programme (UNDP) (2002), op. cit.

⁵⁶ For an overview of economic performance see FEMISE Network (2002), *Annual Report 2002 on the Euro-Mediterranean Partnership*, FEMISE, Marseille, July.

Figure 3. Average value of freedom scores, world regions, 1998-99



Source: UNDP (2002), *Arab Human Development Report*, UN, New York.

The more recent European paradigm, as in its Euro-Mediterranean Partnership, has been to foster economic progress in the region as the leading agent of general development, which in due course would facilitate political progress in the direction of human rights and democracy. Such progress would in turn favour Europe's security interests, in terms of the abatement of pressures for migration (especially from North Africa) and access to energy supplies.

Both of these paradigms of Western policy now have to be questioned. They are confronted with the objective facts that the Arab world has performed poorly under virtually all measures in the last decades, in absolute and relative terms compared with most other world regions. While these trends have been evident for a long time, it took the events of 11 September for the world to see that the region had become the breeding ground of al-Qaeda terrorism. The policies of securing stability as an overriding priority or of initially favouring economic development under authoritarian regimes – with minimal consideration to the political, social and human rights impact – has backfired.

Evidence of whether democracy favours economic growth has been a contested matter on both theoretical and empirical grounds. It is clear that democratic structures bring certain benefits, such as promoting the rule of

law, an open society and freedom of choice, as well as discouraging corruption. With few exceptions, developed states are also democratic. Although the empirical evidence has been unclear when based on cross-country regressions, new evidence comes from the examination of the growth performance of a large sample of countries (40 in total) that made the move from authoritarian to semi-democratic or democratic regimes in the last two decades.⁵⁷ The paradigm of the holistic development process – political, economic and societal – is acquiring increasing support.

Table 4. Attitudes towards religion, politics and democracy in 11 Muslim countries (in percentages)

Country/Year	Religious person	Politicians who don't believe in God are unfit for public office (strongly agree or agree)	Comfort and strength from religion	God is very important (reported 10 on 10 point scale)	Democracy better than any other form of government (strongly agree or agree)
Bangladesh/01	96.9	71	98.9	93.3	98.3
Egypt/01	98.7	87.8	99.9	81.6	97.7
Albania/98	94.9	NA	58.8	16.5	96.8
Azerbaijan/96	88.3	NA	87.6	60.9	96.1
Morocco/01	NA	90.1	99.8	99.2	95.4
Jordan/01	86.2	81.3	99.7	98.5	90.3
Bosnia/98	69.8	NA	64.7	30.3	89.4
Turkey/01	78.4	57.3	91.1	76.7	88
Indonesia/01	84.5	88.7	100	96.9	71.2
Iran/01	94.9	NA	96.3	82.9	69.3
Pakistan/97	NA	NA	84.6	74.2	NA

Note: NA refers to 'not available'.

Source: World Values Survey, in al-Braizat, op. cit.

Opinion surveys show a strong discrepancy between the democratic aspirations of Muslim societies and the autocratic political regimes under which they live. Many scholars of the Middle East have overlooked this discrepancy, arguing that the problem of undemocratic regimes was a cultural one. Nevertheless, as illustrated in Table 4, there is no contradiction between the religiousness of Muslims and their interest and support for democracy. Overwhelming majorities are found to view democracy as better than any other form of government, alongside comparable majorities who

⁵⁷ See F. al-Braizat (2003), *The EU and Democracy Promotion in the Southern Mediterranean – Is it working?*, CEPS Middle East Working Paper No. 5, CEPS, Brussels (forthcoming).

consider themselves to be religious (for example 97.7% and 98.7% respectively in the case of Egypt, or 90% and 86% for Jordan).

If it is to be accepted now that human development, sound governance and democratisation have to be part of a holistic development process, and that Islam in general has no inherent cultural incompatibility with these features of modernity, the issue becomes how to envisage a new era of profound reform of the region. The actual or recent strategies of the US and Europe towards the region encompass a huge range. These may be categorised as follows:

- *Model 1. Acquiescence*, where priority is given to regime stability, even when the regime is authoritarian and repressive. A blind eye is turned to objectionable regime features. It is now appreciated that such regimes have not only failed to deliver economic and social progress, but have de facto contributed to the environment that produced the new global terrorism. The conclusion has to be that time has run out for Model 1.
- *Model 2. Passive engagement*, where there is political dialogue over democratic values and human rights, but without significant incentive measures or pressures. Principal support for economic development is seen as a forerunner to democratisation. This model has been the EU's approach under the Barcelona Process so far, which has some merits, but has not seen impressive results.
- *Model 3. Active engagement* is a more holistic approach, calling for political, economic and human development in parallel, strengthening the emphasis on democratic values and human rights, with more significant incentives. This may be the model for the period ahead, but so far it has not really been tested in the region.
- *Model 4. Aggressive engagement* takes action against objectionable regimes. The worldwide track record of sanction policies is poor, including the cases of Iraq, Iran and Libya, although not universally so, as in the overthrow of the apartheid regime in South Africa. The reverse logic of counterproductive effects, however, is well-known.
- *Model 5. Forceful regime change* may be engineered by political pressures or by war in the extreme case. Bombing, invasion and military occupation are the models of Afghanistan 2001 and Iraq 2003. But the workings of this model for establishing sustainable democracy and modernisation remain uncertain and hazardous.

In the post-11 September climate, US policy switched from Model 4 to Model 5 for Iraq. It continues to use Model 4 for Iran, but threatens to move to Model 5. The US has moved away from Model 1 as a general policy for the Arab world and is possibly heading towards Model 3 with its Middle East

Partnership Initiative. Some voices in Washington seem to envisage a cascade of regime changes in the Middle East, following the application of Model 5 for Iraq, but others advocate a long-term process of democratic transformation, resembling Model 3.⁵⁸ US Deputy Defense Secretary Paul Wolfowitz, at the heart of the neo-conservative element in the spectrum of opinions in the Bush administration, has argued (before the Iraq war) for a more precise scenario, with Iraq becoming the “first Arab democracy...[a] post-Saddam Iraq [that is] secular, middle class, urbanised, rich with oil that will replace the autocracy of Saudi Arabia as the key American ally in the Persian Gulf, allowing the withdrawal of United States troops from the kingdom. The presence of a victorious American army in Iraq would then serve as a powerful boost to moderate elements in neighbouring Iran, hastening that critical country’s evolution away from the mullahs and towards a more moderate course.” This would be a demonstration case for the whole of the Middle East.

Above the speeches of Mr Wolfowitz is the question of what President Bush’s agenda really is. Some Washington analysts, such as Ivo Daalder and James Lindsay, argue that while Mr Bush makes speeches that go along with the ideas of Wolfowitz and friends, whom they call ‘democratic imperialists’, his actions follow the different ideas of Defense Secretary Rumsfeld and Vice President Richard Cheney, whom they call ‘assertive nationalists’.⁵⁹ The latter group focuses on destroying direct security threats to the US and is reticent about taking on the agenda of state-building and societal transformation, which they believe to be beyond the reach of external powers. Mr Daalder and Mr Lindsay conclude that President Bush “has occasionally used the rhetoric of democratic imperialists, notably in last week’s stirring speech before the National Endowment for Democracy.”⁶⁰ But

⁵⁸ See M. Ottaway et al. (2002), *Democracy Mirage in the Middle East*, Policy Brief No. 20, Carnegie Endowment for International Peace, Washington, D.C., October.

⁵⁹ See I. Daalder and J. Lindsay (2003), *America Unbound: The Bush Revolution in Foreign Policy*, Brookings Institution, Washington, D.C.

⁶⁰ President Bush’s speech to the National Endowment for Democracy, 6 November 2003 includes the following passages: “More than half of all the Muslims in the world live in freedom under democratically constituted governments...Many Middle Eastern governments now understand that military dictatorship and theocratic rule are a straight, smooth highway to nowhere...Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe...Therefore the United States has adopted a new policy, a forward strategy of freedom in the Middle East.” Bush recognised positive elements in Morocco, Bahrain, Qatar, Yemen, Kuwait, Jordan, Afghanistan, Iraq and Saudi Arabia. Finding no such signs in Egypt, the

his longstanding disdain for nation-building, lacklustre interest in the reconstruction of Afghanistan and initial failure to push his subordinates to generate a plan for rebuilding Iraq all mark him as an assertive nationalist.”⁶¹ For the Middle East in general, excluding his ‘axis of evil’ cases of Iraq and Iran, Mr Bush says he is moving from Models 1 or 2 to Model 3. But this remains to be seen.

EU policy in the Barcelona Process has been based on Model 2. It had supported Model 4 for Iraq before the war, but Model 3 for Iran. When the US chose to move to Model 5 with war against Iraq, the EU was split down the middle and had no position. After the war in Iraq, the EU has hardened its position on WMD in general, which has obvious implications for Iran. This resolve led the EU to recalibrate its policy towards Iran, moving closer to Model 4. EU policy could now be recalibrated basically from Model 2 to Model 3 for the Greater Middle East as a whole and for the Barcelona Process in particular. The US could join it there, with their post-Iraq initiatives pointing this way (including the Middle East Partnership Initiative, free-trade proposals and strong support for the Israeli-Palestinian Roadmap), but as just pointed out, Mr Bush’s intentions are subject to question. It is clear that in any case the US has a huge task to rebuild its image in the region, as shown by the data in Table 5.

Table 5. Opinion of the United States in the Middle East, 2003 post-Iraq war (in percentages)

	Very favourable	Favourable	Unfavourable	Very unfavourable
Israel	32	47	12	8
Kuwait	30	33	16	16
Morocco	13	14	13	53
Lebanon	8	19	23	48
Pakistan	3	10	10	71
Turkey	2	13	15	68
Jordan	-	1	16	83
Palestinian Territory	-	-	13	85

Source: Pew Global Attitudes Project (2003), *Views of a Changing World*, June (retrieved from www.people-press.org).

ultra-diplomatic President Bush suggested that “The great and proud nation of Egypt has shown the way towards peace in the Middle East, and now should show the way towards democracy in the Middle East” (retrieved from www.ned.org/event/anniversary/oct1603-Bush.html).

⁶¹ See I. Daalder and J. Lindsay, “Bush’s priority in Iraq is not democracy”, *Financial Times*, 11 November 2003.

The US also has the task of rebuilding its reputation in Europe, as evidenced by a Eurbarometer poll of October 2003, which achieved instant notoriety for its results.⁶² The survey asked how twenty countries were to be assessed as dangers to world peace. The first five places were occupied by Israel (59%), Iran (53%), North Korea (53%), the United States (53%) and Iraq (52%). China, India and Russia were ranked way down (30%, 22% and 21% respectively), while only 8% of this EU sample ranked the EU itself as a danger. The US and Israel thus found themselves ranked with the three members of Mr Bush's 'axis of evil' in the eyes of European public opinion.

This view leaves open two fundamental questions. The first concerns the conclusions to be drawn from the Iraq war, on issues of principle and practice. On the principles it has become clear that the original justification, to disarm weapons of mass destruction, was to a degree only a pretext. As the WMD argument evaporated, the justification reverted to the Wolfowitz argument made before the war, namely to achieve a regime change with such a demonstration of American power and such a positive response expected on the part of the Iraqi people that it would trigger a cascade of progressive developments throughout the region. This second argument, however, was then confronted by the post-war realities, in which the coalition forces were not regarded as liberators, but as unwelcome occupying powers. Although the provisional governing council set up in July has a carefully balanced structure for the early post-war period, the trends look ominous for the occupying powers, with casualties from guerrilla attacks virtually every day. It is possible that the war will result in perverse results, failing to bring liberal democracy to Iraq and instead giving rise to some combination of chaos, civil strife and Islamic-fundamentalist politics.

The second issue is how to promote democracy and reform in the Greater Middle East by means other than regime-change-by-war. Considerable experience in the rapid transformation of political regimes has been acquired over the last decade in Europe through the switch from communism to Western democracy. The Arab context has been set out in the UNDP *Arab Human Development Report* as previously noted. To a degree, these are universal issues of human development, especially in a world of irreversible trends in global communications and integration. The agenda of interlocking issues is formidable: the formal institutions of governance; political pluralism and democratisation; the legal/judicial/penal system; human rights and their protection; civil society; the educational system; cultural identity; the tolerance of minorities and the harmony of cultures.

⁶² European Commission (2003e), *EU citizens and their opinion on the rebuilding of Iraq and peace in the world*, Flash Eurobarometer No. 151, Taylor Nelson Sofres/EOS Gallup Europe (published in November, with fieldwork having taken place in October).

A key point is the overriding political message to be communicated by the EU, the US and development agencies (bilateral and multilateral) to the states of the Middle East. As already argued, the message should be that the time is over for turning a blind eye to authoritarian regimes that fail to respect human rights. The earlier argument, to the effect that such regimes were to be given the benefit of the doubt because they brought geo-political stability, has run out of plausibility. The counter-argument is that the policies of exclusion, or the denial of political pluralism, have been inefficient at delivering economic, social and political progress to the peoples of the region, and they have generated the support for the terrorist activities of Islamic fundamentalists.

The EU and the US have the opportunity to coordinate their policies in this context. The EU's Barcelona Process and relations with the GCC and Iran could all be given a stronger thrust on the issues of governance, democratisation and human rights. The new US-Middle East Partnership Initiative, if endowed with sufficient budgetary resources to be significant, could be highly complementary.⁶³

Beyond the primary political messages are a chain of implementation issues for the external parties. These issues are: a) the definition expectations and understandings about the nature and pace of political and institutional reforms; b) the design of development assistance across the range of parliamentary, judicial, governmental, educational and civil society institutions and the underlying cultures; c) the design of incentive measures and conditionality policies for all other aid programmes; and d) the issues of coordination between the EU, the US and international organisations.

The question of performance measures will require a major effort. The EU's experience with democracy promotion in the Mediterranean region, as reviewed in some detail by Richard Youngs,⁶⁴ points to the need for improving the sophistication and professionalism of the methods of injecting external assistance, including support for progressive and indigenous civil society initiatives. This process involves the issues of conditionality and incentives, which must, however, be carefully calibrated so as to avoid undesirable distortions in the system, such as aid only going to partners who

⁶³ The US-Middle East Partnership Initiative was launched by Secretary of State Colin Powell in December 2002, with the intention of supporting a wide range of educational, governance and private sector developments. The initial budget of \$20 million – which can only support pilot schemes – is to be increased to \$145 million next year.

⁶⁴ See R. Youngs (2002), *The European Union and Democracy in the Arab-Muslim World*, CEPS Middle East Working Paper No. 2, CEPS, Brussels, November.

‘speak Western’. There is little encouragement from experience for the use of crude sanctions as an instrument of political reform. A gradual intensification of arguments in political dialogue and a finer focusing of aid efforts on key parts of the transformation process should be the next step. There has to be time and sustained activity for the external party to build up pressure on the authorities and provide encouragement for progressive domestic movements.

All the EU’s Association Agreements (with the Mediterranean states and others) include an Article 2 that makes respect for human rights an essential part of the relationship, including the possibility for either party to take appropriate measures in the event of disregard for these commitments. The official text launching the Euro-Mediterranean partnership in Barcelona in 1995 defines these responsibilities, stating that the partner states must “respect human rights and fundamental freedoms and guarantee the effective legitimate exercise of such rights and freedoms, including freedom of expression, freedom of association for peaceful purposes and freedom of thought, conscience and religion, both individually and together with other members of the same group, without any discrimination on grounds of race, nationality, language, religion or sex”.

A recent report by Amnesty International,⁶⁵ submitted to the Valencia meeting of the Barcelona Process in April 2002, reviewed the current human rights record of the partner states of the region, and deplored the conclusion that the spirit of the Barcelona declaration is not being effected. Almost all partner states are the subject of critical reports. The criticism is extended further to the EU with the words “the value of the human rights clauses contained [in] common Article 2 in all agreements is nearing zero”. It is argued that assessments of compliance with Article 2 should be a set agenda item in all political dialogue meetings between the parties, including the bilateral Association Councils, and that more adequate monitoring mechanisms should be established.

The time to take these provisions more seriously has indeed come. At the level of formal political relations between the EU and the Mediterranean states, the agreements and mechanisms of the Barcelona Process initiated since 1995 are only now coming into legal effect, following the conclusion of negotiations and ratification of the bilateral Association Agreements. Although this process is still far from complete, a critical mass of operational agreements now exists. The opportunity now arises to move on to a more intense and explicit phase of political dialogue over human rights issues, as

⁶⁵ Amnesty International (2002), *Towards sustainable peace and security: The human rights imperative for the Barcelona Process*, Memorandum to the Euro-Mediterranean Ministerial Meeting in Valencia, 22-23 April, Amnesty International, London.

well as a more comprehensive focus on human rights in all aspects of bilateral and multilateral relations. Moreover, the link between the treatment of human rights at the micro-level of individual rights and the objective of progressive democratisation is exceedingly important. There are many ways of designing democratic institutions, and respect for well-identified and codified human rights is a major results criterion for assessing any given system. It may be more legitimate and feasible for the external party to shift the focus towards individual cases and away from the precise shape of a recommended institutional reform.

4.2.2 Partnership and region-building

How could the system as a whole shape up? What, if any activity, should there be with the Greater Middle East region as a whole? How should the Barcelona Process relate to a possible renewal of the Madrid multilateral process? How much of the accent should be placed on sub-regional groups? Should the Barcelona Process, with Israel becoming the only non-Arab participant on the southern side, remain as it is? Or should there be a revival of the Euro-Arab dialogue instead? How much regionalism is called for at all, as opposed to the bilateralism that has been the main mark of US policy? The long list of regional groupings described in Box 6 shows that the answers to these questions are not self-evident.

Conference of the Mediterranean and Middle East. Supposing that at least a stabilisation of the situation in Iraq occurs and there is progress in the Israeli-Palestinian peace process, the opening of a new chapter in the history of the region could be initiated with a summit-level political conference, bringing together three sub-regional groups (the Maghreb, the Mashreq and the Persian Gulf), as well as the Quartet principals and associates on the Western side, along with the relevant international organisations. The private sector has already been active in this sense, for example the conference of the World Economic Forum in Jordan in June 2003 was attended by Western leaders. An official conference may be somewhat analogous to the Madrid Peace Conference of 1991 or the Balkan Stability Pact Conference of July 1999 at the end of the Kosovo war. Unlike these earlier examples, however, there would not be a new, comprehensive structure of working groups subordinated to the conference, in view of the importance of other sub-regional structures that have come into existence.

Box 6. Arab and Islamic initiatives

The Arab League was created in 1945, with Cairo as its headquarters. Its membership has expanded from seven members at the beginning to 22. Its aim is to foster cooperation between member states and it arbitrates in the event of conflicts. In early years it sought to develop the ideological framework of Pan-Arabism. Although an important political forum, the Arab League has not been able to become a motor or mechanism of integration. Among recent positive achievements, it did succeed in 2002 in multilateralising Arab support for the Saudi peace plan for the Israel-Palestinian conflict. The **Euro-Arab Dialogue** (bringing together the EU and the Arab League) was initiated in 1974, but political tensions in the region have prevented it from becoming an effective process. From an EU perspective, a re-activated Euro-Arab dialogue would now compete and overlap as a forum with the Euro-Mediterranean Partnership (Barcelona Process, which includes Israel).

The Council for Arab Economic Unity was established in 1957 under the auspices of the Arab League, leading in 1964 to the decision to establish the **Arab Common Market**. This initiative was limited, however, to Egypt, Iraq, Jordan, Syria and (later) Libya, but became blocked with the Gulf war. Since 1980, there has been a wide-ranging programme entitled **Joint Arab Economic Action (JAEA)**, subordinated to the **Economic and Social Council** of the Arab League. This programme has led to a huge number of specialised working groups and joint venture projects. A fresh initiative was launched in 1998, with a project for an **Arab Free Trade Area (AFTA)**, signed by 18 Arab states, with commitment to eliminate import tariffs in 2008, but this appears to be behind schedule. Its secretariat is in the Arab League's economics department. Sub-regional initiatives have been tried also, partly responding to the failure of pan-Arab initiatives. The **Gulf Cooperation Council (GCC)** was founded in 1981 with six member states (Saudi Arabia, United Arab Emirates, Bahrain, Kuwait, Oman and Qatar, with Yemen recently joining some GCC Councils). The initial motivation was the perceived common threat coming from the fall of the Shah's regime in Iran. The GCC established institutionalised cooperation with the EU in 1988. The EU offered to negotiate a free-trade agreement on condition that the GCC made a Customs Union. In December 2001, a GCC summit decided to bring a customs union into force on 1 January 2003, which has now been confirmed in practice, instead of the earlier plan for 2005. As a result the Joint Council of EU and GCC of February 2002 noted that all the conditions for rapid progress in free trade negotiations were now present, the EU having decided a negotiating mandate in July 2001. The GCC decided in 2002 to establish a GCC Defence Council. The EU Commission decided to open a Delegation in Riyadh in 2002, responsible for all six GCC states.

The **Arab Maghreb Union** was initiated in 1989 by Algeria, Libya, Mauritania, Morocco and Tunisia with the Treaty of Marrakech, which provided an institutional structure. The decision was taken in principle, at summit level, to establish a free trade area by 1992 and a common market by 1995, but no implementing decisions followed; in 1995 Morocco called for a suspension of the Union because of its dispute with Algeria over territory in the Sahara. The EU has tried to support the Arab Maghreb Union, for example by agreeing to 'cumulation' between states of the Arab Maghreb Union under the rules of origin for free trade with the EU, but this has remained theoretical. Morocco and Tunisia have effectively defected from the Union in favour of the Agadir Group.

The **Arab Cooperation Council (ACC or Mashreq)** was founded also in 1989 but has hardly existed at all, since its two most important members – Egypt and Iraq – soon found themselves on opposing sides of the Gulf war. In principle, the ACC would have included also Jordan, Syria, Lebanon and the PLO.

Since 2001, the **Agadir Group**, consisting of Egypt, Jordan, Morocco and Tunisia, has sought faster progress in trade liberalisation (a free-trade area by 2006), with a view to other initiatives as a 'pioneer group'. The free-trade objective may be achieved early, in 2005.

The **Organisation of the Islamic Conference (OIC)** was founded in 1970 and currently consists of 55 member states. Its secretariat is located in Jeddah, Saudi Arabia. It meets at foreign minister level once a year and summit level every three years. The EU began a dialogue with the OIC at Helsinki in December 1999, followed by a meeting of 30 foreign ministers of the EU and IOC in Istanbul in February 2002. This meeting focused on the objective of inter-civilisational harmony and conflict resolution.

The aim of such a conference would be to create a common sense of purpose for the long-term transformation of the region as a whole, as a cooperative endeavour between the countries of the region and the main external interested parties. The initial political declaration would define objectives and underline the comprehensive approach envisaged (political, human, economic and security) and the promotion of regional cooperation and ultimately integration. It would advocate flexible, variable geometry in the mechanisms of cooperation at several levels (sub-regional groupings, bilateral actions, ad hoc groupings and linkages to wider organisations – including the Arab League, the Organisation of Islamic Countries and the Euro-Mediterranean Partnership). The conference of the Mediterranean and Middle East region would gather only occasionally. A steering group could meet more frequently, based on what is known as the Quartet (the EU, Russia, the UN and the US) and the Arab Follow-up Committee (Saudi Arabia, Egypt and Jordan). It could include Israel as soon as political circumstances permitted.

Sub-regional groups. The conference would recognise and encourage important tiers of activity at the following sub-regional levels:

- The Mediterranean states (of the Barcelona Process), including
 - the Maghreb, which would anticipate a revival of the Arab-Maghreb Union at some stage, with its five members – Morocco, Algeria, Mauritania, Tunisia, and Libya; and
 - the Mashreq, which would embrace Israel, Palestine, Egypt, Lebanon and Syria, possibly with Iraq to associate with or join the group. The Mashreq would have the tasks of conventional regional cooperation to organise alongside the resolution of the Israeli-Arab conflict, but the level of political ambition would be greatly increased if confederation became the long-term objective.
- The Gulf Cooperation Council, which is developing progressively and to which Yemen would associate increasingly.

The Mashreq case could be singled out for special encouragement to aim at more ambitious integration objectives in due course – possibly in the form of a Mashreq confederation – as trust was rebuilt in the conflict resolution process. This group would be based on the natural logic of cross-border economic cooperation in such a small and complex area, and the special problem of providing an adequate legal basis of the citizenship, the rights of movement, residence and employment for the substantial Palestinian refugee diaspora.⁶⁶

Nevertheless the experience in the conflict zones of the south-eastern periphery of Europe (the Balkans, Cyprus and the Caucasus) is that local regional integration in post-conflict situations may not be seen as offering sufficient advantages to overcome the legacy of former or ongoing conflicts. Therefore, such integration has to be supported externally (in the Balkans and Cyprus it is supported by the incentive of integration with Europe itself). The EU would promote regional and sub-regional cooperation in the Greater Middle East as part of its Wider Europe and neighbourhood initiative.

The EU should therefore not only advocate a new Mashreq initiative (possibly resulting in a confederation to follow a peace between Israel and its neighbours), but also propose a new framework for the deeper integration between this Mashreq confederation and the EU itself. This initiative could consist of creating a Euro-Mashreq community, whose status and policy content would be more advanced than the present Association Agreements, although falling short of prospects for EU accession. It would provide

⁶⁶ See B. Møeller (2002), *A Cooperative Structure for Israeli-Palestinian Relations – The Contours of a Post-Conflict Peace Order*, CEPS Middle East Working Paper No. 1, CEPS, Brussels, November.

especially strong support for the nascent institutions and policies of the Mashreq Confederation. This case would be the most urgent, but an analogous Euro-Maghreb community and Euro-Gulf community could follow in the same manner in due course.

This offer of deepened cooperation would be based on three conditions: that the states in question were at peace with each other, that they were making serious commitments towards democratisation and respect for human rights, and that they were willing to make progress with their own regional integrative organisations. These initiatives could begin with ‘advance guards’ of some but maybe not all of the states of the sub-region, acquiring further members in due course. The policy content of the proposed Euro-Mashreq community model is suggested by the deepening and widening of the EU’s Association Agreements in other areas, such as the Balkans. The institutional arrangements could derive some inspiration from the European Economic Area, which has its own surveillance and implementation authority, a court for dispute settlement, as well as joint committees of senior officials and ministerial councils.⁶⁷ New institutional developments could be placed in the region rather than in Brussels (for example, in Malta, which has the most central Mediterranean location).

In general terms the EU would be adapting but not dissolving the Barcelona Process by: a) focusing more on the Maghreb and the Mashreq sub-regions separately; b) emphasising more strongly the political and human rights criteria of progress; c) offering better market access, plus expanding and improved aid; and d) wider association possibilities with the entire range of EU policies. The proposed Euro-Mashreq community (or Euro-Maghreb, or indeed Euro-Gulf equivalents) would not comprise any prospects for full EU membership as offered to the Balkans, but could offer open-ended opportunities for mutual integration short of full membership of the EU institutions. Israel, post-conflict and together with progressive transformation, would be in the most favourable position to profit from these possibilities because of its advanced economy. It could, for example, accede to the European Economic Area and later become a ‘virtual’ member of the EU through deep and wide association arrangements.

The new US Middle East Partnership Initiative, from Morocco to the Persian Gulf, is not conceived as a multilateral structure. It would, however, fit in perfectly with a Mediterranean and Middle East initiative of the kind described here. The US would coordinate bilaterally with the EU on many issues, both political and technical. It would be desirable for the EU, given its considerable experience of regional transformations, to have a dialogue with the US on these questions. Nevertheless, if there were to be a renewal of

⁶⁷ See Emerson, Vahl and Woolcock, *op. cit.*

the Madrid process following serious progress with the Roadmap initiative, it is unlikely that it would be in exactly in the form as the Madrid multilateral process for three reasons. First, the EU's Barcelona Process has developed too substantially to be sunk into a new, single multilateral process. Second, there should be a priority for a more territorially focused Mashreq, given the need for this sub-region to deal with local economic issues as well as the refugee question, and possibly even to develop into a confederation in due course. Third, some aspects of the broader political dialogue of the old Madrid process would be taken up afresh in the Mediterranean and Middle East conference.

These last few pages have explored possible policy developments under the assumption of a peace between Israel and Palestine. But surely we must not conclude before assessing what the chances and content of a peace could be, and if slim, how EU policy towards the Mediterranean should develop. Under the Sharon government the prospects for peace have receded beyond the horizon. The discourse and realities of 'war against terror' have apparently suited Mr Sharon well. The discourse of 'no negotiation with terror' has reinforced the preference of Mr Sharon to avoid or defer as long as possible any negotiations on the fundamentals, namely the map of the future Palestinian state, the future of the refugees and the status of the holy places of Jerusalem. In fact, the only progress on the map has been the construction of the fences around parts of the West Bank, leading to further expropriation of Palestinian land and the building of a de facto frontier, combined with the propaganda that this is not a political frontier but just a security measure. Meanwhile the Roadmap initiative, designed to induce a cessation of violence before final status negotiations, has fallen into disarray and irrelevance.

The alternative peace strategy, arguably the only one with any real chance of success, has been freshly presented in the Geneva Accord of 1 December 2003, negotiated between non-official personalities of Israel and Palestine and signed by 300 members of the Israeli and Palestinian elite.⁶⁸ The Geneva Accord finishes off what the Clinton–Barak negotiations left undone, notably at Taba in January 2001.

The map of the Geneva Accord follows the only logic that has international legitimacy and political plausibility: the pre-1967 green line, adjusted with land swaps on a one-for-one compensation basis. The refugees would be given a large range of options with the exception that the right of return to

⁶⁸ The complete 23-page text, which has the form of a draft official peace treaty, has been published on the website of the *Ha'aretz* newspaper. Its essential features are the same as the conclusions of the CEPS study of 2002, *The Rubik Cube of the Greater Middle East* (Emerson and Tocci, op. cit.).

Israel would be severely curtailed to what Israel itself would decide. The holy places would be divided along Clintonian lines. There would be an international peacekeeping force.

The fundamental issue of political logic here is over the sequencing of the cessation of violence in relation to negotiations on the substance. The logic of the Geneva Accord is that a just outcome to the negotiations on the substance has to be visible and credible before extremist violence is likely to evaporate. The history of British and French decolonisation in the 1950s and 1960s illustrated this logic, which was still visible in the example of the way to peace in Northern Ireland in the 1990s. If the pre-condition of peace is the cessation of violence, peace will never come. The logic of 'no negotiation under the threat of violence' may be emotionally appealing, but history and political analysis suggests that it tends not to work. Remarkably, even former leaders of the Israeli secret service organisation, Shin Bet, now seem to be coming to the same conclusion.⁶⁹ The Sharon government in the meantime complains about anti-Semitism in response to the European opinion survey results reported above, to the effect that Israel is a danger to world peace. More simply, European public opinion seems to judge that something like the Geneva Accord could be a sound peace plan, whereas Mr Sharon's strategy seems not to be a peace plan of any kind. Mr Sharon has dismissed the Geneva Accord as irrelevant.

Meanwhile the EU must proceed with its Wider Europe policy for the time being without a peace. The current idea of the EU is to offer to work out Action Plans within the context of Wider Europe policy with Morocco, Tunisia and Jordan bilaterally. New policies for Maghreb and Mashrek sub-regionalism have to wait.

⁶⁹ See "Ex-spy chiefs rap Sharon over Palestinians", *Financial Times*, 16 November 2003.

Chapter 5

The Final Frontiers of Europe?

Where will the final frontiers of Europe be? So goes the familiar question, as the EU expands to 25 member states and begins to look seriously at the admission of Turkey.

There are several competing answers to this very reasonable question.

First is the reply of the geographer, which coincides with the Council of Europe's membership map to the south. But to the east the geographer and politician are in deep disagreement. Turkey and Russia are in Asia as well as Europe. Therefore the second answer is the geo-political compromise, wherein Europe consists of states that are at least partly European in the geographical sense, which also corresponds to the Council of Europe map. But this too lacks depth as an answer to questions that imply matters of identity, culture and values.

The third answer tries to be more politically relevant and looks to the future, final frontiers of the European Union. The fourth answer is about the future extent of Europeanisation. These two are the interesting answers to look at more closely. The frontiers of the European Union are an institutional matter. The extent of the Europeanisation process is a societal matter. The two are moving in constant interaction.

At the beginning of the 21st century we observe that the European Union, for all its weaknesses, has a power of attraction to its outside neighbours. The EU as a political institution has committed itself to accepting all the states of the geo-political Europe that show they have become sufficiently Europeanised. The EU also defines its strategic security interests as starting with the Europeanisation of its neighbourhood.

Nevertheless, the EU also has to constrain its enlargement by considerations of the workability of its institutions. The United States functions as a federation with some 50 states and virtually no intergovernmentalism. The EU will now try to pause for breath to introduce the proposed Constitutional Treaty and test its functionality for 25 (and soon after 27) member states. Yet the whole of geo-political Europe, with the exception of Russia, now officially express (at least long-term) aspirations for full membership. The inclusion of Turkey, Croatia, Bosnia, Serbia, Macedonia, Albania, Norway, Iceland, Ukraine, Moldova, Switzerland, Georgia, Armenia and Azerbaijan would make 41 members. The EU took almost half a century, from 1958 to 2004, to go from six to 25 members. A provisional reply to the original question, with the merits of simplicity and clarity, could indeed be to say that the EU will continue to expand towards 41 members between 2004 and

2050. This is a serious timescale, both for the maturing of the EU's own system of multi-tier governance to accommodate so many states, and for the post-communist transition in the still weak or failed states of the European periphery.

Whether or not to join the EU is a realistic question for non-members to focus upon today, because the EU is the only credible European structure. But it is unrealistic to follow a too simple and binary logic – in or out of the EU. The EU's frontiers are becoming fuzzier, both within Europe and outside it. The concentric circle or cobweb models seem to have plenty of life in them these days. Within the EU, the newly acceding states want to be in everything and are not attracted to the euro-sceptic or opt-out clubs. A core EU, however, is also in the making, alongside the EU's formal rules that dictate the openness of all EU policies to all member states as a matter of political principle. The making of a core Europe is seen in the further qualitative, post-accession admission criteria for the eurozone, the Schengen area and now the military dimension being prepared by France, Germany and the UK. In France and Germany, ideas about a bilateral union circulate, being viewed as an insurance against the possibility of the EU25 becoming unworkable. Outside the EU there are further rings of the cobweb, starting with the EEA system for Norway et al., moving towards the Stabilisation and Association Agreements for the Balkans and on to the Wider Europe, which for the Commission, would extend to North Africa. Therefore the more refined answer is that, while the EU's formal membership will further enlarge over the first half of the 21st century, at the same time there will be developments of the cobweb and concentric circles that change the meaning of being in or out of the EU.

At this point the geo-political answer, that of the Council of Europe's membership map as the final frontier, has to be reconsidered. Could parts of North Africa and the East Mediterranean become part of Europe? If Turkey can join the EU, why not Morocco or Israel? If Europe is about identity and values combined with physical proximity, which ignores strict geography as it has already done on a huge scale with Russia and Turkey, the answer would possibly be yes. The Council of Europe itself is open to a wide range of association arrangements. As a not too-implausible example, it may take the lead in exploring how Morocco how could progressively accede to Council of Europe conventions and protocols.

This answer, however, is not really satisfying because it is hiding behind institutional formalism, which is not a reliable guide to the essence of the ideas that people have in mind. These ideas are surely more about values and identity. The Europeanisation idea represents dynamic processes over time, whereby these perceptions of values and identity spread out from core Europe to its outer regions, some of which are still struggling with the post-

communist transition. The Wider Europe concept seems to be aiming at making the Europeanisation process happen without foreseeable prospects of EU accession.

But can this work? The answer today is unknown. The non-EU countries of Europe continue to regard EU membership as the only significant incentive for Europeanisation. The Wider Europe idea is too vague and unconvincing, at least so far. Could it become strategically effective or will it just remain in the domain of token diplomacy? The ideas explored above about a comprehensive set of common European policy spaces, combined with institutional innovations, are an attempt to sketch out how the idea could conceivably become strategically effective.

Nevertheless, the Europeanisation process is working alongside the driving forces, norms and institutions of globalisation, which increase in relative importance as one reaches the outer edges of the Wider Europe. The blurring overlap of Europeanisation and globalisation seems likely to become more pronounced in these outer reaches of the Wider Europe. To our original question, this prompts a fifth answer – the laziest, simplest and perhaps the most plausible one – that there will never be such a thing as the final frontiers of Europe.

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Annex A

**States of the Wider Europe
and the Greater Middle East**

		Population (millions)	National income (\$ billions)	Council of Europe	OSCE	NATO (or EAPC /PfP)	Visa needed for EU
Wider Europe*							
	EU	450	8,500				
1	Austria	8	195	Yes	Yes	EAPC	-
2	Belgium	10	245	Yes	Yes	Yes	-
3	Denmark	5	164	Yes	Yes	Yes	-
4	Finland	5	123	Yes	Yes	EAPC	-
5	France	59	1,381	Yes	Yes	Yes	-
6	Germany	82	1,940	Yes	Yes	Yes	-
7	Greece	11	121	Yes	Yes	Yes	-
8	Ireland	4	88	Yes	Yes	EAPC	-
9	Italy	58	1,123	Yes	Yes	Yes	-
10	Luxembourg	0.4	23	Yes	Yes	Yes	-
11	Netherlands	16	390	Yes	Yes	Yes	-
12	Portugal	10	109	Yes	Yes	Yes	-
13	Spain	40	588	Yes	Yes	Yes	-
14	Sweden	9	226	Yes	Yes	EAPC	-
15	UK	59	1,477	Yes	Yes	Yes	-
16	Cyprus	0.7	10	Yes	Yes	No	-
16a	<i>North. Cyprus</i>	<i>0.2</i>	<i>1</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>Yes</i>
17	Czech Rep.	10	54	Yes	Yes	Yes	-
18	Estonia	1	5	Yes	Yes	Yes	-
19	Hungary	10	49	Yes	Yes	Yes	-
20	Latvia	2	8	Yes	Yes	Yes	-
21	Lithuania	3	12	Yes	Yes	Yes	-
22	Malta	0.3	5	Yes	Yes	No	-
23	Poland	39	163	Yes	Yes	Yes	-
24	Slovakia	5	20	Yes	Yes	Yes	-
25	Slovenia	2	19	Yes	Yes	Yes	-
	EU candidates	96	219				
26	Bulgaria	8	13	Yes	Yes	Yes	No
27	Romania	22	39	Yes	Yes	Yes	No
28	Turkey	66	167	Yes	Yes	Yes	Yes
	EEA/EFTA	12	433				
29	Iceland	0.3	6	Yes	Yes	Yes	No
30	Norway	5	160	Yes	Yes	Yes	No
31	Liechtenstein	0.03	1	Yes	Yes	No	No
32	Switzerland	7	277	Yes	Yes	EAPC	No

	Other micro-states						
33	Andorra	0.06	1	Yes	Yes	No	No
34	Vatican	0.001	NA	Observer	Yes	No	No
35	Monaco	0.03	1	Pending	Yes	No	No
36	San Marino	0.03	1	Yes	Yes	No	No
	SAA states	24	43				
37	Croatia	4	20	Yes	Yes	EAPC	No
38	Bosnia	4	5	Yes	Yes	Peacekpg.	Yes
39	Serbia & Mont	11	10	Yes	Yes	EAPC**	Yes
39a	<i>Kosovo</i>	2	-	-	-	<i>Peacekpg.</i>	<i>Yes</i>
40	Albania	3	4	Yes	Yes	EAPC	Yes
41	Macedonia	2	4	Yes	Yes	EAPC	Yes
	CIS Europe	225	313				
42	Russia	145	253	Yes	Yes	EAPC	Yes
43	Ukraine	49	35	Yes	Yes	EAPC	Yes
44	Moldova	4	2	Yes	Yes	EAPC	Yes
44a	<i>Transnistria</i>	0.7	NA	No	No	No	Yes
45	Belarus	10	13	No	Yes	EAPC	Yes
46	Azerbaijan	8	5	Yes	Yes	EAPC	Yes
47	Armenia	4	2	Yes	Yes	EAPC	Yes
47a	<i>N. Karabakh</i>	0.2	NA	No	No	No	Yes
48	Georgia	5	3	Yes	Yes	EAPC	Yes
48a	<i>Abkhazia</i>	0.3	NA	No	No	No	Yes
Greater Middle East							
	Mediterranean	174	255				
49	Algeria	31	51	No	No	Dialog.	Yes
50	Morocco	29	34	No	No	Dialog.	Yes
51	Tunisia	10	20	No	No	Dialog.	Yes
52	Libya	5	40				Yes
53	Egypt	64	200	No	No	Dialog.	Yes
54	Jordan	5	9	No	No	Dialog.	Yes
55	Lebanon	4	18	No	No	No	Yes
56	Palestine	3	3	No	No	No	Yes
57	Israel	6	106	No	No	Dialog.	No
58	Syria	17	17	No	No	No	Yes
	Persian Gulf	135	590				
59	Iraq	24	20	No	No	No	Yes
60	Bahrain	1	9	No	No	No	Yes
61	Kuwait	2	37	No	No	No	Yes
62	Oman	2	17	No	No	No	Yes
63	Qatar	1	12	No	No	No	Yes
64	Saudi Arabia	21	181	No	No	No	Yes
65	Un. Arab Em.	3	40	No	No	No	Yes
66	Yemen	18	8	No	No	No	Yes
67	Iran	65	109	No	No	No	Yes

	Central Asia/ Afghanistan	83	41				
68	Kazakhstan	15	20	No	Yes	EAPC	Yes
69	Kyrgyzstan	5	1	No	Yes	EAPC	Yes
70	Tajikistan	6	1	No	Yes	EAPC	Yes
71	Turkmenistan	5	5	No	Yes	EAPC	Yes
72	Uzbekistan	25	14	No	Yes	EAPC	Yes
73	Afghanistan	27	20	No	No	Peacekpg.	Yes
	Wider Europe	810	9,508				
	Greater Middle East	392	886				
	GRAND TOTAL	1,200	10,394				
74	Canada	30	900	No	Yes	Yes	No
75	United States	286	10,019	No	Yes	Yes	No

* Italics are used for non-recognised secessionist entities. Accession of Northern Cyprus to the EU is intended in principle by all parties, but at present the conditions for accession with the rest of Cyprus in May 2004 have not been met.

** An EAPC is expected in Serbia in 2004.

Note: NA refers to 'not available'.

Source: World Bank, for population and (gross) national income data for 2001, completed using various internet sources.

Annex B

Aid commitments of the European Union 1995–2002

	Population (millions)	EU commitments of aid, 1995-2002 (€ millions)	Aid per capita (€)
SAA states	24	5,913	246
Croatia	4	283	71
Bosnia	4	1,860	465
Serbia & Mont	11	1,414	128
<i>Kosovo</i>	2	<i>1,106</i>	553
Albania	3	804	268
Macedonia	2	446	223
CIS Europe	225	2,053	9
Russia	145	1,079	7
Ukraine	49	673	14
Moldova	4	87	22
<i>Transnistria</i>	<i>0.7</i>	<i>0</i>	<i>0</i>
Belarus	10	27	3
Azerbaijan	8	77	10
Armenia	4	50	13
<i>N. Karabakh</i>	<i>0.2</i>	<i>0</i>	<i>0</i>
Georgia	5	60	12
<i>Abkhazia</i>	<i>0.3</i>	<i>0</i>	<i>0</i>
Mediterranean	174	4,031	23
Algeria	31	304	10
Morocco	29	1,049	36
Tunisia	10	686	68
Libya	5	0	0
Egypt	64	777	12
Jordan	5	381	76
Lebanon	4	194	49
Palestine	3	459	153
Israel	6	0	0
Syria	17	181	11
Persian Gulf	135	0	0
Iraq	24	0	0
Bahrain	1	0	0
Kuwait	2	0	0

Oman	2	0	0
Qatar	1	0	0
Saudi Arabia	21	0	0
Un. Arab Em.	3	0	0
Yemen	18	0	0
Iran	65	0	0
Central Asia/ Afghanistan	83	2342	4
Kazakhstan	15	78	5
Kyrgyzstan	5	43	9
Tajikistan	6	4	1
Turkmenistan	5	25	5
Uzbekistan	25	82	3
Afghanistan	27	307	11

Source: European Commission.

Annex C

A Secure Europe in a Better World European Security Strategy

Submitted by Javier Solana to the European Council
in Brussels, 11–12 December 2003

Introduction

Europe has never been so prosperous, so secure nor so free. The violence of the first half of the 20th Century has given way to a period of peace and stability unprecedented in European history.

The creation of the European Union has been central to this development. It has transformed the relations between our states, and the lives of our citizens. European countries are committed to dealing peacefully with disputes and to co-operating through common institutions. Over this period, the progressive spread of the rule of law and democracy has seen authoritarian regimes change into secure, stable and dynamic democracies. Successive enlargements are making a reality of the vision of a united and peaceful continent.

No single country is able to tackle today's complex problems on its own

The United States has played a critical role in European integration and European security, in particular through NATO. The end of the Cold War has left the United States in a dominant position as a military actor. However, no single country is able to tackle today's complex problems on its own.

Europe still faces security threats and challenges. The outbreak of conflict in the Balkans was a reminder that war has not disappeared from our continent. Over the last decade, no region of the world has been untouched by armed conflict. Most of these conflicts have been within rather than between states, and most of the victims have been civilians.

As a union of 25 states with over 450 million people producing a quarter of the world's Gross National Product (GNP), and with a wide range of instruments at its disposal, the European Union is inevitably a global player. In the last decade

As a union of 25 states with over 450 million people producing a quarter of the world's Gross National Product (GNP), the European Union is inevitably a global player... it should be ready to share in the responsibility for global security and in building a better world.

European forces have been deployed abroad to places as distant as Afghanistan, East Timor and the DRC. The increasing convergence of

European interests and the strengthening of mutual solidarity of the EU makes us a more credible and effective actor. Europe should be ready to share in the responsibility for global security and in building a better world.

I. THE SECURITY ENVIRONMENT: GLOBAL CHALLENGES AND KEY THREATS

Global Challenges

The post Cold War environment is one of increasingly open borders in which the internal and external aspects of security are indissolubly linked. Flows of trade and investment, the development of technology and the spread of democracy have brought freedom and prosperity to many people. Others have perceived globalisation as a cause of frustration and injustice. These developments have also increased the scope for non-state groups to play a part in international affairs. And they have increased European dependence – and so vulnerability – on an interconnected infrastructure in transport, energy, information and other fields.

Since 1990, almost 4 million people have died in wars, 90% of them civilians. Over 18 million people world-wide have left their homes as a result of conflict.

45 million people die every year of hunger and malnutrition... Aids contributes to the breakdown of societies... Security is a precondition of development

In much of the developing world, poverty and disease cause untold suffering and give rise to pressing security concerns. Almost 3 billion people, half the world's population, live on less than 2 Euros a day. 45

million die every year of hunger and malnutrition. AIDS is now one of the most devastating pandemics in human history and contributes to the breakdown of societies. New diseases can spread rapidly and become global threats. Sub-Saharan Africa is poorer now than it was 10 years ago. In many cases, economic failure is linked to political problems and violent conflict.

Security is a precondition of development. Conflict not only destroys infrastructure, including social infrastructure; it also encourages criminality, deters investment and makes normal economic activity impossible. A number of countries and regions are caught in a cycle of conflict, insecurity and poverty. Competition for natural resources - notably water - which will be aggravated by global warming over the next decades, is likely to create further turbulence and migratory movements in various regions.

Energy dependence is a special concern for Europe. Europe is the world's largest importer of oil and gas. Imports account for about 50% of energy

consumption today. This will rise to 70% in 2030. Most energy imports come from the Gulf, Russia and North Africa.

Key Threats

Large-scale aggression against any Member State is now improbable. Instead, Europe faces new threats which are more diverse, less visible and less predictable.

Terrorism: Terrorism puts lives at risk; it imposes large costs; it seeks to undermine the openness and tolerance of our societies, and it poses a growing strategic threat to the whole of Europe. Increasingly, terrorist movements are well-resourced, connected by electronic networks, and are willing to use unlimited violence to cause massive casualties.

The most recent wave of terrorism is global in its scope and is linked to violent religious extremism. It arises out of complex causes. These include the pressures of modernisation, cultural, social and political crises, and the alienation of young people living in foreign societies. This phenomenon is also a part of our own society.

Europe is both a target and a base for such terrorism: European countries are targets and have been attacked. Logistical bases for Al Qaeda cells have been uncovered in the UK, Italy, Germany, Spain and Belgium. Concerted European action is indispensable.

Proliferation of Weapons of Mass Destruction is potentially the greatest threat to our security. The international treaty regimes and export control arrangements have slowed the spread of WMD and delivery systems. We are now, however, entering a new and dangerous period that raises the possibility of a WMD arms race, especially in the Middle East. Advances in the biological sciences may increase the potency of biological weapons in the coming years; attacks with chemical and radiological materials are also a serious possibility. The spread of missile technology adds a further element of instability and could put Europe at increasing risk.

The last use of WMD was by the Aum terrorist sect in the Tokyo underground in 1995, using sarin gas. 12 people were killed and several thousand injured. Two years earlier, Aum had sprayed anthrax spores on a Tokyo street.

The most frightening scenario is one in which terrorist groups acquire weapons of mass destruction. In this event, a small group would be able to inflict damage on a scale previously possible only for States and armies.

Regional Conflicts: Problems such as those in Kashmir, the Great Lakes Region and the Korean Peninsula impact on European interests directly and indirectly, as do conflicts nearer to home, above all in the Middle East.

Violent or frozen conflicts, which also persist on our borders, threaten regional stability. They destroy human lives and social and physical infrastructures; they threaten minorities, fundamental freedoms and human rights. Conflict can lead to extremism, terrorism and state failure; it provides opportunities for organised crime. Regional insecurity can fuel the demand for WMD. The most practical way to tackle the often elusive new threats will sometimes be to deal with the older problems of regional conflict.

State Failure: Bad governance – corruption, abuse of power, weak institutions and lack of accountability - and civil conflict corrode States from within. In some cases, this has brought about the collapse of State institutions. Somalia, Liberia and Afghanistan under the Taliban are the best known recent examples. Collapse of the State can be associated with obvious threats, such as organised crime or terrorism. State failure is an alarming phenomenon, that undermines global governance, and adds to regional instability.

Organised Crime: Europe is a prime target for organised crime. This internal threat to our security has an important external dimension: cross-border trafficking in drugs, women, illegal migrants and weapons accounts for a large part of the activities of criminal gangs. It can have links with terrorism.

Such criminal activities are often associated with weak or failing states. Revenues from drugs have fuelled the weakening of state structures in several drug-producing countries. Revenues from trade in gemstones, timber and small arms, fuel conflict in other parts of the world. All these activities undermine both the rule of law and social order itself. In extreme cases, organised crime can come to dominate the state. 90% of the heroin in Europe comes from poppies grown in Afghanistan – where the drugs trade pays for private armies. Most of it is distributed through Balkan criminal networks which are also responsible for some 200,000 of the 700,000 women victims of the sex trade world wide. A new dimension to organised crime which will merit further attention is the growth in maritime piracy.

Taking these different elements together – terrorism committed to maximum violence, the availability of weapons of mass destruction, organised crime, the weakening of the state system and the privatisation of force – we could be confronted with a very radical threat indeed.

II. STRATEGIC OBJECTIVES

We live in a world that holds brighter prospects but also greater threats than we have known. The future will depend partly on our actions. We need both

to think globally and to act locally. To defend its security and to promote its values, the EU has three strategic objectives:

Addressing the Threats

The European Union has been active in tackling the key threats.

It has responded after 11 September with measures that included the adoption of a European Arrest Warrant, steps to attack terrorist financing and an agreement on mutual legal assistance with the U.S.A. The EU continues to develop cooperation in this area and to improve its defences.

It has pursued policies against proliferation over many years. The Union has just agreed a further programme of action which foresees steps to strengthen the International Atomic Energy Agency, measures to tighten export controls and to deal with illegal shipments and illicit procurement. The EU is committed to achieving universal adherence to multilateral treaty regimes, as well as to strengthening the treaties and their verification provisions.

The European Union and Member States have intervened to help deal with regional conflicts and to put failed states back on their feet, including in the Balkans, Afghanistan, and in the DRC. Restoring good government to the Balkans, fostering democracy and enabling the authorities there to tackle organised crime is one of the most effective ways of dealing with organised crime within the EU.

In an era of globalisation, distant threats may be as much a concern as those that are near at hand. Nuclear activities in North Korea, nuclear risks in South Asia, and proliferation in the Middle East are all of concern to Europe.

In an era of globalisation, distant threats may be as much a concern as those that are near at hand... The first line of defence will be often be abroad. The new threats are dynamic... Conflict prevention and threat prevention cannot start too early.

Terrorists and criminals are now able to operate world-wide: their activities in central or south-east Asia may be a threat to European countries or their citizens. Meanwhile, global communication increases awareness in Europe of regional conflicts or humanitarian tragedies anywhere in the world.

Our traditional concept of self-defence – up to and including the Cold War – was based on the threat of invasion. With the new threats, the first line of defence will often be abroad. The new threats are dynamic. The risks of proliferation grow over time; left alone, terrorist networks will become ever more dangerous. State failure and organised crime spread if they are neglected – as we have seen in West Africa. This implies that we should be ready to act before a crisis occurs. Conflict prevention and threat prevention cannot start too early.

In contrast to the massive visible threat in the Cold War, none of the new threats is purely military; nor can any be tackled by purely military means. Each requires a mixture of instruments. Proliferation may be contained through export controls and attacked through political, economic and other pressures while the underlying political causes are also tackled. Dealing with terrorism may require a mixture of intelligence, police, judicial, military and other means. In failed states, military instruments may be needed to restore order, humanitarian means to tackle the immediate crisis. Regional conflicts need political solutions but military assets and effective policing may be needed in the post conflict phase. Economic instruments serve reconstruction, and civilian crisis management helps restore civil government. The European Union is particularly well equipped to respond to such multi-faceted situations.

Building Security in our Neighbourhood

Enlargement should not create new dividing lines in Europe. Resolution of the Arab/Israeli conflict is a strategic priority for Europe

Even in an era of globalisation, geography is still important. It is in the European interest that countries on our borders are well-governed. Neighbours who are engaged in violent conflict, weak states where organised crime

flourishes, dysfunctional societies or exploding population growth on its borders all pose problems for Europe.

The integration of acceding states increases our security but also brings the EU closer to troubled areas. Our task is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.

The importance of this is best illustrated in the Balkans. Through our concerted efforts with the US, Russia, NATO and other international partners, the stability of the region is no longer threatened by the outbreak of major conflict. The credibility of our foreign policy depends on the consolidation of our achievements there. The European perspective offers both a strategic objective and an incentive for reform.

It is not in our interest that enlargement should create new dividing lines in Europe. We need to extend the benefits of economic and political cooperation to our neighbours in the East while tackling political problems there. We should now take a stronger and more active interest in the problems of the Southern Caucasus, which will in due course also be a neighbouring region.

Resolution of the Arab/Israeli conflict is a strategic priority for Europe. Without this, there will be little chance of dealing with other problems in the Middle East. The European Union must remain engaged and ready to commit resources to the problem until it is solved. The two state solution - which Europe has long supported- is now widely accepted. Implementing it will require a united and cooperative effort by the European Union, the United States, the United Nations and Russia, and the countries of the region, but above all by the Israelis and the Palestinians themselves.

The Mediterranean area generally continues to undergo serious problems of economic stagnation, social unrest and unresolved conflicts. The European Union's interests require a continued engagement with Mediterranean partners, through more effective economic, security and cultural cooperation in the framework of the Barcelona Process. A broader engagement with the Arab World should also be considered.

An International Order Based on Effective Multilateralism

In a world of global threats, global markets and global media, our security and prosperity increasingly depend on an effective multilateral system. The development of a stronger international society, well functioning international institutions and a rule-based international order is our objective.

We are committed to upholding and developing International Law. The fundamental framework for international relations is the United Nations Charter. The United Nations Security Council has the primary responsibility for the maintenance of international peace and security. Strengthening the United Nations, equipping it to fulfil its responsibilities and to act effectively, is a European priority.

Our security and prosperity increasingly depend on an effective multilateral system. We are committed to upholding and developing International Law. The fundamental framework for international relations is the United Nations Charter.

We want international organisations, regimes and treaties to be effective in confronting threats to international peace and security, and must therefore be ready to act when their rules are broken.

Key institutions in the international system, such as the World Trade Organisation (WTO) and the International Financial Institutions, have extended their membership. China has joined the WTO and Russia is negotiating its entry. It should be an objective for us to widen the membership of such bodies while maintaining their high standards.

One of the core elements of the international system is the transatlantic relationship. This is not only in our bilateral interest but strengthens the international community as a whole. NATO is an important expression of this relationship.

Regional organisations also strengthen global governance. For the European Union, the strength and effectiveness of the OSCE and the Council of Europe has a particular significance. Other regional organisations such as ASEAN, MERCOSUR and the African Union make an important contribution to a more orderly world.

It is a condition of a rule-based international order that law evolves in response to developments such as proliferation, terrorism and global warming. We have an interest in further developing existing institutions such as the World Trade Organisation and in supporting new ones such as the International Criminal Court. Our own experience in Europe demonstrates that security can be increased through confidence building and arms control regimes. Such instruments can also make an important contribution to security and stability in our neighbourhood and beyond.

The quality of international society depends on the quality of the governments that are its foundation. The best protection for our security is a world of well-governed democratic states. Spreading good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights are the best means of strengthening the international order.

Trade and development policies can be powerful tools for promoting reform. As the world's largest provider of official assistance and its largest trading entity, the European Union and its Member States are well placed to pursue these goals.

Contributing to better governance through assistance programmes, conditionality and targeted trade measures remains an important feature in our policy that we should further reinforce. A world seen as offering justice and opportunity for everyone will be more secure for the European Union and its citizens.

A number of countries have placed themselves outside the bounds of international society. Some have sought isolation; others persistently violate international norms. It is desirable that such countries should rejoin the international community, and the EU should be ready to provide assistance. Those who are unwilling to do so should understand that there is a price to be paid, including in their relationship with the European Union.

III. POLICY IMPLICATIONS FOR EUROPE

The European Union has made progress towards a coherent foreign policy and effective crisis management. We have instruments in place that can be used effectively, as we have demonstrated in the Balkans and beyond. But if we are to make a contribution that matches our potential, we need to be more active, more coherent and more capable. And we need to work with others.

We need to develop a strategic culture that fosters early, rapid and when necessary, robust intervention.

More active in pursuing our strategic objectives. This applies to the full spectrum of instruments for crisis management and conflict prevention at our disposal, including political, diplomatic, military and civilian, trade and development activities. Active policies are needed to counter the new

dynamic threats. We need to develop a strategic culture that fosters early, rapid, and when necessary, robust intervention.

As a Union of 25 members, spending more than 160 billion Euros on defence, we should be able to sustain several operations simultaneously. We could add particular value by developing operations involving both military and civilian capabilities.

The EU should support the United Nations as it responds to threats to international peace and security. The EU is committed to reinforcing its cooperation with the UN to assist countries emerging from conflicts, and to enhancing its support for the UN in short-term crisis management situations.

We need to be able to act before countries around us deteriorate, when signs of proliferation are detected, and before humanitarian emergencies arise. Preventive engagement can avoid more serious problems in the future. A European Union which takes greater responsibility and which is more active will be one which carries greater political weight.

More Capable. A more capable Europe is within our grasp, though it will take time to realise our full potential. Actions underway – notably the establishment of a defence agency – take us in the right direction.

To transform our militaries into more flexible, mobile forces, and to enable them to address the new threats, more resources for defence and more effective use of resources are necessary.

Systematic use of pooled and shared assets would reduce duplications, overheads and, in the medium-term, increase capabilities.

In almost every major intervention, military efficiency has been followed by civilian chaos. We need greater capacity to bring all necessary civilian resources to bear in crisis and post crisis situations.

Stronger diplomatic capability: we need a system that combines the resources of Member States with those of EU institutions. Dealing with problems that are more distant and more foreign requires better understanding and communication.

Common threat assessments are the best basis for common actions. This requires improved sharing of intelligence among Member States and with partners.

As we increase capabilities in the different areas, we should think in terms of a wider spectrum of missions. This might include joint disarmament operations, support for third countries in combating terrorism and security sector reform. The last of these would be part of broader institution building.

The EU-NATO permanent arrangements, in particular Berlin Plus, enhance the operational capability of the EU and provide the framework for the strategic partnership between the two organisations in crisis management. This reflects our common determination to tackle the challenges of the new century.

More Coherent. The point of the Common Foreign and Security Policy and European Security and Defence Policy is that we are stronger when we act together. Over recent years we have created a number of different instruments, each of which has its own structure and rationale.

The challenge now is to bring together the different instruments and capabilities: European assistance programmes and the European Development Fund, military and civilian capabilities from Member States and other instruments. All of these can have an impact on our security and on that of third countries. Security is the first condition for development.

Diplomatic efforts, development, trade and environmental policies, should follow the same agenda. In a crisis there is no substitute for unity of command.

Better co-ordination between external action and Justice and Home Affairs policies is crucial in the fight both against terrorism and organised crime.

Greater coherence is needed not only among EU instruments but also embracing the external activities of the individual member states.

Coherent policies are also needed regionally, especially in dealing with conflict. Problems are rarely solved on a single country basis, or without regional support, as in different ways experience in both the Balkans and West Africa shows.

Working with partners There are few if any problems we can deal with on our own. The threats described above are common

Acting together, the European Union and the United States can be a formidable force for good in the world.

threats, shared with all our closest partners. International cooperation is a necessity. We need to pursue our objectives both through multilateral cooperation in international organisations and through partnerships with key actors.

The transatlantic relationship is irreplaceable. Acting together, the European Union and the United States can be a formidable force for good in the world. Our aim should be an effective and balanced partnership with the USA. This is an additional reason for the EU to build up further its capabilities and increase its coherence.

We should continue to work for closer relations with Russia, a major factor in our security and prosperity. Respect for common values will reinforce progress towards a strategic partnership.

Our history, geography and cultural ties give us links with every part of the world: our neighbours in the Middle East, our partners in Africa, in Latin America, and in Asia. These relationships are an important asset to build on. In particular we should look to develop strategic partnerships, with Japan, China, Canada and India as well as with all those who share our goals and values, and are prepared to act in their support.

Conclusion

This is a world of new dangers but also of new opportunities. The European Union has the potential to make a major contribution, both in dealing with the threats and in helping realise the opportunities. An active and capable European Union would make an impact on a global scale. In doing so, it would contribute to an effective multilateral system leading to a fairer, safer and more united world.

Annex D

Selected articles of the draft Constitution relating to membership of the European Union, its immediate environment, and associated countries and territories

Article 1-56: The Union and its immediate environment

1. The Union shall develop a special relationship with neighbouring states, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation.
2. For this purpose, the Union may conclude and implement specific agreements with the countries concerned in accordance with Article [III-222 (ex-Article 33)] of the Constitution. These agreements may contain reciprocal rights and obligations as well as the possibility of undertaking activities jointly. Their implementation shall be the subject of periodic consultation.

Article 1-57: Conditions and procedure for applying for Union membership

1. The Union shall be open to all the European states which respect the values referred to in Article I-2 of the Constitution, and are committed to promoting them together.
2. Any European State which wishes to become a member of the Union may address its application to the Council. The European Parliament and the member states' national parliaments shall be notified of this application. The Council shall act unanimously after consulting the Commission and obtaining the consent of the European Parliament. The conditions and arrangements for admission shall be subject to ratification by all the contracting States, in accordance with their respective constitutional requirements.

Title IV: Association of the Overseas Countries and Territories

Article III-181

The non-European countries and territories which have special relations with Denmark, France, the Netherlands and the United Kingdom shall be

associated with the Union. These countries and territories (hereinafter called the “countries and territories”)⁷⁰ are listed in Annex II.

The purpose of association shall be to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Union as a whole.

Association shall serve primarily to further the interests and prosperity of the inhabitants of these countries and territories in order to lead them to the economic, social and cultural development to which they aspire.

Title VII: Common Provisions

Article III-326

Taking account of the structural economic and social situation of the French overseas departments, the Azores, Madeira and the Canary Islands, which is compounded by their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development, the Council of Ministers, on a proposal from the Commission, shall adopt European regulations and decisions aimed, in particular, at laying down the conditions of application of the Constitution to those regions, including common policies. It shall act after consulting the European Parliament.

The measures referred to in the first paragraph concern in particular areas such as customs and trade policies, fiscal policy, free zones, agriculture and fisheries policies, conditions for supply of raw materials and essential consumer goods, State aids and conditions of access to structural funds and to horizontal Union programmes.

The Council of Ministers shall adopt the measures referred to in the first paragraph taking into account the special characteristics and constraints of the outermost regions without undermining the integrity and the coherence of the Union legal order, including the internal market and common policies.

Article IV-3: Scope

1. The Treaty establishing the Constitution shall apply to the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic

⁷⁰ These consist of Greenland, British, French and Dutch islands in the Caribbean, Atlantic, Pacific and Indian Oceans, and British and French Antarctic territories.

of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland (...).

2. The Treaty establishing the Constitution shall apply to the French overseas departments, the Azores, Madeira and the Canary Islands in accordance with Article III-326 of Part Three.

3. The special arrangements for association set out in Title IV of the third Part of the Treaty establishing the Constitution shall apply to the overseas countries and territories listed in [Annex II to the TEC]. The Treaty establishing the Constitution shall not apply to overseas countries and territories having special relations with the United Kingdom of Great Britain and Northern Ireland which are not included in that list.

4. The Treaty establishing the Constitution shall apply to the European territories for whose external relations a Member State is responsible.

5. The Treaty establishing the Constitution shall apply to the Åland Islands in accordance with the provisions set out in Protocol 2 to the Act concerning the conditions of accession of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden.

6. Notwithstanding the preceding paragraphs:

(a) the Treaty establishing the Constitution shall not apply to the Faeroe Islands;

(b) the Treaty establishing the Constitution shall not apply to the sovereign base areas of the United Kingdom of Great Britain and Northern Ireland in Cyprus;

(c) the Treaty establishing the Constitution shall apply to the Channel Islands and the Isle of Man only to the extent necessary to ensure the implementation of the arrangements for those islands set out in the Treaty concerning the accession of new Member States to the European Economic Community and to the European Atomic Energy Community, signed on 22 January 1972.

Article IV-4: Regional unions

The Treaty establishing the Constitution shall not preclude the existence or completion of regional unions between Belgium and Luxembourg, or between Belgium, Luxembourg and the Netherlands, to the extent that the objectives of these regional unions are not attained by application of the said Treaty.

Annex E

Joint Statement of the 12th EU-Russia Summit, Rome, 6 November 2003

By S. Berlusconi, President of the European Council, assisted by J. Solana, Secretary-General of the Council/High Representative for EU Common Foreign and Security Policy, R. Prodi, President of the Commission of the European Communities and V.V. Putin, President of the Russian Federation.

1. We, the leaders of the European Union and the Russian Federation, held intensive and productive discussions in Rome on 6 November 2003. We agreed to reinforce the strategic partnership between the EU and Russia, on the basis of common values, with the aim of consolidating stability, security and prosperity on the European continent. We reaffirmed our shared vision of a united European continent.

Integrating Europe – creating common spaces

2. We reconfirmed our commitment to promote further rapprochement and gradual integration of social and economic structures of the enlarged European Union and Russia. In this regard, we agreed to intensify and focus our efforts to fulfil the decision to create common spaces between the EU and Russia, building on the PCA and the Joint Statement of the St. Petersburg Summit. In so doing, we expressed strong determination to produce concrete results.

3. We agreed to step up our efforts aimed at streamlining our political dialogue and launching the work of the EU-Russia Permanent Partnership Council, which will make our coordination more efficient and transparent.

4. We will continue our extensive discussions on the impact of EU enlargement and endeavour to make progress on outstanding issues aiming at their speedy resolution. We look forward to the timely extension of the PCA to the new EU Member States.

The common European economic space – building blocks for sustained economic growth

5. We endorsed the work of the CEES High Level Group and welcomed the annexed concept of the common European economic space (Annex I). We agreed to continue this work, taking full account of the recommendations of the HLG report (Annex II), with a view to achieving tangible results as early as possible. We noted the importance of business-to-business dialogue and

encouraged intensified dialogue in relevant fora with a view to presenting proposals on how to promote trade and investment.

6. We undertook to ensure that EU enlargement brings the EU and Russia closer together in a Europe without dividing lines. We reaffirmed our commitment to implement as soon as possible and in full the package on Kaliningrad agreed in November 2002, including the launch of a high-speed train feasibility study before the end of 2003 and its timely completion. We welcomed the entry into force of the Russian-Lithuanian Border Agreements. We noted with satisfaction the success of our coordination to facilitate the transit of Russian citizens. We welcomed positive developments in the field of customs coordination. We confirmed our readiness to intensify our result-oriented work within the PCA framework on the appropriate modalities for the transit of goods.

7. We welcomed the progress achieved so far on the negotiations on Russia's accession to the WTO and remain persuaded that it is both possible and desirable to work towards Russia's accession taking place towards the end of 2004. We called on our negotiators to intensify their work and resolve the outstanding issues for conclusion of bilateral market access negotiations on Russia's WTO accession with this timeframe in mind, whilst ensuring mutually acceptable and commercially viable terms. We agreed to aim towards the early resolution of outstanding bilateral trade issues.

8. We took note of the annexed fourth Progress Report on the Energy Dialogue (Annex III). We welcomed progress in the field of energy and agreed to enhance our coordination in this area.

9. We noted the key role of integrated transport networks and of systems of satellite navigation in underpinning economic coordination.

10. We recognised our responsibility to tackle together and in the framework of relevant international organisations, instruments and fora, common environmental challenges and shared concerns regarding climate change and transport safety.

Towards the common space of freedom, security and justice

11. We agreed to take forward work to create a common space of freedom, security and justice.

12. We reaffirmed the importance of people-to-people contacts in promoting mutual understanding between our citizens. We welcomed the recent meeting of our experts, which took place in the context of our agreement to examine conditions for visa-free travel as a long-term perspective and to look at existing flexibilities within the Schengen agreement, in order to facilitate travel in the short term and on a reciprocal basis. We agreed to pursue this

dialogue. We took note of the progress of our negotiations on an EU-Russia readmission agreement and agreed to continue to work towards its timely conclusion.

13. We underlined our shared interest in intensifying coordination in the field of justice and home affairs. We instructed our experts to vigorously implement the Action Plan on Organised Crime. We welcomed the signature of the agreement between the Russian Federation and Europol.

The common space of external security – partners in security, crisis management and international relations

14. We confirmed a high degree of mutual understanding with regard to a number of acute international issues and the central role of the UN in world affairs.

15. We condemned all acts of terror and stressed the importance of international coordination to combat terrorism in all its forms. We are committed to intensified coordination on new security threats and challenges. Contacts are also foreseen to explore possible coordination in the field of civil protection and long-haul air transport for crisis management.

16. We agreed to strengthen our dialogue and coordination on political and security matters, thus contributing to the consolidation of peace and stability. We confirmed the importance of working together to address crisis situations and in support of ongoing efforts in agreed formats aimed at the resolution of frozen conflicts in Europe and beyond.

17. To underline our willingness to cooperate in these areas, we adopted a joint declaration between the European Union and the Russian Federation on strengthening dialogue and cooperation on political and security matters (Annex IV).

The common space of research and education, including cultural aspects – our common intellectual heritage and capital

18. We welcomed the renewal of the Agreement on Science and Technology Coordination. We agreed to examine means to open up our science and technology programmes to EU and Russian researchers to the fullest extent possible on a reciprocal basis.

19. We welcomed Russia's accession to the Bologna process and agreed to promote intergovernmental collaboration in the education sector. We looked forward to Russian participation in the EU Erasmus Mundus programme from 2004.

20. We agreed to continue our discussions on various matters of interest for the EU and Russia.

**Extracts from the Concept Paper on the Common European
Economic Space (CEES)
[from Annex II to the Joint Statement]**

Definition

12. The CEES means an open and integrated market between the EU and Russia, based on the implementation of common or compatible rules and regulations, including compatible administrative practices, as a basis for synergies and economies of scale associated with a higher degree of competition in bigger markets. It shall ultimately cover substantially all sectors of economy.

Objectives

13. For this vision to become reality, the CEES aims at:

- Promoting trade and investment between the EU and Russia, based on well-functioning market economies, aiming at sustainable development, taking into account internationally recognised principles, such as, inter alia, non-discrimination and transparency and good governance;
- Creating opportunities for business operators through common, harmonised or compatible rules and regulations, as well as through inter-connected infrastructure networks;

Enhancing the competitiveness of the EU and Russian economies worldwide.

Guiding principles

14. The CEES will be based on existing and future commitments of the Parties in the PCA and WTO. Its scope shall be broader and deeper in comparison to the WTO and PCA provisions. Both Parties shall ensure that the CEES is compatible with existing or future commitments undertaken by the Parties in the context of WTO.

15. The CEES concept covers both horizontal and sectoral targets. A number of areas for action have already been considered for action (standardisation, technical regulation and conformity assessment, customs, audit and accounting, public procurement, competition, financial services, telecommunications, cooperation in space launching, several branches of industry and agriculture), and other sectors/issues shall be added as appropriate.

16. The CEES shall be created progressively and in stages with appropriate interim reviews. While specific activities shall be undertaken in selected priority sectors with a view to demonstrating tangible results as early as

possible, it shall be kept in mind that the CEES aims at covering substantially all sectors of economy. The Parties shall ensure the consistency of activities undertaken with the overall aims of the CEES as set out above, notably the development of a comprehensive framework for economic coordination. Experience gained in ongoing activities should be used, and synergies between new initiatives and existing areas of coordination be exploited wherever possible.

17. Established coordination in specific sectors (i.e. Energy Dialogue) shall continue to be worked on under the respective separate procedures with a view to integrating their results into the CEES in due course. Both sides shall ensure that the development of the CEES concept and sector specific coordination will be coherent and compatible.

Components and implementation instruments

18. The CEES shall focus on eliminating obstacles and creating opportunities in four main areas of economic activity, i.e.

- *Cross-border trade of goods*, covering substantially all industrial and agricultural goods, including the necessary rules – whether set by standards, technical specifications or other regulatory and legal requirements, – organisational structures and procedures; while ensuring that these do not create unnecessary obstacles to trade and promoting equivalent levels of the protection of safety, health and the environment.

- *Cross-border trade in services*, including relevant regulatory standards and requirements;

- *Establishment and operation of companies*, including, inter alia, issues related to movement of capital, environmental standards and good corporate governance;

- *Related aspects of movement of persons*, in the relevant fields of economic activity.

19. The main instruments to be applied in these areas are market opening, regulatory convergence, and trade facilitation. These instruments shall be used in accordance with the following:

- *Market opening*: Appropriate measures shall ensure, when possible, the gradual removal of obstacles to trade and investment between the EU and Russia. The definition of specific objectives and measures in this area will be based on Russia's and the EU's commitments in WTO, as well as on WTO general principles.

- *Regulatory convergence*: Coordination in this field, particularly with regards to legislative approximation, is an essential element in order to

promote trade and investment between the EU and Russia. Regulatory convergence is an important condition for strengthening the bilateral economic links. This is particularly true for the case of standards, technical regulations and conformity assessments, but should also cover other fields.

· *Trade facilitation*: Measures in the field of trade facilitation will be another important element in the creation of CEES. These measures may refer to the simplification, standardisation and automation of trade procedures, in particular the import, export and transit requirements and procedures applied by customs and other agencies.

20. *Cooperation and specific dialogues*: Both sides shall pursue and strengthen their coordination in upgrading and enhancement of infrastructure networks (transport, energy, telecommunications, cooperation in research and development). Increased cooperation in this field will have the double effect of, on the one hand, integrating important parts of the EU and Russian economies which will be beneficial to these sectors, and, on the other hand, contributing to the improvement and enhancement of the framework conditions for other business activities in other sectors.

Discussions on enhancing the existing links in energy, transport and telecommunication networks are underway, and the necessary framework for the transport sector exists (i.e. pan- European transport corridors etc.). Regarding the energy sector, key projects for gas and oil pipelines as well as interconnection of the electricity networks have been identified as ‘common interest’ projects under the EU-Russia Energy Dialogue and work is continuing in that framework. Under the CEES, the EU and Russia should focus on the transport sector and give a new boost to progress in this area.

Both sides have strong assets in the field of research and development and they have, as a matter of domestic economic policy, made research, innovation, and technology keystones for their competitiveness and long-term development. A number of instruments are already used for cooperation in this domain, aiming at promoting linkage, innovation and technology transfer between Russian and European partners in pursuit of mutually beneficial scientific excellence. Work under the CEES should serve to further expand cooperation by way of pooling resources and reciprocal access to research and development programmes, settling any intellectual property issues in this field, and promotion of the use of the results of such research. The development of activities under the CEES also needs to bear in mind that the EU-Russia Summit of St. Petersburg of May 2003 decided to create a common ‘space’ of research and education.

21. In all of these areas, the Parties shall promote closer and more structured permanent relations between their respective institutions, whether public or private. The resulting better information exchange and closer cooperation are

prerequisites for achieving the stated goals and at the same time serve to avoid as much as possible any undesirable side-effects on either party of measures contemplated for broader reasons. Development of compatible institutional structures as well as creation of specific joint institutions may be anticipated in the framework of some commitments and agreements. The activity of such institutions should be aimed at the implementation of the achieved arrangements and decisions.

Annex F
Serbia in Europe
by Jelena Radovanovic*

Ever since I became aware of the world around me, you have broken my heart with bloody truths. I do not imagine you so brave, invincible and unbreakable. No, I see you as one who is alone, even among other people. I do not imagine you, standing at the eternal crossroads where the winds too collide, as remaining always yourself. No, you are one who is accepted nowhere, always too east to be the West, too proud to be the East. You are one whose light is not understood, so they come brandishing your darkness. They say that freedom once sprang up from your graves; but I fear that only grass sprouts from them today, rampant, succulent, green and clustering. Freedom has long since ceased to depend on us.

I love you and hate you at the same time, as it often is with love. I love you for the doves you receive into your abundant treetops, for the spring evenings when I sense your fragrance, for the wide, swelling rivers along whose shores we rush like ants. I love you for the earth from which dew-sprinkled flowers rise, for the cool rain that rustles in the vineyards. I love how you paint watercolours in pink and aqua across the sky after a summer shower. At such times it seems I can hear the heartbeat deep within the warm earth. And it seems that all the happy and unhappy wanderers have finally found refuge in that steady pulse.

Then the shadows of war come again, and again I hate you. You have bound me to you without giving me a choice. I speak your language and see things your way. Strangers' eyes do not understand me; they regard me as a criminal. I hate you for these boys who carry bombs and know every kind of rifle, for those mildewy cellars where children tremble. And most of all I hate you for these graves from which clusters of grass are sprouting. For no reason. I feel pity then, I see you bowed down in tears, your heart bleeding. Again, again they have betrayed you.

Is there a heavier burden than history? I sometimes feel I don't know whether this is a country or a great battlefield whose good and evil have become used to waging their endless conflict. Your earth has been turned up more by the hooves of foaming horses than by ploughs. You have heard the

* Jelena Radovanovic is a pupil at Zemun Secondary School, Belgrade, and winner of 1st Prize of the Serbia in Europe competition, organised by the European Movement in Serbia; this article was reproduced in *Europe Plus Newsletter*, No. 54-56, April/May/June 2003.

rattling of the nobles' sabres more often than the song of peace. They praised you and cut you down at the same time. Death flowed on your waters. They blinded you, so that you could not see what was just. Whose hand was it that dared, so long ago, to sow discord among your beauties? Whose hand bestowed on you such fertility for evil? Even as the hatchets are buried here, new hatreds are arising from them. History teaches us that hatchets should never be buried here – they must be destroyed before they can flower, they must be destroyed by love and forgiveness.

I see now how, your wounds still unhealed, you extend your hand to Europe in trust, but without peace. Are our spirits still of different hues? I see you sizing each other up: the two of you are still not sure how much you can trust each other. However, it is time to stop healing those lies with lies. It is time for you to stand up straight, to show that you have learned something, to prevent the same mistakes from happening again. For you to grasp that change comes from within, and to nurture the true colours of your spirit, to understand, accept and show them as they are. For you to open again to Europe, which you have always been part of. It is time to become a home again for those you sent away, whose minds have glowed like fireflies in some foreign night.

Show your youth, your enormous strength, which you concealed for years, and which seethed, desiring to be seen. Show Europe your goodness. Only then will you be able to offer your children a better future. Let it be founded on love, forgiveness and reconciliation. And this time let it be true.

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