
**The European Union and the International System:
A Framework for Analysis¹**

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Introduction

The end of the Cold War, German unification and the economic and political transformation of Central and Eastern Europe radically altered the European environment within which the EC developed. The EC and its member states had to adjust to turbulence and respond to the needs and expectations of the new democracies of Central Europe. The early manifestations of internal adjustment centred upon the Maastricht Treaty of European Union (TEU). This was intended to usher in a new phase of integration including in the area of defence and security but received serious setbacks in the ratification process. With respect to its Eastern neighbours, the EC developed a programme of assistance, trade opening, the concept of association (through Europe Agreements) and promise of eventual EU membership towards six Central and Eastern European states.

This paper attempts to develop an analytical framework within which one can assess the EC/EU response and its role in the new Europe in the 1990s. The need for such a framework stems from deficiencies in the existing literature on the international role of the EC. In the past, a key difficulty in generating an all-encompassing theory to explain the external behaviour of the EC stemmed from its sui generis and unfinished nature. It is suggested that the international role of the EC/EU can best be addressed by considering it to be a system of regional governance. It is characterised by shared competences with the member states (the term governance is used to encompass the institutions, instruments, policies, competences, decision-making and activities of the EC/EU including the interaction between EC/EU institutions and the member states). This draws attention to three levels of analysis: the national, regional and international. There is a dense interplay between the national and

¹ With thanks to Helene Sjurson for comments on an earlier draft.

regional (EU) level in the generation of policy. Action also occurs in response to change and pressure from both the national and international domains. The system of regional governance identifies the main points of interaction between the EC/EU and the international system, its capacity to act, and the characteristics of the EC/EU which distinguish it and its members from the wider European system. The second part of the paper examines the interaction of the EC/EU in the international system and identifies certain roles and functions it fulfils. Finally, the framework is applied to a case study of the EC/EU relations with the four Visegrad states (Poland, Hungary, the Czech and Slovak Republics) over the period 1989-1994. This supports the proposition that the system of regional governance provides a useful framework within which one can analyse the role of the EU in Europe and in the international system. That role consists of a) promoting political and economic order in Central Europe; and b) representing and balancing the interests of the member states vis-a-vis Central Europe. Finally, preparations for enlargement to the Visegrad states blurred the boundaries between internal and external policy-making of the EU, on the one hand, and, on the other, created linkages between enlargement and the future course of the European Union.

A Regional System of Governance

The EU system of governance is characterised by the existence of three pillars or areas of activity, a specific legal order, institutional complex and decision-making centres specific to the EU. These features combine to give it a degree of autonomy in the international system. However, the EU rests firmly on the member states: they are represented in the EU institutions, empower the EU to act and are essential partners in the implementation of policies. The member states maintain an independent capacity to organise their domestic and foreign policies: they have alternative channels of access to the international system, each other and society. In contrast, the EU has relatively poor channels of communication with society despite the efforts in the Maastricht Treaty to develop the concept of EU citizenship. Of the member states, France and the UK each have an independent nuclear capacity and are permanent members of the UN Security Council whilst Denmark, Finland and Sweden attach particular importance to the Nordic Council.

The legal order acts as an integrating device, provides for equality between the member states and predictability in their behaviour. The respective powers of the EC/EU institutions and the member states are outlined in the founding Treaties. However, with respect to the international system, the EC has legal personality whereas the EU has not.

The institutions of the EC/EU represent the member states and are the conduits through which they act. The key institutions of the Commission, European Parliament, Council and Court of Justice have certain autonomy vis-a-vis the member states. The functioning of the system as a whole is based upon a dense interplay between the regional and national (even sub-national) layers of governance. The institutional system effects balance between the large and small states of the Union. The decision-making procedures establish a certain equivalence between the member states with respect to the EU order. The diversity of decision-making procedures applicable in the EU (qualified majority voting and unanimity voting) reflects the extent to which the member states are willing to transfer competences to the EC/EU level. The procedure of unanimity with respect to the pillars of the Common Foreign and Security Policy (CFSP) and Justice and Home Affairs (JHA) reflects the wishes of the member states to retain maximum policy discretion in these areas whilst recognising the benefits of cooperation. The institutions have different powers under each pillar of the TEU and with respect to the determination of external relations.

Policy competences are attributed to the EU in its founding Treaties. They condition action in both the internal EU domain and interaction with the international system. Yet, the EC/EU may still act on behalf of the member states through recourse to Article 235 of the Rome Treaty or where the member states mandate it to act e.g. in the Uruguay Round negotiations, the Commission negotiated on behalf of the EC even in those areas where the EC lacked a clear competence to act.

A static view of the EU highlights the varied competences of the institutions in each of the TEU pillars, the plurality of decision-making centres, the formal attribution of policy competences to the EU level and maintenance by the member states of powers in the area of money, defence and foreign policy. The development of EC/EU action evidences 'spillover' (e.g. the completion of the internal market acted as a catalyst for integration in the area of

competition policy) and, in recent times, spillback (through the application of the principle of subsidiarity). The EU also operates on the basis of acceptance by all members of the *acquis communautaire* which includes guiding principles and political bargains. These involve a commitment to solidarity amongst the states and regions of the Union as expressed in cohesion policy and (in general) the commitment of all members to common goals and objectives. The EU clearly reflects a delicate balance of the respective powers and interests of the member states in the institutional arrangements, decision-making procedures and objectives of the Union as a whole (see below on the TEU).

Since the entry into force of the Maastricht Treaty and the changes in the wider Europe, there has been increased coordination of trade policy and the CFSP in the external relations of the EU. A variety of decision-making instances suggested policy coherence between (and sometimes within) the three TEU pillars could be problematic. Under the TEU, the institutions of the European Council, Presidency, Commission were given specific tasks of ensuring policy coordination. In practice, the General Affairs Council plays a central role in this area since the entry into force of the TEU. This arises from the merger of a number of working groups, responsible for preparing meetings of the Council, which previously handled EPC and EC aspects of policy. The combination of Treaty changes and need to integrate trade, aid and foreign policy considerations in framing policy towards Central Europe contributed to the blurring of the boundaries between EC and EPC/CFSP in the preparation of Council meetings. Increasingly, trade policy has become accepted as being part of foreign policy.

Interaction between the EU and the International System

By 1989, the EC had assumed a degree of permanency and autonomy in Europe. The Commission, European Parliament and the European Court of Justice emerged as actors in their own right (the latter through promoting the legal order). The former played important roles in negotiations on Treaty reform and in developing external relations. The internal market process generated responses from third countries some of whom saw this as a protectionist trading bloc - the US was encouraged to strengthen diplomatic ties with the EC (leading to the November 1990 Transatlantic Declaration). By 1989, the EC had established a presence in the international system: to use Allen and Smith's concept, presence involves

a "combination of factors: credentials and legitimacy, the capacity to act and mobilise resources and the place it occupies in the perceptions and expectations of policy-makers".² The international presence of the EC/EU could be seen in terms of a) the attractive power of the EC/EU for other European states which sought accession; b) the significance of the EU as a market, trading partner and actor in, for example, the GATT and c) the influence of the EC/EU in setting the international agenda of market regulation. Perceptions of the EC/EU as an area of stability, economic power bloc and as an influential regulator led to efforts by non-members to forge special ties or membership of the EC/EU.

The EC developed a network of trade agreements with third countries, aid programmes and participated actively in successive rounds of GATT negotiations. A plethora of actions have been carried out under the rubric of EPC and its successor the CFSP. The following section briefly sets out the key areas of interaction between the EU and the international system: through the three pillars of the EC, CFSP (which replaced European Political Cooperation) and JHA (an area in which the member states had developed cooperation) and enlargement of the EC/EU.

1. European Community

Under the Rome Treaty, the EC was wholly competent to enter into trade negotiations in goods. In addition, the Court of Justice elaborated the principle that where the EC was competent to act in the internal domain it also acquired the right to act in the external domain to the extent that internal competences were exercised or where external action was necessary to achieve Treaty objectives (ERTA case). This principle established a direct link between the internal integration process and the capacity of the EC to act in the external domain. Nonetheless, the EC did not acquire such rights in other areas of trade such as services with the result that the member states retained considerable autonomy in the international trading system.

2. CFSP

The CFSP established procedures for the EU member states and the EU institutions to

² D. Allen and M. Smith, 'Western Europe's presence in the Contemporary International Arena', *Review of International Studies*, Vol.16, 1990, p. 21

cooperate in the area of foreign policy on the basis of consensus. Through this process, a continuation of EPC, a number of activities from demarches, declarations and sanctions to regular consultations with third countries are pursued. The CFSP was activated in January 1994. It differs from the EPC process insofar as a) it permitted the introduction of voting by qualified majority in certain circumstances; and b) left open the possibility to the EU to develop a defence capacity in the form of the Western European Union (WEU). The WEU, whose members are exclusively EU states, was identified as "an integral part of the development of the European Union". Hence, it may be considered to be a sub-system of the EU.

3. Justice and Home Affairs

The JHA pillar sets out objectives to be pursued in, for example, the area of immigration, drugs trafficking and the fight against crime and international terrorism. Much of this cooperation has a direct impact on non-EU states and citizens e.g moves to create a common visa policy vis-vis third countries. Action is decided on the basis of unanimity with the exception of visa policy where the EC is deemed competent to act (on the basis of qualified majority voting). The TEU also allowed for the possibility of transferring areas of competence from the JHA to the EC domain. The group of Schengen states, exclusively EU members, who cooperate on these affairs on the basis of an international agreement can also be considered to be a sub-set of the EU.

4. Enlargement

The Rome Treaty stated that EC membership was open to any European state: since 1957, it has increased its membership from six to fifteen states. The significance of enlargement for the international role of the EU is that it:

- increases the size and political reach of the EU
- increases the weight of the EC as an economic bloc through extension of the EC regulatory area and adoption of the common commercial policy by new members.
- affects coalition-building within the EC/EU and the balance of relations between existing member states.
- may require internal institutional and policy reform in order to maintain the capacity

of the EC/EU to act.

Enlargement may have important political and economic implications for neighbouring states and introduce specific issues onto the EC/EU agenda e.g. in the case of the EFTA states, a concern with developing close relations with the Baltic states. In consequence, existing member states may alter their perceptions of the EC/EU as an arena in which their foreign policy goals are pursued. The increased numbers involved in decision-making and potential diversity of views may encourage states to turn to non-EC/EU frameworks in pursuit of foreign policy objectives.

Role and Functions of the EC in the International System

Up to 1989, European integration took place within the context of a divided Europe and a divided Germany. These external constraints contributed to stability in the relations between EC members. They placed limits on the geographical scope of the EC: Austria, Finland and Sweden as neutral states were precluded from joining the EC as were the states of Central and Eastern Europe. The perception of a Soviet threat and overriding interest of NATO members in maintaining a strong defence through linkage with the United States contributed to the failure of the EC to develop a defence identity. The member states restricted themselves to addressing the political and economic aspects of security only in EPC.

1. Building political order in Europe

The EU constructs political order amongst its members and in external relations in the wider Europe. At the same time, it is an element of the international order and reflects the international balance of power and norms according to which states organise their relations. The EC was originally intended to help overcome rivalry between the member states and to promote Franco-German reconciliation by establishing a broader European framework for intra-state relations. This was to lead "an ever closer union among the peoples of Europe". For France, the project provided a framework for managing aspects of its relations with Germany and a means through which it could exercise political leadership in Europe. For Germany, it provided a means through which it could recover sovereignty vis-a-vis other states

(be integrated into the international system). A further aspect of order building concerned the use of the enlargement strategy to strengthen democracy in first Greece, then Spain and Portugal.

2. Civilian Power

The founding fathers EC intended that it develop a distinctive identity in international relations. This identity was expressed in the form of relations between the member states of the EC, and, later, by the activities generated through EPC in the foreign policy arena. In intra-state relations, emphasis was placed on achieving consensus and negotiated outcomes. These features of the EC prompted Duchene to describe it as a "civilian power".³ The degree to which this model could be externalised was determined by the strategic environment in which integration took place, on the one hand, and, on the other, the relevance of military power in determining international relations. Hill (1992) elaborated on this point with reference to role of the member states and the EC in shaping the milieu which (in turn) determines whether force will be used.⁴ He expanded the concept to that of a "civilising power" to reflect the fact that the EC exported or projected this civilian power model in its foreign policy through its emphasis on persuasion and negotiated outcomes.

3. Provision of economic goods

The EC served to provide certain goods to the members states in the economic domain: this was the substantive agenda of the EC. This first saw the creation of the customs union, the common agricultural policy and later, specific policies of redistribution linked to the creation of the internal market and EMU. The EC functioned as a framework through which states could manage economic interdependence within the region and in the global economy: e.g. the internal market project aimed to promote the competitiveness of European industry.

³ F. Duchene, "Europe's role in world peace" in R. Mayne *Europe Tomorrow: Sixteen Europeans look ahead* (Fontana/Collins for Chatham House: London, 1972). He argued that a de facto regional system could emerge in Europe, provided that the existing security balance could be maintained or improved. The United States would be included in this security system. His concept of Europe as a civilian power was dependent upon the continued US engagement in Europe's defence and the continued presence of the Soviet Union in European security.

⁴ C. Hill, 'European Foreign Policy: Power Bloc, Civilian Model - or Flop?' in R. Rummel, *The Evolution of an International Actor* (Westview Press: Boulder, 1991), p.43.

4. A framework for adaptation⁵

The EC acted as a framework through which member states adapted to changed political and economic conditions in Europe. With respect to internal affairs, the EC continuously expanded the scope of its policies to encompass regional, social and environmental policy. Externally, the EC developed an array of formal relations with third countries and regions based on the trade instruments of the EC and the foreign policy action in EPC. Finally, the EC itself enlarged to grow from an initial six members in 1957 to fifteen in 1995. The accumulated competences, policies, legal order and activities generated by the EC are firmly interwoven in the economic and policy-making fabric of its member states. This generated a certain 'reflex communautaire' at the level of foreign policy-making. Also, given that EC policy was primarily directed towards the domestic arena, member states increasingly looked to the EC level to develop policy responses: hence it could be a natural choice for framing state responses in the new Europe.⁶

1989: New challenges

The EC had to adapt to the altered balance of power amongst the member states following German unification and the need to develop a response to the newly emerging democracies of Central and Eastern Europe. The end of bipolarity initially ushered in a sense of euphoria but soon after a sense of uncertainty and instability within Europe. New threats or risks to the broad European order emerged. The internal political, economic and environmental dimensions of security assumed particular importance in Central and Eastern Europe and the former Soviet Union. The resultant uncertainty demanded that the foreign policy and security concerns of the states of Western Europe be re-cast. Rummel (1994) argues that 'the West Europeans who used to rely on the United States as their senior partner are now asked to carry the main responsibility for stability on the Continent. This role includes the resolution

⁵ J. Ikenberry argues that 'adjustment strategy may be directed outward at international regimes, or inward at transforming domestic structures, or somewhere in between in order to maintain existing relations' in 'The State and strategies of international adjustment', *World Politics*, 1986 p.57

⁶ Keohane and Nye argue that the insitutional orientation of states may be taken for granted in R. Keohane and J. Nye eds. *After the Cold War* (Harvard University Press: Cambridge, 1993)

of conflict, the strengthening of democracy and market economy, the balancing of power, and the enforcement of basic norms'.⁷

Initially, the collapse of the Cold War order triggered the resurgence of formal EC integration which culminated in the Maastricht Treaty on European Union. The TEU maintained the essential features of the integration process: the quadripartite system, single institutional framework with respect to the three pillars of the EU, the primacy of the EC legal order and the essential bargain on the objectives, means and principles underlying the integration process. It introduced additional elements of political order through its provisions on citizenship of the Union, created two policy pillars alongside the EC in the JHA and CFSP. Added complexity was introduced in terms of new forms of decision-making and interplay between the national and regional levels of governance.

This TEU evidenced tension amongst the member states on the shape or design of the Union and policy scope. It also revealed tension between the elites and citizens who expressed opposition to the TEU in national referenda. Conflict emerged between the necessity to maintain efficiency or capacity to act and the demands of representation and democracy. Yet the member states committed themselves in the TEU to an ambitious agenda of completing the EMU and establishing the CFSP. The agenda received a serious setback in the TEU ratification process and in the ERM currency crisis of 1992/93 which damaged the prospects for EMU, a cornerstone of the Maastricht Treaty. In addition, the EC appeared unable to exert meaningful influence in the former Yugoslavia; it played but a minimal role with respect to Russia and the Republics of the CIS and for long periods appeared paralysed in the Uruguay Round of GATT negotiations. Yet, it continued to attract new members: a group of EFTA states completed entry negotiations in 1994 and the queue of prospective members lengthened to include Turkey, Cyprus, Malta, Poland and Hungary.

⁷ R. Rummel, 'West European Cooperation in Foreign and Security Policy' in *AAPSS Annals*, No. 531 January 1994, p.122

Building relations with Central Europe⁸

The EC was expected to play a leading role in the transition to democracy and the market economy in the East. The Eastern limits to EC integration were removed and EC membership became the long-term goal of the new democracies for whom its political and economic presence acted as a powerful magnet. By the end of 1994, the EC/EU established a broad network of relations with the states of Central and Eastern Europe and committed itself to implement a pre-accession strategy to facilitate eventual EU membership. Policy developed in roughly four phases: assumption of leadership (1989/90); development of a coherent policy (1990-93); the promise of enlargement (1993) and enlargement and the 1996 Inter-Governmental Conference (1994).

Assuming leadership

In July 1989, the European Commission was entrusted by the G7 Summit leaders to coordinate the Western aid response to Poland and Hungary. Thereafter, the Commission launched the PHARE programme of aid and market liberalisation, convened the G24 group of international donors and over time, expanded the scope of its efforts to encompass other reforming states in Central and Eastern Europe. At the same time, it concluded trade agreements with first Poland, Hungary and Czechoslovakia, and later, Bulgaria and Romania. These relations developed on the basis of conditionality: progress was required in the area of political and economic reform.

This phase coincided with German unification and moves to relaunch the internal EC integration process. Further afield, both the CSCE and NATO moved to adapt to the altered security environment in Europe.

Towards a coherent response

From early 1991 to the Copenhagen summit of June 1993, three distinct sets of bilateral relations could be identified between the EC and the states of the wider Europe. Trade and

⁸ This section draws upon my PhD work and extensive interviews with policy-makers in the Visegrad States, the EC Commission and Irish Department of Foreign Affairs.

cooperation agreements were agreed with the newly independent Baltic States, Albania and Slovenia. Those with Poland, Hungary and Czechoslovakia, the Visegrad states, were replaced by comprehensive association agreements in 1991, and the concept of partnership and cooperation agreements were devised with respect to the newly independent states of the Former Soviet Union. The latter benefitted from the TACIS programme of financial assistance whilst all others were beneficiaries of the PHARE programme. The association agreements comprised of five key elements: political dialogue (i.e. foreign policy dialogue), market access, wide-ranging cooperation, approximation of laws with the EC internal market and an institutional framework. They reflected shared security interests, progress achieved in the Visegrad states in political and economic reform and their continued pressure on the EC for closer ties. Nonetheless, during the negotiations in 1991, certain EC states resisted market opening in the sensitive sectors. The Soviet coup of August 1991 caused them to relax opposition and led to a speedy conclusion of talks.

In 1992, a further dimension was grafted onto relations with the Visegrad states: a group-to-group political dialogue developed under successive EC Presidencies.

The Promise of Enlargement

In 1992, the EC was under increased pressure to consider eventual membership for the Visegrad states who argued that such a signal would contribute to stability in the region and underpin reform efforts. EC leaders, despite pressure from the Commission, resisted.

They addressed the issue in the context of an overall strategy for EU enlargement: in June 1992, the Lisbon summit agreed that a) enlargement could only take place after the entry into force of the TEU and agreement to a multi-annual financial package, and b) the EFTA applications would be handled first. Eventually, the Copenhagen summit of June 1993 resulted in agreement on the principle of enlargement to the associated states subject to the fulfilment of certain criteria. At the same time, Summit leaders agreed to improve market access and develop a multilateral dialogue with the associated states in the three TEU pillars of the EC, CFSP and JHA. By that time, Romania and Bulgaria had concluded association agreements with the EC.

In the wake of the Yugoslav war, French Prime Minister Balladur proposed a Stability Pact

for Europe. This was taken up as an EC initiative to address the minority rights and border issues involving primarily those states which wished to join the EU. A further development in the foreign policy domain was the creation by the WEU of a Consultative Forum (June 1992) with the associated EC states and the Baltic States. This reflected the policy differentiation of the EC and the wish, over time, to include them in the group of prospective EU members.

Enlargement and the 1996 Inter-Governmental Conference

In 1993/94, a series of practical difficulties emerged in the relationship. These included the burden placed on the Presidency to develop political dialogue on the CFSP; tension in the trade area arising from insensitive handling of agricultural issues; and the break-up of Czechoslovakia which delayed implementation of its association agreement with the Union. The Copenhagen agreements on trade liberalisation were swiftly enacted. In contrast, little progress was made in developing the multilateral dialogue and ratification of the association agreements was delayed (only the trade provisions entered into force). Meanwhile the EC consolidated its position as the major trading partner of the Visegrad states, it had accumulated an embarrassing surplus in trade in goods including in the agricultural sector where it had resisted market opening.

In 1993, the security environment of the Visegrad States deteriorated with increased uncertainty in Russia, continued conflict the former Yugoslavia and reluctance by NATO to offer security guarantees or membership. The economic transformation process proved difficult. Increasingly, membership of the EU was seen in broad security terms. The loss of momentum in the relationship caused concern amongst the elites of Central Europe. These factors and the upcoming German Presidency, expected to inject new life into the relationship, led the EC Commission to review relations in early 1994. It worked on the concept of a pre-accession strategy for the associated states. At the same time, an Anglo-Italian initiative sought to invigorate the political dialogue. The WEU developed the concept of associate partnership with aspiring EU members. In April, Poland and Hungary submitted membership applications.

Meanwhile, the EC concluded enlargement negotiations with the EFTA states (March 1994) and looked forward to preparations for the 1996 Inter-Governmental Conference (IGC). Increasingly, the IGC was seen in the perspective of enlargement: the question of adaptation of voting procedures enable the EU to act with EFTA members had been deferred to the 1996 IGC. At the Corfu summit, June 1994, there was agreement to establish a reflection group of representatives of the member states to prepare for the 1996 IGC 'with a view to making the EU better able to confront the challenges of the 21st century, including those arising from enlargement to the East and to the South'. Cyprus and Malta, it was agreed, would be included in the next round of enlargement. Also, EC leaders agreed to develop relations with the Mediterranean region. This reflected the interests of France (in particular) Spain, Italy and Portugal which perceived an imbalance in the EU's external relations towards the South. France had moved to address this in developing a coordinated approach to the Presidency of the EU with the FRG (early 1994). The German Presidency, with the Commission, was mandated to review relations with the associated states and prepare a pre-accession strategy for the Essen Summit, December 1994.

The European Council approved the pre-accession strategy for EU membership for the associated states. Its central element concerned adaptation to the internal market including the area of competition policy: a White Paper was to be developed to outline the requisite steps. The multilateral dialogue was to be strengthened and effective cooperation emphasised. The Commission was mandated to examine the consequences of enlargement for EU policies. The Essen summit explicitly linked relations with Central/Eastern Europe to developing in parallel the special relationship of the Union to its other neighbours, particularly the Mediterranean countries.

Conclusions

This section examines the policies of the EU towards the Visegrad states in terms of constructing economic order, political order and enlargement. In addition, a focus on decision-making highlights the interplay between the national and regional level of analysis. At the same time, changes at the international level clearly influenced the course of EC/EU policy. These include the dramatic pace of change in the immediate European environment

and, in particular, events such as the August 1991 coup in the Soviet Union (which caused the EC to speed up negotiations on the association agreements), the adaptation of NATO and changes in US foreign policy which encouraged the development of a defence identity by the EU and ^{debate about} a revitalisation of Transatlantic links. US security commitments appeared to be implicated in moves by the EU to enlarge its membership Eastward: this connection illustrates Duchene's observations about the linkage between the EC as a civilian power and continued US engagement in Europe's defence.⁹

1. Economic Order

By 1994, the EU (and, of its members, the FRG) was the most important trading and investment partner for the Central European states. It shaped the regulatory order across the Europe through the creation of free trade areas and effective extension of aspects of the internal market through the association agreements and the pre-accession strategy towards aspiring EU members. By the same token, those states unilaterally aligned market regulations in anticipation of eventual EC membership. This adaptation extended to the area of competition policy (an EC flanking policy). The effective expansion of the EC model of economic regulation (less an EC-type of cohesion strategy) was at issue in the pre-accession strategies. Thus, the impact of the EC as a trading partner for the region coupled with anticipation of EU membership increased the presence of the EU in the region.

2. Political Order

The EU generated political order through conditionality in its policies (despite the fact that sanctions could only be envisaged in extreme circumstances). In addition, the Stability Pact and prospect of membership had an impact on the foreign policies of the Central European states creating incentives to settle bilateral disputes (e.g. between Hungary and Slovakia) and align action with that of the EU (through association with the CFSP such as in the former Yugoslavia). The group-to-group dialogue could encourage intra-regional cooperation and exert a 'socialising' influence on policy. Likewise, EU states and the FRG in particular had an interest in cooperation on Justice and Home Affairs with neighbouring Visegrad states.

⁹ F. Duchene op cit footnote 3

In a broader sense, as a 'civilising power', the EU provided an attractive framework to the Visegrad states for managing intra-state relations with the FRG and, further afield, Russia. The significance of the EC/EU as a supplier of security to the Visegrad States increased as their security situations altered and as the NATO response caused disappointment.

3. Enlargement

The debate about enlargement towards the East revealed tensions between the EU member states the distribution of costs and benefits both with respect to the share out of ^{the} external budget and the internal budget as competition for funds would increase in an enlarged EU. Second, it revealed tension in the trade domain (already evident in negotiations on association in 1991) and concerns about the effects of increased competition on the EU market. Third, preparations for enlargement blurred the boundaries of EU policies in that the perspective of the wider Europe was the basis for multilateral dialogue, policy on Trans-European Networks and, in certain cases, intra-regional cooperation. The Visegrad states could also align themselves with actions under the CFSP. Effective implementation of the structured dialogue could lead to the incorporation of Central European perspectives in aspects of EU policy-making. Fourth, in 1994, the enlargement question became entwined in the debate about the future design of the EU (in advance of the 1996 IGC). It raised fundamental questions about the structure of the EU, its policies and goals. An extension of current policies and principles of solidarity to the East would involve large financial outlays, market opening and competition in the sensitive sectors, especially agriculture.

4 Framework for adaptation

The member states embarked on negotiations leading to the TEU in response to German unification, intended to maintain the FRG's continued commitment to the integration process and establish a new basis for organising relations with a (potentially) more powerful Germany. The EC was the principal medium through which all member states responded to the changed circumstances of Central Europe. The fact that the EC possessed a competence to act in the area of trade, of key relevance to the Visegrad States, made it an obvious choice. At the same time, individual states such as the FRG developed bilateral relations with the Visegrad States (including at the level of the Länder) who sought to exert leverage on EU policy through the FRG. Others, such as the UK and the Netherlands developed cooperation

in the defence area while France engaged in trilateral cooperation with the FRG and Poland.

The divergent attitudes of the member states first on trade policy and later on the enlargement question had an impact on policy-making e.g. trade liberalisation was grudgingly conceded in the sensitive sectors. Pressure from France and the EU Mediterranean states eventually led to agreement to a principle of parallelism in EU relations with the East and the South. In June 1993, all twelve EC member states subscribed to the goal of eventual EU membership for the associated states of Central/Eastern Europe. Whilst this was motivated by concerns about the security and stability of the region, there were clear differences of emphasis, motivation and interest amongst the member states. Broadly speaking, these reflected geopolitical differences, location at the periphery or centre of the Union, and trade/economic interests vis-a-vis Central Europe. Expansion was perceived to be qualitatively different to previous EC enlargements (insofar as the states concerned were involved in systemic transformation in the political, economic and societal domains). It could undermine the complex political bargain at the basis of the TEU and to alter the balance of political power amongst the member states of the Union (already unsettled by German unification and the TEU process). The triple challenge was that of simultaneously developing the capacity to deal effectively with enlargement, maintaining the EU as a framework for intra-state relations and responding to demands for action from the external environment. In 1994, it was not clear that EU policies towards the Central European states were adequate to meet the enormity of the transformation process or what was perceived as being an historic opportunity to reverse the patterns of non-voluntary and violent approaches to building order in Europe.

5. EU Governance

Policy towards the Central European states was generated by a number of decision-making centres in the three pillars (EC, JHA and CFSP). The Commission acted as a keen advocate of the interests of the Central European states and was central to the development of EC policy - in particular, a pre-accession strategy and consideration of the consequences of enlargement. The Presidency was central to developing political dialogue and the German Presidency provided the catalyst for launching the pre-accession strategy. The European Council served as a clearing house for major political initiatives (e.g. the Copenhagen and

Essen Summits) and a means by which member states committed themselves at the highest level to action. At the same time, the fragmentation of the EU decision-making processes meant that the trade and political aspects of the relationship were often handled separately. Similarly, the 1996 IGC and the pre-accession strategies are handled separately by the institutions. The European Council was a coordinating centre insofar as broad strategic decisions are taken at that level. The process of elaborating policy towards the Central European states served to increase efforts to ensure policy consistency between the EPC/CFSP and EC areas. At the same time, the broad scope of proposed action such as organisation of the multilateral dialogue and cooperation in a vast number of areas of EC competence created difficulties in terms of overall responsibility for implementation of agreed strategies. Organisation of political dialogue foundered under certain Presidencies - at the Essen Summit, an element of planning was introduced to ensure that dialogue would actually take place. Similarly, there was no effective monitoring of Commission moves to develop cooperation. Hence, many of the ideas for cooperation outlined in the pre-accession strategy had already been tabled and, in part agreed, in the past.

By adopting the system of regional governance of the EU as an analytical framework, one can identify the role of the EU in Central Europe and in the international system. That role consists of promoting a certain political and economic order in Central Europe, representing and balancing the interests of the member states vis-a-vis Central Europe, and (within that perspective) maintaining a certain internal political order to regulate relations between the member states of the EU. Thus far, that has been carried out through the system of regional governance. Preparations for EU enlargement blurred the boundaries between internal and external policy-making, on the one hand, and, on the other, created close linkages between enlargement and the future course of the European Union.

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