CHANGING DYNAMICS OF THE DANUBIAN REGION

NEW NEIGHBOURHOOD POLICY IN THE EU

István Tarrósy – Susan Milford (eds.)

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PREFACE

Everybody has experiences with neighbours—sometimes good ones, sometimes bad ones. Since good neighbourhood implies above all co-operation, Hungarians and Austrians for instance, mainly feel positive about neighbourhood and deepen the co-operation by jointly initiating and organising different activities. The Institute for the Danube Region and Central Europe (IDM), Vienna and IDResearch Ltd., Pécs have been co-operating for several years to institutionalise a project that was held for the fifth time in 2008: the DRC Summer School on Regional Co-operation under the intellectual sponsorship of the Danube Rectors' Conference. Between 29 June and 6 July the Danube University of Krems (DUK) hosted the newest edition of the DRC Summer School including young scientists and students of different social disciplines from nine countries. The aim of the annual Summer School is to bring together young scientists from countries of the Danube Region and Central Europe to establish and strengthen a regional scientific network within the European Research Area. Another objective of this activity is to enhance the awareness for the significance and possibilities of regional co-operation as well as to promote the relations among the partner universities of the Danube Rectors' Conference and other regional actors.

The topics of the 5th DRC Summer School on Regional Co-operation focused on the New Neighbourhood Policy of the European Union (ENP), seen from different angles and sectors of the society. This proceeding collects the most relevant results of the DRC Summer School 2008 respectively eleven of the best papers that were presented during this activity. Daniel Grotzky, one of the invited speakers of the school, triggers off the core discussion pointing out that the New Neighbourhood Policy is not quite efficient with regard to the Eastern borders of the EU. Whereas Svetla Boneva explains the financial instruments attached to the policy, Josephine Kuhlmann and Áron Bánáti deal with the energy sector and the meaning of the European co-operation for a new community treaty. Ilina Cenevska and Evgeny Mordvinov look at different problems connected with the Ukraine, Cristian Niţoiu and Sergiy Glebov analyse different aspects of the New Neighbourhood Policy with regard to the Black Sea Region. Zoltán Vörös focuses on another significant region for the policy, namely on the Western Balkans. Gabriela Cretu addresses the transformation of social policy in the EU in light of the welfare state

development. The final paper—jointly written by Andrea Galgóczy-Németh and Erzsébet Printz-Markó—deals with the sector of tourism and offers an insight into a case study about co-operation between Slovakia and Hungary in this field. Good neighbourhood mainly means reciprocal respect between the neighbours and requires mutual efforts to cope with challenges as well as willingness to solve together conflicts which might emerge. The papers of this volume offer a comprehensive and differentiated insight into the ENP and try to expound the challenges in connection with the efficient implementation of this instrument of the European Union as well as possible solutions.

The implementation of the 5th DRC Summer School was enabled by the generous support of the Danube Rectors' Conference (DRC), the Danube University Krems (DUK), the University of Pécs, Faculty of Humanities, the Central European Initiative (CEI), the International Visegrad Fonds (IVF), the Working Community of Danubian Regions, the Austrian provinces Lower Austria, Upper Austria, the Hanns Seidel Foundation, the ERSTE Foundation, the Erste Group, the Magyarországi Volksbank Zrt., the Paksi Atomerőmű Zrt., the "Tüke Tőke" Foundation for the success of the Pécs2010 ECOC Year and the City of Vienna.

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THE EUROPEAN UNION AND ITS EASTERN NEIGHBOURHOOD: A STRATEGIC FAILURE?

Daniel Grotzky

The 2004 and 2007 enlargement rounds of the European Union signified a shift that has nudged the European Union's centre of political gravitation further east. Today the EU is a direct neighbour of Russia, Ukraine, Belarus and Moldova and directly affected by the development of the Southern Caucasus states. As a result, there is a clear interest-based strategic necessity to engage with the Eastern neighbourhood. Furthermore, the accession of twelve new members, ten of them formerly communist states, has altered not only the balance of interests, but also the balance of perceptions within the European Union with regard to the formulation of policy preferences toward Russia, transatlantic security and further enlargement in the east. Finally, developments outside the European Union have led to it being increasingly confronted with growing demands and necessities to take on a more active role in its eastern neighbourhood—notably in the course of the August 2008 conflict between Georgia and Russia. This paper sketches out the development of policies the European Union has to date formulated in order to address these challenges following EU enlargement and concludes by identifying a gap between the strategic necessity for action and the lack of a "grand vision" for the development of the Eastern neighbourhood.

EASTERN POLICY AND EU-ENLARGEMENT

European policy makers have walked into Eastern policy ill-prepared for a number of reasons. One is the preoccupation with internal treaty reform, which in 2008 has yet to reach a conclusion. Another is the fact that the EU has yet to find an adequately efficient substitute to enlargement conditionality as a tool for stabilizing its neighbourhood. The EU still relies on the offer of membership for its policy toward the Western Balkans, but has yet to develop effective incentives for Ukraine or Belarus while still relying on compliance as the main element of the European Neighbourhood Policy. Moreover, foreign and neighbourhood policy within the EU are subject to a conflict of interests between the member states, a fact that is further complicated by there actually being two dimensions of internal conflict,

the one political and the other geographic. On the geographic level, the Eastern neighbourhood competes with the Mediterranean neighbourhood states for EU-funding, which is supported in general by France and southern EU members. But while there is a clear alliance for a stronger EU focus on Eastern policy, its drivers, notably Germany and the Central and Eastern European countries disagree on its political direction, in particular whether membership offers should play a role and to what degree Russia needs to be contained or engaged (Lippert, 2008: 8).

Europe's policy toward its Eastern neighbourhood rapidly became both a more pressing and complex issue with the developments in what can be named "post-soviet space". The main characteristic of the eastern neighbourhood has not been democratisation as such, but a divergence of transition trajectories. Until the "colour revolutions" in Georgia in 2003 and Ukraine in 2004 European policymaking did not have to consider with any serious credibility any aspirations toward integration into Euro-Atlantic structures by these countries. However, after the replacement of parts of the elite that were close to Moscow by westward-driven presidents, the European Union now faces governments that are proclaiming the wish to follow in the footsteps of the 2004 and 2007 accession member states. As Ukraine and Georgia experienced a boost in democratic institutions and civil society that—though far from perfect—bring them closer to what has been coined liberal "European values", the development of Russia, the EU's largest neighbour, has been decisively different, both internally and with regard to its foreign policy. As Russia has profited from high energy and resource prices, enabling the re-consolidation of state power, it as has also become more authoritarian and has increasingly controlled civil society (Goehring/Evenson, 2006: 23-24). New-found assertiveness—in part an (over)reaction to EU and NATO eastern enlargement during the 1990s—has again strengthened the idea of Russia containing "privileged interests" (Lavrov in Gazeta Wyborcza, 2008) in its international neighbourhood, primarily in Ukraine, Belarus, the Caucasus, as well as in Central Asia. As Russia attempts to uphold the post-soviet structures that give it a strategic benefit in the region, such as keeping frozen conflicts unsolved or ascertaining its transport monopoly over the transportation of oil and gas from the Caspian Sea, it clashes with EU interests of stability and energy source diversification (Gomart, 2008: 10).

The issues of Russia's interest in its international neighbourhood, the drive of Ukraine and Georgia toward Euro-Atlantic integration and the European Union's

own natural interest in good neighbourly relations, stability, economic growth, democracy and energy security in its neighbourhood are deeply intertwined. Moreover the recent trajectories of both Ukraine and Russia have energized the new Central and Eastern EU members, in particular Poland and the Baltic states, as they interpret parallels both with their own paths toward democracy (Ukraine) and Soviet dominance in Eastern Europe during the cold war (Russia). However, the EU's main policy frameworks for dealing with the region have been weak to address these fundamental challenges and attempts to correct and realign them with reality are so far still sketchy.

THE EUROPEAN NEIGHBOURHOOD POLICY

When enlargement was first on the doorstep, the main focus on challenges was internal: how should the EU function with 25, or 27 member states? Only slowly did policy makers realize that the eastern expansion would bring the risk of new lines of division between an EU in-crowd and Eastern European states without a membership perspective (Kempe/van Meurs, 2001). Where issues arising through Europe's new borders were tackled, it was done on a case-by-case basis, for example in establishing a transit and visa regime for Russia's exclave of Kaliningrad (Müntel, 2003). In line with the prospective of the new members joining the Schengen area, efforts at the Eastern borders have centred on securing the European Union vis-à-vis its neighbourhood, leaving problems such as how to deal with the frequently-crossed Polish-Ukrainian border or the special relationship between Romania and Moldova to be sorted out bilaterally.

The European Neighbourhood Policy (ENP) was established in 2004 to address the problem of such new division lines within Europe. Based on the aim of the European Union being surrounded by a "ring of friends", the ENP serves as a framework for the relationship between the EU and those neighbouring countries that do not have a membership perspective (Russia is not included in the ENP). The principle idea is that as a reward for fulfilling the aims of action plans set up between the EU and the neighbouring states, these countries should receive privileged access to the European Union's market and closer cooperation (Commission, 2004). However, the ENP suffers from a number of deficiencies, among them (Kempe, 2007b):

- The ENP does not differentiate between the eastern neighbourhood, where Ukraine and Georgia, as well as Moldova have declared EU membership a goal and enjoy in this aim the support of a number of EU members and the neighbouring countries in Northern Africa and the Middle East.

- The ENP offers no framework for multilateral cooperation, but is strictly bilateral in nature. In fact, many observers have complained that it is *de facto* a unilateral strategy, as the action plans were generally drafted by Brussels and hardly negotiated on an equal footing with the neighbouring countries.

- The ENP uses the mechanism of conditionality established during the accession of Central and Eastern European member states, but does not offer the corresponding incentives.

- The ENP presupposes that the European Union's values will be shared by all its member states. As a result, the EU has yet to enter into an ENP-based relationship with Belarus, as well as with Syria and Libya, even though they are crucial factors in solving various energy and security issues.

- The ENP does not connect with the European Union's policy of a strategic partnership with Russia. Neither does it acknowledge the fact that Russian and European interests might clash in certain policy areas directly pertaining to neighbouring countries.

- The ENP offers no mechanism for dealing with "frozen conflicts" or increasing the EU's role in them.

DIFFICULT PARTNERSHIP WITH RUSSIA

The Strategic Partnership with Russia based on the Partnership and Cooperation Agreement of 1997 or PCA and the Four Common Spaces agreed upon at the St. Petersburg summit in 2003 has been in crisis, and not only due to the conflict between Russia and Georgia during August 2008. The principle behind the strategic partnership was to establish a special relationship between the European Union and its largest neighbour based on common values, open up Russia's economy to free market principles and enhance cooperation on areas of strategic relevance for security, such as border control or crisis management. However, Russia's domestic development has been drifting away from what most Europeans consider to be democratic norms, tremendously weakening the basis for an intensive and trustful partnership. Russia has restructured its energy industry to make sure that its

resources remain under state control, thereby discouraging European adherents of market principles, even while until recently the country still experienced a high influx of foreign direct investment. And while there remain key mutual threats such as a nuclear Iran or the stability of Afghanistan which require Russian-European cooperation, these issues have been overshadowed by the discussion over U.S. missile defence and possible Georgian and Ukrainian NATO membership, even though neither is an area of EU competency (Barysch, 2008: 7–8). Though the PCA ran out in 2007 it was automatically renewed for a year as neither partner cancelled the agreement. But the start of negotiations over a new EU-Russia treaty were blocked by Poland for over a year due to a trade dispute with Russia, then for a few weeks by Lithuania over a number of issues, including the closure of an oil pipeline to its major refinery Mazeikiu Nafta after it was sold to a Polish instead of a Russian investor. In April 2007 Russia issued unofficial economic sanctions against Estonia in the wake of the relocation of a Soviet war monument from Tallinn. While the start of negotiations was finally agreed on in 2008 under the early impressions of a more liberal Medvedev presidency, talks have once again been suspended until Russia pulls its troops out of Georgia.

ATTEMPTS TO COVER THE STRATEGIC GAP

The strategic deficits emanating from the lack of an "Eastern policy" for the European Union have thus been apparent for some time. Numerous initiatives and attempts have been made in order to compensate.

Dealing with Belarus: In November 2006 the Commission published a Non-Paper with the title "What the EU could bring to Belarus". In it the European Commission offers improvements for the people of Belarus within the ENP-framework, including easier travel, more human-resource, youth and academic exchange, economic support and SME support, preparations for EU market entry or aid for social and environment improvements, government efficiency and legal and judicial reform. However, any intensification of EU-Belarus contacts was made conditional on democratic reforms in the country (Commission, 2006a). In January 2007 Russia closed down its oil shipments to Belarus in a dispute over raising the subsidized energy prices for the country, which have allowed it to retain an inefficient industry and experience high growth by selling off oil and gas more expensively to Western Europe. Since then there have been small steps

toward a closer relationship. On March 7th 2008 the EU announced the opening of a Commission delegation to the country, while Belarus released the last of its political prisoners in August 2008. The Council has stated that it sees the parliamentary elections of September 28th 2008 as a test case for whether Belarus is worthy of further steps (Council: 2008).

New Eastern Policy: The strengthening of the eastern aspect of the European Neighbourhood Policy was an issue from its inception. A 2002 Polish Non-Paper focused on relations with Ukraine, Belarus, Moldova and Russia and warned of closing the door to membership. The first real attempt to shift the focus of ENP was made by Germany. The German EU-presidency during the first half of 2007 aimed at a "New Eastern Policy" for the EU, based on three pillars (Kempe, 2007a). The first was to be an "ENP Plus" for the Eastern neighbours that, while not addressing the issue of future membership, would include an offer of institutional participation, a redistribution of funds within the ENP to the East and enhanced cooperation and implementation of the acquis communautaire. As a second pillar a deepening strategic partnership with Russia coined "change through interweaving" was to bind the EU and Russia together in mutual interdependence. The third pillar constituted of establishing an EU-strategy for Central Asia. However, the idea of a "European Ostpolitik" gave way to only minimal changes: While progress was achieved in particular in entering negotiations with Ukraine over an enhanced agreement, ENP Plus was effectively beaten by a Commission Paper, "Strengthening ENP", that addressed some of the ENP's shortcomings without including a special Eastern dimension (Commission, 2006b). EU-Russia relations went nowhere, as Germany was unsuccessful in unlocking Poland's veto and as a result of mounting criticism of Russia's human rights record at the summit in Sochi. Finally, the Council did approve a strategy for Central Asia, which however has not shown great effect to date.

Black Sea Synergy: The European Union's Black Sea Synergy was launched in 2007 as a result of Bulgarian and Romanian EU accession. As the Black Sea region essentially includes all Eastern neighbourhood states save Belarus, it can be seen as another attempt to find a policy framework that can address regional specifics (Emerson, 2008: 7). The synergy however does not aim to substantially change the ENP or the "Strategic Partnership" with Russia in which it is embedded along with the Turkish EU-accession process. It does attempt to address cross-border regional issues, acting on criticism that the ENP has so far been focused on bilateral issues

(Commission, 2007). A one-year assessment of the synergy reveals that most ideas and projects are still in an assessment phase. While there has been some progress in civil society cooperation, this has mostly happened without much participation by Russia—the major regional stakeholder (Commission, 2008).

Eastern Partnership: Finally, in May 2008 Sweden and Poland launched the "Eastern partnership" proposal that was adopted by the Council (Polish and Swedish government: Eastern Partnership). The proposal calls for both enhanced bilateral and multilateral cooperation were aimed at the Eastern neighbouring ENP-countries. Significantly it mentions "road maps" to visa-free travel and a free trade zone, new ENP action plans oriented along EU legislation and calls for the new enhanced partnership treaty with Ukraine to be a reference point for other Eastern countries. On the multilateral level the paper mentions the possibility of Belarus being included on a technical level, which would close the gap between the EU's Northern Dimension and the Black Sea Synergy initiatives. Compared with the Polish political statements accompanying it (Goldirova, 2008), the paper is modest in suggesting neutrality for the EU budget and not calling for any additional institutions. Also "Eastern partnership" would remain within the ENP framework. As regards Russia, it would allow for an extension of projects to Russia on a case-by-case basis, but steers clear of directly mentioning the most pressing issue—"frozen conflicts" in the European neighbourhood in which Russia is deeply involved. Despite this professed modesty the "Eastern partnership" highlights the ongoing conflict within the EU over what direction policy toward the block's neighbouring states should take (Grotzky, 2008).

TEST CASE: THE GEORGIA CONFLICT

The conflict in Georgia has highlighted once again that the European Union has yet to formulate a clear-cut policy toward Russia and the Eastern neighbourhood. Despite the agreement between Georgia and Russia negotiated by Nicolas Sarkozy and the EU's dispatch of a small police force it remains debatable how proud the European Union can be of its record (Bauer/Grotzky/Isic, 2008: 3). Not only was the agreement interpreted differently by Russia, Georgia and the EU, but EU members themselves gave very different assessments of the crisis, with Sweden, the United Kingdom and many Central-Eastern European members blaming Russia, Italy blaming Georgia and Germany and France refraining from serious accusations

during the conflict period (The Economist, Sept. 4th 2008). The fact that violence escalated in the first place—regardless whether one blames Georgia or Russia—shows that the EU was unable to guarantee stability in a region that is crucial to its energy supply and security, as it had hardly been involved in attempts to solve the frozen conflicts of Abkhazia and South Ossetia and a previous German attempt at arbitration had not been successful (Socor, 2008). It remains to be seen whether the developments in the Caucasus might push Europe to a new sense of common perception of strategic interest in the long-run or whether the EU will return to "business as usual", both with regard to ENP and its Russia policy.

IS EUROPEAN EASTERN POLICY AN OBVIOUS PROBLEM WITHOUT A SOLUTION?

If anything, the conflict between Russia and Georgia has proven the strategic relevance of Russia, Ukraine, Moldova, Belarus and the Caucasus states. This had also been made clear previously by initiatives from individual EU member states. However, the EU has no vision for its Eastern neighbourhood, no "master plan". The main issues at hand remain unsolved: Does the EU need to offer a membership perspective and to which countries? Are Ukraine or Georgia European countries or at the periphery of Europe? Will the European Union counter Russian dominance over territorial conflicts or its attempt to influence internal affairs in its international neighbourhood or not? In short: how does the European Union want the Eastern neighbourhood to develop during the coming years and what policies are necessary to pursue that goal?

However, as with all European policies, the most likely development of the European policy toward the East, as long as the issues sketched out above are not solved, is a development in small steps. The ENP will probably remain the framework for regional initiatives, as long as further Eastern enlargement remains off the agenda. At the same time, relations with Russia will continue to be both relevant and problematic, but the link between Russia and any kind of Eastern policy framework has become obviously clear. Different EU members will continue to push different regional agendas, though this will also have the effect of ENP better adapting to regional challenges and replacing the proposed "ring of friends" with an interlinked chain of neighbouring regions. In a strategic sense, security, energy or economic issues alone call for a unified Eastern policy

that follows prioritized interests, ensures democratic stability and binds these countries closer to the European Union while at the same time consolidating EU negotiation strength toward Russia, which will remain a crucial neighbour by size, resources and economic and military potential alone. A process of establishing which relationship the European Union needs vis-à-vis the Eastern states requires political will and a wider debate over European identity as such. However, the case for Eastern Policy is stronger today than it was at the moment of enlargement, as the Georgian-Russian conflict shows. Developments and events that as yet cannot be completely foreseen will certainly hinder or promote such a discussion. They include the future trajectory of transition in Ukraine, Georgia, as well as Belarus, the further development of frozen conflicts in Transnistria, Abkhazia and South Ossetia and finally the outcome of intra-EU reform and stronger alliance building among Eastern policy "motors".

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FINANCIAL INSTRUMENTS FOR FUNDING THE EUROPEAN NEIGHBOURHOOD POLICY

Svetla Boneva

THE ESSENCE OF THE EUROPEAN NEIGHBOURHOOD POLICY (ENP)

The European Neighbourhood Policy (ENP) is one of the newest policies of the EU. It was developed in 2004, was intended to avoid the emergence of new dividing lines between the enlarged European Union and its neighbours and strengthens the prosperity, stability and security of all countries concerned[1].

The European Neighbourhood Policy concerns the European Union's immediate neighbours, either by land or sea. These are the following countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Occupied Palestinian Territory, Syria, Tunisia and the Ukraine. Although Russia is also a neighbour of the European Union, EU-Russia relations are developed through a Strategic Partnership covering four "common spaces". The common spaces are:

1. The Common Economic Space, covering economic issues and the environment.
2. The Common Space of Freedom, Security and Justice.
3. The Common Space of External Security, including crisis management and non-proliferation.
4. The Common Space of Research and Education, including cultural aspects.

Through the ENP the EU offers neighbouring countries a privileged relationship, based on a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development). The ENP also offers the ENP countries a deeper political relationship and economic integration. The level of the relationships will depend on the extent to which the common values are shared. The ENP remains distinct from the process of enlargement. It does not determine or prejudge the way how relationships with countries neighbouring the EU may develop in the future.

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[1] The ENP addresses the strategic objectives of the European Security Strategy "A secure Europe for a better world" of The Council of the EU, Brussels, 12 December 2003

> **Short history of the European Neighbourhood policy (ENP)**
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> The ENP was first outlined in a Commission Communication on Wider Europe (Wider Europe—Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbors, COM (2003) 104 final, 11.3.2003) in March 2003, followed by a more developed Strategy Paper on the European Neighbourhood Policy (European Neighbourhood policy—Strategy Paper COM (2004) 373 final, Brussels, 12. 5. 2004), published in May 2004. This document sets out how the EU proposes to work more closely with these countries. As part of its report on implementation, in December 2006 and again in December 2007, the European Commission also made proposals on how the policy could be further strengthened.

The core of the European Neighbourhood Policy is the *bilateral ENP Action Plan*, agreed between the EU and each partner. The Action Plans set out an agenda of political and economic reforms with short and medium-term priorities. Implementation of the ENP Action Plans, agreed in 2005 with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and the Ukraine, in 2006 with Armenia, Azerbaijan and Georgia, and in 2007 with Egypt and Lebanon, is under way. Algeria, having recently ratified its Association Agreement with the EU, has chosen not to negotiate an Action Plan. Implementation of the Action Plans is jointly promoted and monitored through sub-Committees.

The ENP is built upon existing agreements between the EU and the partner in question (Partnership and Cooperation Agreements, or Association Agreements in the framework of the Euro-Mediterranean Partnership). The ENP is not yet activated for Belarus, Libya or Syria since no such Agreements are yet in force.

AGREEMENTS FRAMING THE COOPERATION PROCESS BETWEEN THE EU AND THE ENP COUNTRIES

In order to build stable and close relations with neighbouring countries and a zone of stability, security and prosperity for all, the EU and each ENP partner country discuss and agree on what are known as *reform objectives*. The reform objectives comprise different aspects of the "common" areas, such as cooperation on political and security issues, economic and trade issues, mobility, environment, integration of transport and energy networks and scientific and cultural cooperation. The EU

provides financial and technical assistance to support the implementation of these objectives, in support of the ENP countries' own efforts.

The instruments and methods of the ENP that support the transition processes in the neighbouring countries have outlined the following stages in the cooperation process:

- The process begins with the announcement of the European Commission's *Country Reports*, which evaluate the political and economic situation and institutional and sectoral aspects. The purpose of a Country Report is to assess when and in what respect it is possible to deepen relations with that country. Country Reports are submitted to the Council, which decides whether to proceed to the next stage of relations.

The first Country Reports concerning the ENP were published in May 2004 for the first seven ENP countries that have signed Agreements with the EU. In March 2005, five more Country Reports were published on the next countries to be included in the neighbourhood policy (Southern Caucasus, Egypt and Lebanon).

- The next stage is the *development of ENP Action Plans* with each country. These documents are negotiated separately with each country, based on its needs and capacities and the interests both of the country concerned and of the EU. The Plans jointly define an agenda of political and economic reforms by means of short and medium-term (3–5 years) priorities. They cover areas such as political dialogue and reform, economic and social cooperation and development, trade-related issues, market and regulatory reform, cooperation in justice and home affairs, sector policies (such as transport, energy, information society, environment, research and development) and human aspects (people-to-people contacts, civil society, education, public health, etc.).

12 ENP Action Plans have been implemented to date (June 2008): with Israel, Jordan, Moldova, Morocco, the Occupied Palestinian Territory, Tunisia and the Ukraine since 2005 and with Armenia, Azerbaijan, Georgia, Lebanon and Egypt since the end of 2006/beginning of 2007. The incentives to make progress in relevant areas are greater integration into EU programmes and networks, increased assistance and enhanced market access.

- *The implementation of the mutual commitments and objectives* included in the Action Plans is regularly monitored for each country by *sub-committees* dealing with those sectors or issues. On 4 December 2006, the Commission

issued its first periodic *progress report* focused on the achieved progress and on areas requiring further progress. A second set of *Progress reports on the implementation of the ENP in 2007*, a communication containing conclusions from the reports and sectoral progress reports, was adopted on 3 April 2008.

Fact-sheets, describing progress to date in implementing key reform priorities in Armenia, Azerbaijan, Egypt, Georgia, Israel, Jordan, Lebanon, Moldova, Morocco, the occupied Palestinian territory, Tunisia and the Ukraine have been published periodically.

- *The implementation of the reforms* is supported by EU funded financial and technical assistance, including instruments that have proven successful in supporting reforms in Central and Eastern Europe and South-Eastern Europe as well as new instruments, such as the Neighbourhood Investment Facility and the Governance Facility.

FINANCIAL INSTRUMENTS FOR FUNDING OF THE ENP

The Financial Instrument for EU assistance to Eastern Europe, Southern Caucasus and South Mediterranean countries—The European Neighbourhood and Partnership Instrument (ENPI)—provides over 11.1 billion EUR from the EU budget for the period 2007–13. According to the Strategy papers and Indicative programs adopted by the European Commission, these funds are to be broken down and turned to national, regional and cross-border projects. Their budget for the period 2007–2010 is presented in Table 1. In addition to the ENPI grant funding, neighbouring countries are eligible, in the period 2007–13, for loan financing by the European Investment Bank up to a total of € 12.4 billion.

Table 1: European Neighbourhood Partnership Instrument—Indicative Multi-annual Allocations for the period 2007—2010 in Million €

Multi-Country Programmes	**827.6**
Inter-Regional Programme	260.8
Regional Programme – South	343.3
Regional Programme – East	223.5
Country Programmes	**4,116.50**
Algeria	220
Armenia	98.4
Azerbaijan	92
Belarus	20
Egypt	558
Georgia	120.4
Israel	8
Jordan	265
Lebanon	187
Libya*	8
Moldova	209.7
Morocco	654
Palestinian Authority*	632
Syria	130
Tunisia	300
Ukraine	494
Russian Federation	120
Cross-border Cooperation Programmes	**277.1**
Governance Facility & Neighbourhood Investment Fund	**400**
Grand Total	**5,621.20**

* Planning figures only. Since medium-term programming is not possible for the Palestinian Authority and Libya, no Strategy Papers and Indicative Programmes have been adopted. Co-operation with Libya will only be fully activated when necessary preconditions are in place. Source: European Commission

The EU assistance under ENPI is implemented through:

• *National indicative programs (NIP)* for each partner country. The country programmes support the ENP countries' implementation of their political, governance, economic and social reform programmes. Of the € 5.6 billion available for 2007–2010, 73% will support the partner countries' implementation

of their European Neighbourhood Policy (for Russia, co-financing of the implementation of the Common Spaces Road Maps). Countries that have concluded an Action Plan and have made progress in its implementation will receive substantial funding.

- *3 Regional indicative programs (RIP)*. The regional co-operation activities support the ENPI southern and eastern regions. An Inter-regional Program (IRP) has also been established to assist in the more efficient and flexible management of activities at inter-regional level. A total of € 827 million is available for this type of multi-national program.

- *15 Cross-border cooperation programs (CBCP)*. Cross-border cooperation supports cooperation between local and regional authorities on both sides of the EU's external border. € 277 million (matched by an equivalent amount from the European Regional Development Fund) will be available for the cross-border cooperation programs for the period 2007–2010.

An important aspect of the ENP and the strategic partnership with Russia, is to markedly improve cross-border cooperation with countries along the European Union's external land and maritime borders, thus giving substance to the European Union's aim of avoiding new dividing lines. The ENPI therefore supports cross-border contacts and co-operation between local and regional actors and civil society. The *15 ENPI cross-border cooperation programmes*, covering the external borders of the EU, will receive financial support of €1.18 billion for the period 2007–2013. The programmes are getting underway at the end of 2007/beginning of 2008. The Commission approach to cross-border cooperation can be found in the:

- *Governance Facility and a Neighbourhood Investment Fund*. As announced in the Commission's Communication on "Strengthening the European Neighbourhood Policy", €400 million will be used during the period 2007–2010 to support *governance* and *investment*, through two new facilities.

The new instrument called *Governance Facility* endows indicatively with €50 Million annually to provide additional support for the partner country or countries that have made most progress in implementing the governance priorities agreed in their Action Plans. In 2007 the first Governance Facility allocations were made, to Morocco and Ukraine.

The *Neighbourhood Investment Facility* was established at the end of 2007 and started to support lending to ENP countries in 2008. The Commission will allocate

to the Facility an amount of €700 million for the period 2007–2013 and expects from Member States to gradually match the Community contribution, to maximise the leverage of loans. The Facility will fund projects of common interest, focussing primarily on energy, environment and transport.

New forms of *technical assistance* have been extended to the ENP countries. Legislative approximation, regulatory convergence and institution-building find support through mechanisms that have proved successful in transition countries that are now EU Member States - i.e. targeted expert assistance (Technical Assistance and Information Exchange—TAIEX), long-term twinning arrangements with the EU Member States' administrations—national, regional or local—and participation in relevant Community programmes and agencies.

The EU assistance priorities are identified together with the ENP countries and other relevant actors in general *Country Strategy Papers* (CSPs) covering 7 year periods, *National Indicative Programmes* (NIPs) covering 3 years and detailed *annual programmes*. The priorities identified in the *Action Plans*, agreed with the authorities of the country, guide the programming of assistance programmes—as well as of other programs of other donors and International Financial Institutions.

Tenders under the EU assistance programmes are open to companies from the 27 EU Member States, from the candidate countries (Croatia, Turkey and the former Yugoslav Republic of Macedonia), from the potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro and Serbia, including Kosovo) and from the ENP countries. In this way the ENP countries are given the possibility to obtain knowledge and practice for the standard EU procurement rules.

EUROPEAN TERRITORIAL COOPERATION PROGRAMS, IN WHICH BULGARIA CAN PARTICIPATE

The cross border, transnational and interregional programs for cooperation aim to give a territorial dimension to the Lisbon and Gotheburg strategies by contributing to a better geographic distribution of growth, innovations and labour force in the eligible cross-border and transnational areas and the EU as a whole, and by providing integrated joint actions for the sustainable development of the participating countries.

European territorial cooperation is financed by the European Regional Development Fund (ERDF) for the EU member states and supports the harmonious

and balanced integration of the EU territory by stimulating cooperation in regions of high importance for the EU at cross border, transnational and interregional levels.

The programs in which one of the newest member states (Bulgaria), as well as it's neighbours can participate, are:

- the Programs for cross-border cooperation at the internal borders of the EU-Bulgaria-Greece and Bulgaria-Romania. These programs are financed by the ERDF.

- Programs for cross-border cooperation (CBC) of the external borders of the EU-Bulgaria-Turkey, Bulgaria-FYRoM, Bulgaria-Serbia. These three programs will be financed both by the ERDF and by the EU Instrument for pre-accession aid.

The CBC programs for 2007–2013 are based on the experience gained in the implementation of the former bilateral and multilateral programs PHARE CBC, Neighbourhood / INTERREG IIIB CADSES / INTERREG IIIC. They take into consideration the current challenges at regional and local level and the general European policies and strategies like the European Spatial Development Perspective from 1999 and the new platform "Regions for economic change". These are the basic characteristics of the programs and projects under *Objective 3 of the new EU Cohesion Policy.*

- The Joint Operational Programme in the Black Sea Basin which is financed by ERDF and the ENPI.
- The transnational cooperation programme in the South East European Space.
- The interregional cooperation programme INTERREG IVC.
- The INTERACT II programme for operational cooperation.
- ESPON 2013 Operational programme (the European Spatial Planning Observation Network programme).
- URBACT II Operational Programme.

The programs under Objective 3 do not finance high-cost and long-term investment projects (unlike the programs under Objective 1). They are intended to finance soft, low-scale activities of the "people-to-people" type. The projects should have a clear impact beyond national borders, a multi-sectoral approach, a clear level of each partner's inclusion, and territory not eligible for financing within the framework of the sectoral programs. So, although the priorities of these programs correspond to some national and European sectoral policies, unlike the sectoral policies, the territorial cooperation programmes support activities of a completely different type.

The projects contribute to an integrated territorial development through the wide partnership approach and schould obligatorily meet two of the following four criteria:

- Joint project development;
- Joint implementation;
- Joint team;
- Joint financing.

Under Objective 3 "European territorial cooperation" Bulgaria will participate in cooperations in the following spheres:

- Stimulation of the entrepreneurship, development of SMEs, tourism, culture and cross border trade;
- Improvement of the joint preservation and management of the natural and cultural resources, as well as prevention of natural and technological risks;
- Support for the relations between the urban and rural areas;
- Minimizing the isolation of certain areas by improving access to transport, information and communication networks and services and by cross border systems and equipments for water, waste and energy;
- Elaboration of the cooperation, capacity and joint use of infrastructure, esp. in sectors like health services, culture, tourism and education;
- Stimulation of the development of cross border labour markets, local initiatives for employment, gender equality and equal opportunities, education and social inclusion;
- Elaboration of the institutional and administrative capacity at regional and local level and giving technical assistance to the preparation of new projects.

The interregional cooperation as an operation within Priority axis 4 "Regional and local networks, cooperation and capacity for absorption" of the Bulgarian Operative Program "Regional Development 2007–2013", financed by ERDF supports the links between Objectives 1 and 3 of the new EU Cohesion Policy.

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ENERGISING THE 'RING OF FRIENDS'
BUILDING A 'WIDER EUROPE' ON THE
ENERGY COMMUNITY TREATY?

JOSEFINE KUHLMANN

INTRODUCTION

The countries of the Black Sea region form a heterogeneous community connected by geography and a common history. They include Bulgaria, Greece and Romania, all of which are member states of the European Union, as well as Armenia, Azerbaijan, Georgia (together known as South Caucasus), Moldova, Russia, Turkey, and Ukraine.[1] Additionally, those countries still share, albeit to a varying extent, a number of common risks and challenges, including political instability, state fragility, corruption, organised crime, and violent conflicts over breakaway republics. These issues, although to a somewhat lesser degree, are also haunting the neighbouring region of the Western Balkans.

The European Union attends to the two regions in different ways: the countries of the Western Balkans are embedded into the Stabilisation and Association Process (SAP), which specifically and explicitly promotes regional co-operation. Relations with those Black Sea countries which are not member states or candidate countries (Turkey) of the EU, on the other hand, are shaped by a number of different policies and bilateral instruments: the European Neighbourhood Policy (ENP), bilateral Partnership and Co-operation Agreements (PCA) and the EU/Russia Common European Economic Space (CEES) initiative.

One implementation of SAP's enhanced regional cooperation is the Energy Community. Its aim is the 'creation of an integrated market in natural gas and electricity in South-East Europe which will create a stable regulatory and market framework' (Council of Europe, 2006b: 15). To that end the contracting parties are implementing parts of the *acquis communautaire* as defined in the treaty and within a given time frame.

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[1] As the relations of the European Union to the Black Sea region were subject of the workshop of the DRC Summer School 2008, the EU's definition for this region is applied (EC, 2007: 1).

However different these two approaches of ENP and SAP might be, the question remains whether the Energy Community can and should be enlarged by the countries of the Black Sea region. Within the framework of the Black Sea Synergy[2] an enhanced regional co-operation (Ministers of Foreign Affairs of the countries of the European Union and of the wider Black Sea area, 2008) as well as an expansion of the Treaty establishing the Energy Community (TEnC) to Moldova, Turkey, and Ukraine[3] have already been brought forward (European Commission [EC], 2007: 5). A cautious 'when appropriate' in this context indicates the EU's uncertainty about how—or rather if?—to enter it.

The establishment of the Energy Community was already carried along by the desire 'to enhance the security of supply of the single regulatory space […] in which connections to the Caspian […] can be developed' (Recital 13 TEnC). The Black Sea region, located with its vast gas and oil reserves right in between the Western Balkans and the Caspian Sea area, serves as an alternative transport route for hydrocarbons. Would it not make sense to include them into the Energy Community framework? Answering this question in the affirmative presents a multitude of questions which will be raised and partly answered on the following pages.[4]

THE WESTERN BALKANS AND SAP

Since the outbreak of the Yugoslav wars and the dissolution of Yugoslavia the countries of the Western Balkans have seen more than a decade of armed conflicts and unrests which even now have not entirely subsided[5]. The EU has been trying to prevent and solve these conflicts with only limited success. All the same it was keen to stabilise the region with its own special instruments as soon as 'negative peace' (the absence of violence) had been achieved. After the EU's Regional Approach and the international initiative of the Stability Pact for South-Eastern Europe[6] had

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[2] The Black Sea Synergy is an EU initiative with the objective to develop co-operation within the Black Sea region and between the region as a whole and the EU.

[3] Moldova and Ukraine already enjoy observer status at the Energy Community.

[4] Technical feasibility of the creation of a single market including Ukraine, Moldova and other Black Sea countries cannot be addressed in this paper. The power systems of most of the countries that used to belong to the USSR (and this applies also to Estonia, Latvia, and Lithuania) work with the UPS/IPS (Unified/Integrated Power System), which are not compatible with the UCTE (Union for the Co-ordination of Transmission of Electricity) system. Moldova and Ukraine applied for connection with UCTE in 2006.

[5] Only in February and March this year, after the proclamation of Kosovo's independence on 17 February 2008, Serbia saw riots which again left people wounded and buildings destroyed.

[6] See www.stabilitypact.org. The Stability Pact was transformed into the Regional Co-operation Council (www.rcc.int) creating 'a more regionally owned framework to reflect the increased maturity of the region'.

been established (Blockmans, 2007), the Stabilisation and Association Process was initiated in 1999 (EC, 1999).

SAP allows for the so-called 'own merits' approach, which considers each country's ability and willingness to move ahead towards integration with the EU. It offers the countries of the Western Balkans a mixture of enhanced (asymmetrical) trade relations, financial and economic assistance (CARDS), political dialogue, co-operation in justice and home affairs as well as a new form of bilateral contractual relations—the Stabilisation and Association Agreements (SAAs).

These have already been concluded with Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia (FYROM), Montenegro and Serbia. Those with Croatia and FYROM have already entered into force. Moreover, these two countries have achieved candidate status, with Croatia already pursuing its accession negotiations. SAAs are so-called "mixed" agreements and as such have to be ratified by all EU member states, the European Communities and the respective Western Balkan country for them to enter into force. Between the conclusion and the entry into force, interim agreements between the European Community and the respective country (e.g. IA-FYROM, 2001) ensure earlier application of trade and trade-related provisions of the SAAs. Most trade and trade-related measures can be concluded by the Community alone as the Common Commercial Policy is an exclusive competence of the Community (Article 133 TEC).

The structure and content of the SAAs is evidently based on the Europe Agreements (EAs) concluded with the countries of Central and Eastern Europe (CEE) that joined the European Union in May 2004 and January 2007 respectively. Their purpose, however, was to prepare the CEE countries for EU membership, which is not what the SAAs are supposed to be aiming at. Consequently, the SAAs do not go beyond or even as far as the offers and commitments the EU had granted the candidate countries of CEE. What the SAAs add is the imperative commitment to regional co-operation among the countries of the Western Balkans, which is one of the main differences between the EAs and the SAAs (Phinnemore, 2003). The SAAs rather guide the potential candidate countries of the Western Balkans[7] and supply the means for reaching a point where they can apply for integration into the

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[7] The glossary of the website of DG Enlargement defines them as 'countries that may apply for EU membership'. It adds that 'Western Balkans countries involved in the stabilisation and accession process are recognised as potential candidate countries' (emphasis added). The Freudian slip turning association into accession seems to undergird the membership perspective of those countries once again.

European Union (Recitals 15 SAA-Albania, SAA-Croatia and SAA-FYROM). Then again, *Phinnemore* (2003: 100) detects a 'lack of consensus on what role the SAAs should play in realising the membership perspective', while *Marko* and *Wilhelm* (2002: 166) share the opinion that SAAs should prepare their countries for accession. Although this could lead to the assumption that the SAAs constitute an intermediate step to membership, even countries which have already been granted candidate country status remain participants in the SAP; no new EAs are concluded.

Based on the regional approach explicitly stipulated as a 'key factor in the development of the relations and cooperation' (e.g. Article 4 SAA-Croatia) with the EU, the SAAs serve the additional purpose of assuring long-term stability in the crisis-ridden region. The political and economic conditionality of SAAs (EC, 1997) is in large part based on this regional approach: 'Integration with the EU is only possible if future members can demonstrate that they are willing and able to interact with their neighbours as EU Member States do' (EC, 2002a: 11). The SAAs of these South-East European (SEE) countries also provide for future integration of the SEE energy markets (e.g. Article 101 SAA-Croatia).

In 2003 the European Council endorsed the Thessaloniki Agenda for the Western Balkans (GAER Council, 2003), which sets out the EU's ideas for a stronger stabilisation and association policy. One of the means proposed by the Union was the participation (without voting rights) of the SAP countries in Community programmes and agencies to 'enhance their ability to apply the *acquis*' (EC, 2003b: 2). It again underpinned the Union's conviction that sooner or later the SAP countries will not merely be potential, but real candidates for EU membership. Less than a year later, the Council approved the participation of all SAP countries in selected Community programmes (Framework Agreements, 2005). The participation of SAP countries in Community agencies is, however, more complicated and has so far not been established on a regular basis (EC, 2008: 10).

The ties between the EU and the potential candidates in the Western Balkans have been growing ever stronger since the establishment of the SAP with regular reiterations of the EU's commitment to the European perspective of these countries. The progress in the field of regional co-operation was considered as significant (EC, 2008: 7) and expected to increase after the Regional Co-operation Council had taken over from the Stability Pact. Still under the auspices of the Stability Pact a special form of regional co-operation was founded—the Energy Community.

THE ENERGY COMMUNITY

The founding process of the Energy Community started in June 2002 in Athens, where the South East Europe Electricity Regulation Forum[8] held its first meeting and the participants agreed on 'a clear common objective, which is the creation of a competitive regional electricity market in South East Europe based on the rules currently in force and being developed in the European Union and integrated within the European Union's Internal Electricity Market' (EC, 2002b: 1). The most important milestone to date in this so-called 'Athens Process' is the establishment of the Energy Community, which was strongly endorsed by the Council as part of the Thessaloniki Agenda (GAER Council, 2003: 19).

In October 2005 the European Community together with Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYROM, Montenegro, Romania, Serbia, and the United Nations Interim Administration Mission in Kosovo (UNMIK) signed the Treaty establishing the Energy Community, which came into force on 1 July 2006. The Energy Community's aim is the creation of a legal and economic framework with regard to the electricity and gas sectors falling within the scope of the Electricity Directive (2003/54/EC) and the Gas Directive (2003/55/EC). Consequently, these two directives, together with twelve other acts of Community secondary legislation on energy, environment, competition and renewables are to be implemented by the contracting parties (Article 3(a) and Title III TEnC). The Ministerial Council of the Energy Community may decide upon the implementation of further European Community legal acts by unanimity (Article 100(ii) TEnC). Pursuant to Article 3(a) TEnC, however, those legal acts are subject to adaptation to both the institutional framework of the Energy Community and the specific national conditions of the parties. The obligation to adopt parts of the *acquis* could be seen as a further step towards accession, but the TEnC determines that accession negotiations and the obligations deriving from the TEnC are to be kept strictly apart (Article 103 TEnC).

Title III of the TEnC is concerned with the 'creation of a single mechanism for the cross-border transmission and/or transportation' of gas and electricity, which explains its applicability to the territories of the neighbouring EU members. As they

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[8] The participants of this forum are the representatives of Croatia, Bosnia and Herzegovina, FR Yugoslavia (later Serbia and Montenegro), FYROM, Greece, Albania, Bulgaria, Romania, the European Commission, the international donor community, the region's national regulators, the region's national transmission system operators, the Stability Pact, ETSO, CEER, UCTE, Eurelectric, UNMIK, and other organisations.

share their borders with the newly founded community, Austria, Greece[9], Hungary, Italy and Slovenia are most directly affected by certain measures taken under the TEnC (Article 27 TEnC). Provisions under Title III TEnC further deal with security of supply issues, the provision of energy to citizens, harmonisation, renewable energy sources and safeguard measures (Article 29 through 39 TEnC). An even further-reaching geographical applicability is stipulated in Title IV, which concerns the creation of a single energy market. It applies to all EU member countries and all SEE parties to the TEnC. The ultimate aim is a single market for network energies without internal frontiers encompassing EU territory and the countries of the Western Balkans, including the territory under the jurisdiction of UNMIK.

Hence, the Energy Community's stakeholders include not only the contracting parties, but also participants, observers and donors. Member countries of the EU may be permitted as participants pursuant to Article 95 TEnC.[10] Third countries may be accepted as observers upon reasoned request (Article 96 TEnC). To date, observer status has been granted to Georgia, Moldova, Norway, Turkey and Ukraine. As a further step, Article 100(iv) TEnC provides for the accession of third countries as parties. So far no enlargement has taken place, although Moldova and Ukraine have already filed their applications for membership.

The institutions of the Energy Community are the Ministerial Council (MC; Article 47 through 52 TEnC), which consists of one representative of each SEE party and two of the European Community. It is *inter alia* responsible for general policy guidelines, the budget, and dispute settlement. In decision-making the MC is supported by the Permanent High Level Group (PHLG; Article 53 through 57 TEnC), which also consists of one representative of each SEE party and two of the European Community. The institutionalised co-operation between the European Community and the other parties adds to the unique character of the Energy Community, which clearly distinguishes it from other Community initiatives in the energy sector (Walendy, 2004: 270). The Regulatory Board (Article 58 through 62 TEnC), which comprises of a number of energy regulators, prepares recommendations for the MC and the PHLG on regulatory, statutory and technical

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[9] By extending the Internal Energy Market to the Western Balkans, Greece will for the first time be connected to the continental energy market of the other EU members (European Council 2006b: 15).

[10] Austria, Bulgaria, Czech Republic, France, Germany, Greece, Hungary, Italy, the Netherlands, Romania, Slovakia, Slovenia and the United Kingdom are participants in the Energy Community. The legal status of Bulgaria and Romania changed from contracting party to participant following their accession to the EU in 2007.

issues. Additional advice for the Energy Community is provided by the Gas and Electricity Fora (Article 63 through 66 TEnC) which are composed of all interested stakeholders modelled after the Madrid and the Florence Fora[11]. The secretariat (Article 67 through 72 TEnC) of the Energy Community is situated in Vienna and responsible for the administrative support of the organisation.

With the adoption of Community legislation, a regulatory framework and a common market for energy is to be established across the territories of the parties (Article 3(b) and (c) TEnC). The EC will act as a co-ordinator regarding this partial extension of the *acquis communautaire* and the Internal Market (Article 4 TEnC). Any amendments to the part of the *acquis* to be introduced into the national laws of the SEE parties shall be implemented 'in line with the evolution of European Community law' (Article 25 TEnC). In more than this respect, the TEnC shows with its dynamic character similarities to the EEA agreement. Both of them are agreements under international law; what makes them special is their strong and at the same time dynamic connection with the development of and changes in European Community law. Furthermore, they share a set of issues concerning judicial review available to the contracting parties, the role of the European Courts and the relationship of EU member countries to the contracting parties of EU external organisations. The TEnC contains provisions for the solution of some of those issues, e.g. the monopoly of interpretation of the ECJ for 'any term or other concept used' in the TEnC that is derived from European Community law (Article 94 TEnC), and the dispute settlement procedure (Article 90 through 93 TEnC) carried out by the MC. Indeed, more thorough research on the TEnC needs to be conducted.

THE BLACK SEA COUNTRIES, THE ENP AND OTHERS

An even younger initiative of the European Union concerned with its external relations with its neighbouring countries is the ENP, which was first outlined in March 2003 (EC, 2003a). The 'Wider Europe' concept established therein focuses on the Southern Mediterranean, the Western Newly Independent States (WNIS) and the South Caucasus.[12] The ENP's objective is to 'provide a framework for the development

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[11] For details on the two fora, see http://ec.europa.eu/energy/gas/madrid/index_en.htm and http://ec.europa.eu/energy/electricity/florence/index_en.htm.

[12] Ukraine, Moldova and Belarus are defined as WNIS in the European Commission's Communications. The countries of the Southern Caucasus (Georgia, Armenia and Azerbaijan) were at the beginning not subject to this initiative (EC, 2003a: 4), but were included in 2004 (EC, 2004: 10).

of a new relationship which would not, in the medium-term, include a perspective of membership or a role in the Union's institutions' (EC, 2003a: 5). Hence, it does not apply to Russia (CEES) and Turkey (candidate country). The 'Wider Europe' Communication outlines a remarkable number of incentives for the neighbouring countries (EC, 2003a: 9 et sqq), contingent upon mutual commitment to common values, e.g. rule of law, good governance, respect for human rights and the principles of market economy. One of the benefits offered was the integration into energy networks (EC, 2003a: 13) which, of course, is only possible after necessary infrastructure investments have been made. Like the SAP countries, the ENP countries should be enabled to participate in Community agencies and programmes (EC, 2006).

There is frequently voiced criticism focusing on the missing differentiation between the Southern Mediterranean countries which, pursuant to Article 49 TEU, cannot become part of the EU, and the Southern Caucasus, Ukraine and Moldova, which inarguably are European States. However, the ENP, similar to the SAP, applies the principle of differentiation on country level implemented by clearly outlined, country-specific Action Plans. They are based on preliminary Country Reports, negotiated between the EC and the respective ENP country, and later adapted on the basis of regular Progress Reports. Their only impact is political and intended to act as benchmarks for the implementation of the PCAs which still form the legal basis for the EU's relations with the Black Sea ENP countries. The ENP does not have its own institutions but draws upon the institutional framework of the PCAs, because it was not supposed to replace but to complete the EU's strategy towards its neighbours (GAER Council, 2003: IV), which is what it does at the moment. In the future PCAs will be replaced by European Neighbourhood Agreements; the content of which is yet to be determined.

All Action Plans of the Black Sea ENP countries, with the exception of Ukraine, provide for strengthened regional cooperation focusing either on the Black Sea (Georgia, Armenia, Azerbaijan) or the SEE region (Moldova). The ENP initiative, unlike the SAP, was not built on the principle of regional co-operation; due to unresolved and frozen conflicts in the South Caucasus and between Moldova and Ukraine, the EU has returned to the measure that has worked well for the Western Balkans (see also Black Sea Synergy, endnote 2).

Due to the strategic importance of most ENP countries in the field of energy generation and transport, energy was named as one of the priority areas for co-

operation within the ENP (EC, 2004: 3). The TEnC (Recital 13) concentrates on the neighbouring ENP countries for the same reasons; a wider Internal Energy Market depends even more on energy resources securing its security of supply. The observer countries to the Energy Community are, with the exception of Norway, countries of the Black Sea region. Turkey, as an accession candidate, of course enjoys special attention. But for Ukraine, Moldova and Georgia the ENP applies and the same is true for possible future observers and membership candidates (Armenia, Azerbaijan) of the Energy Community. Moldova has been a member of the Stability Pact since 2001 and took part in the Athens Process as an observer. Consequently, the ENP Action Plans of Moldova and also of Ukraine stipulate the 'gradual convergence towards the principles of the EU internal electricity and gas markets' (Item (63) EU/Moldova Action Plan and Item (52) EU/Ukraine Action Plan). Concerning the other Black Sea ENP countries, the ENP initiative and the PCAs neither include membership in the Energy Community nor render it impossible.

CONCLUSION

The Energy Community basically obliges its parties to adopt a small part of the *acquis*. As those countries are already (potential) candidate countries and would have to implement Community legislation anyway at some point in time, this commitment does not appear overly ambitious. Issues arising from this extension of European Community regulations to non EU member states are similar to those being found in relations between the EU and the EFTA countries.

The Energy Community strictly focuses on energy issues and leaves any kind of conditionality apart. There are neither carrots nor sticks but a partnership eventually leading to a single energy market among the EU and its south eastern neighbours. This is more than mere co-operation as in e.g. the Baku Initiative[13]. Hence, it comes as no surprise that participation in this organisation is highly motivating and interesting for other countries in neighbouring regions.

Legislative co-operation and approximation of legislation—a pivotal element of the Energy Community—are crucial items in all three: the SAAs, the PCAs (except Georgia's PCA) and the ENP Action Plans. Additionally, participation in Community programmes and agencies, which also includes implementation of Community legislation, is—to a certain extent—possible and desirable for both

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[13] http://ec.europa.eu/external_relations/energy/baku_initiative/index.htm.

ENP and SAP countries. Most importantly, the TEnC actually offers the possibility to third countries to become members of the Energy Community. However, bearing in mind that the ENP countries do not have any membership perspective at the moment, it might be too difficult and too costly for the countries to take on yet another set of foreign rules, namely the *acquis* on energy and renewables (competition and environmental provisions are already part of their PCAs). On the other hand, membership in the Energy Community and simultaneously in the Internal Energy Market might be as close as they will ever get (now or in the near future) to integration with the EU. The question of whether benefits of membership in the Energy Community are enough to warrant participation in yet another programme only close to EU membership will have to be appraised by the responsible political leaders of the countries in question. The main incentive of non-EU member states to participate in the Energy Community is to belong to a huge market materialising economies of scale, investment incentives, productivity gains, and the opportunity to trade with energy importing countries.

From the viewpoint of the EU and its member states, access to Caspian natural resources is crucial; membership of the Black Sea countries would establish a wider Internal Energy Market with the common rules and standards attracting (infrastructure) investment and competition, eventually leading to security of supply for all consumers.

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THE EUROPEAN STRUGGLE FOR NEW ENERGY ROUTES IN THE 21ST CENTURY

Áron Bánáti

INTRODUCTION

Today we hear more and more about the importance of energy stability. In the wake of the new millennia the EU needs ever more resources to maintain its position among its global competitors. Diversification of energy sources is clearly an effective answer to energy scarcity, climate change, and to the unilateral dependency upon Russia. However, in itself the introduction of new technologies is insufficient by, since it is a slow process. Thus geographical diversification is also important from the aspect of energy security. Central Asia is rich in hydrocarbon resources, especially in natural gas, which is a crucial energy source for Europe. Unfortunately the former republics of the Soviet Union are still under the strong geopolitical influence of Russia. The future of European independence, unity, and economic stability is somewhat tied together with the future of new energy (gas) resources. It also makes a difference which pipeline will materialize since the consequences are entirely different. The Nabucco pipeline would transport Turkmen gas independently from Russia, while with the realization of the Russian pipelines (North Stream, South Stream) only Ukraine's role would be excluded. While the Nabucco is supported by the EU and also by the USA, Russia is forcing its own interest by making bilateral agreements with the transit countries. At the meantime another player—China—has entered the competition, and has already made its agreement with Turkmenistan and Uzbekistan about a Turkmen - Chinese pipeline, which also endangers the realization of Nabucco as a source of energy for the EU. Another key player in the region is Iran, which also owns large reserves of gas. Among many uncertain factors Turkey and maybe Georgia seem to be the only reliable partners for Europe. However, after the military incident in August 2008 the latter of these has an extremely tense relationship with Russia. What will be the future of the new gas sources for Europe and how can the EU tackle the Russian influence to divide EU member states?

ENERGY UTILIZATION AND THE IMPORTANCE OF NATURAL GAS

Oil and gas are both important energy resources; however, natural gas has a special significance. While other energy resources can all be loaded into trucks, rail cars and tankers—allowing any producer (i.e. Russia, Norway, Africa and the Middle East) to supply any consumer—natural gas can travel only along pipeline networks or recently by LNG tankers. Therefore Russia only supplies former Soviet republics and Europe[1]. This contained relationship gives Russia a unique leverage. In addition, the EU already uses more then half a trillion cubic meters of gas a year and this will only increase in the coming decades, so the importance of natural gas can hardly be overemphasised. In 2003 natural gas accounted for 24% of total EU energy, consumption which is almost twice as much as the nuclear power (14%) used in the Community. Over the past decade, natural gas has been the fastest growing energy source in the EU. This is also because of the increased availability of natural gas supplies (from Russia, Norway, and Algeria by pipeline and increased liquefied natural gas (LNG) imports from Nigeria). The European Union, as the world's largest importer of hydrocarbons, imports 82 percent of its oil and 57 percent of its gas utilization, and these imports are expected to continue to rise up to 93 percent and 84 percent, increasing the dependence on Russian energy sources.[2]

While the population of the EU is still increasing[3] and energy consumption is also rising, member states only possess approximately 0.6 percent of the world's proven oil reserves and 2.0 percent of natural gas reserves. The Community has a somewhat higher percentage (4.0%) of coal reserves; however, partly because of environmental concerns (*Directive 2001/80/EC*) the use of coal declined from 20% to 13% between 1991 and 2003. Currently only 6 percent of the energy used in the EU is renewable, and so the Union is attempting to generate 22 percent of electricity from renewables by 2020.[4] This way natural gas seems to be the only fairly clean and accessible long-term option. The Union has also recognized this importance in Council Directive 2004/67/EC: "Natural gas is becoming an increasingly important component in Community energy supply, and, as indicated in the Green Paper *Towards a European strategy for the security of energy supply*, the European Union is

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[1] See figure 1

[2] Low-Carbon Economy' Proposed for Europe - MSNBC www.msnbc.msn.com/id/16560106 (September 27, 2008)

[3] Population in Europe 2007: first results - Issue number 81/2008 http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-SF-08-081

[4] See figure 2

expected in the longer term to become increasingly dependent on gas imported from non-EU sources of supply. Consequently, regarding security of supply, any difficulty having the effect of reducing gas supply could cause serious disturbances[5] in the economic activity of the Community and for this reason there is a growing need to ensure security of gas supply."[6] Unfortunately there are two big problems regarding gas. Firstly, as has been mentioned, Europe does not possess significant gas sources and, secondly, Russia is the only overland energy importer for Europe. As we can see, the Union is a net importer of natural gas, and according to the European Commission's publication *European Union Energy Outlook to 2020* this will worsen: two-thirds of the EU's total energy requirements will be imported by 2020.

NEW DIRECTIONS FOR NEW ENERGY SOURCES

European energy policy used to focus on the Baltic region in the hope of new cooperation with Russia. However, gas supply shortages in recent years have raised many countries' attention to the unilateral dependency upon Russia. This gave the final push for the revelation that there is a need to develop alternative oil and gas pipelines from the Caspian Basin via the Black Sea region to the EU. Yet this eastward expansion of European energy policy proved to be difficult, especially when it came to negotiating with Russia, since the latter seems to be vehemently protective of its area of interest.

There are four main actors in Central Asia. Moscow as traditional key player and a former superpower is restructuring its influence, engaging energy resources to redistribute through its own pipeline system and thus using the energy weapon as leverage against the EU. The EU is present through its European Neighbourhood Policy, which is strongly linked with conflict prevention, energy strategy and future enlargement, with the promotion of human rights, democratic institutions, socio-economic development and technical and economic assistance. The USA is present with its democracy promotion activities, but it is also interested in energy policy (US companies also invest in pipeline projects) and geo-political gains. Last but not least China has also appeared in recent years to satisfy its hunger for energy by becoming a consumer of Turkmen gas[7].

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[5] A situation where the Community would risk to lose more than 20 % of its gas supply.
[6] Council Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply
[7] China, Turkmenistan agree to boost planned gas sales, Reuters (29.08.2008.) http://www.reuters.com/article/rbssEnergyNews/idUSLT34844920080829 (10.09.2008.)

The reason why the EU is so interested in the region's energy resources is because more than 40% of global gas reserves can be found in the Caspian Sea Region and in the Middle East[8]. However, the Middle East as we know is unstable both in political and economical terms. The other significant gas reserve is possessed by Russia, but this is exactly what Europe is trying to diversify. Excluding Russia and the Middle East, the former Soviet republics (countries like Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan) also have vast gas resources.[9] An estimated 50% of the energy used by the EU already comes from the wider Black Sea area—mostly from Russia—and in the next ten years this is likely to increase up to 70% (Ban, 2006). Georgia is already an important partner country since it is taking part in a number of international cooperations. Turkmenistan, Uzbekistan and Kazakhstan can be partner and producer countries in the future should Trans Caspian Pipeline be realised. Iran as a possible gas exporter has recently generated several debates. According to British Petrol, Iran has an estimated 15.7% of total gas reserves. Unfortunately there are serious obstacles obstructing foreign investments in Iran's oil and gas sector due to its highly controversial nuclear program and its supposed assistance in aiding terrorist activities in Iraq. The United State has played a special part in introducing different sanctions on foreign investors in Iran[10].

Though every participating country has an important role in the construction of an international pipeline project, that of Turkey is distinguished because of its geostrategic position at the meeting point of three conflict zones: the Balkans, the Middle East, and the Trans-Caucasus. As an EU candidate country and a NATO member[11], Turkey is not just a transit country for energy resources, but the closest stable country to the Middle East and Central Asia. Turkey already has a remarkable pipeline system which can be supplemented in the future according to supply needs. Since Turkey itself also uses more and more energy, the development and construction of new pipelines is inevitable. The Baku–Tbilisi–Ceyhan (BTC) pipeline transports Azeri oil to the port of Ceyhan. The South Caucasus Gas Pipeline runs along the same corridor as the BTC pipeline, and in Erzurum it is linked to the Iran-Turkey gas pipeline. Hopefully in the future, these two pipelines (along with the proposed Trans-Caspian pipeline) will be the main supply for

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[8] See figure 3 and 6
[9] See figure 4
[10] Namely the principle of zero foreign investment in Iran's energy sector
[11] Turkey has the second largest armed force in NATO with a combined strength of 1,043,550 (Wikipedia)

Nabucco from Turkey to Europe. Ceyhan is already an important port for oil and there are plans to establish further oil refineries and an LNG terminal[12]. In this way the port could be an energy centre in the Mediterranean. There are also plans for the Trans-Caspian Gas Pipeline project which would transport natural gas from Kazakhstan and Turkmenistan to Central Europe via a proposed submarine pipeline between Turkmenistan, and Azerbaijan. In July 2007 Ankara created an agreement with Tehran to receive Iranian and Turkmen natural gas (via Iran) for domestic use or transportation to the West. The deal plans to construct two separate gas pipelines in Turkey and to develop three gas fields in Iran. Additionally in July 2007 Italy, Greece and Turkey signed an agreement on the import of Caspian and Middle Eastern gas to Italy. The pipeline between Turkey and Greece already exists, while the final part between Greece and Italy will be operating by 2012.[13] However, the United States is concerned about Turkish-Iranian energy cooperation, especially when Washington is trying to isolate Iran. This American aspiration is nonetheless in direct opposition to European energy needs, although an increased dependence on Iranian energy could also mean vulnerability for Europe. Beyond economic gains, what Turkey could also benefit from these pipeline projects is European appreciation. In exchange for supporting Nabucco, the EU could boost negotiations regarding Turkey's relationship with the EU. This could mean either a special relation without full membership in the short term or a customs union plus long term financial cooperation with Turkish shares from EU funds and the right to participate in some ministerial summits (Ban, 2006). Moreover, Turkey is a strategic partner of the United States and it is a US foreign policy priority to strengthen Turkey's democracy and market economy in order to maintain regional security and thereby to show an alternative to the Central Asian republics versus Iran.

On the other hand, concerns have been raised about the vulnerability of different pipelines in this volatile region. The BTC oil pipeline and the South Caucasus gas pipeline are in danger from anti-government groups. There are various separatist conflicts in Georgia (Russians bombed the pipeline in Abkhazia and South Ossetia in August 2008), in Turkey BTC runs alongside Kurd inhabited areas, and in Azerbaijan the pipeline goes close to the ceasefire line between Azerbaijan and Armenia. The Iran-Turkey pipeline has already been blown up several times by

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[12] According to Aytuna-Consulting
[13] Ariel Cohen: Europe's Strategic Dependence on Russian Energy

PKK (Kurdistan Workers Party) militants and the situation is not much different in the case of the Iraq-Turkey oil pipeline, which is also vulnerable because of Iraqi insurgent activities.

NABUCCO VERSUS THE RUSSIAN ENERGY STRATEGY

The Nabucco project is not going well since the EU does not seem to be able to find a reliable supply partner; otherwise the construction could start quickly. As part of the Trans European Energy Network Nabucco would run from Erzurum, Turkey to Baumgarten an der March, Austria through Bulgaria, Romania, and Hungary. Its length would be 3300 km and in the first years it would transport 4.5–13 billion cubic meter (bcm) of gas annually of which 2–8 bcm would reach Baumgarten. Near Erzurum, the pipeline would be connected with the Tabriz–Erzurum pipeline coming from Iran and also with the South-Caucasus pipeline which ends up in Azerbaijan and later could be connected to the proposed Trans-Caspian pipeline, but it could also transport Kazakh, Turkmen or Syrian gas. By 2020 the annual capacity of the pipeline would reach 25,5–31 bcm of which up to 16 bcm would go to Baumgarten. According to plans construction of the pipeline will start in 2009 and will be finished in 2012. The estimated cost of the pipeline is 7, 9 billion euro[14].

As a counterfactor Russian energy strategy is on the one hand seeking to sign long-term contracts with Central Asian energy exporters—to prevent independent export to the West—, while on the other hand it is also striving to secure the markets and the energy infrastructure in Europe through long term bilateral and multilateral contracts. This is also called the "locking in demand" (Cohen, 2007). Furthermore, there is also an ambition to create an Asian energy club similar to OPEC by upgrading the energy routes among member states. However, Russia prefers to deal with the EU member states separately rather than as a group so it can manipulate prices. In this way Moscow effectively uses effectively the principle of "divide et impera", circumventing Eastern European Countries against the EU. By the first half of 2007 Gazprom[15] had already set up agreements with Bulgaria, Hungary and Serbia and negotiations are on the way with Slovenia and Austria. This is somewhat controversial since Eastern European countries are more dependent

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[14] Wikipedia (10.09.2008.)

[15] Gazprom is the biggest Russian company and also the largest extractor of natural gas in the world (Wikipedia).

on Russian gas than western ones[16]. However, North Stream and South Stream are not necessarily adverse to Nabucco in themselves. They could even be desirable for Europe to stabilize the Russian gas supply and leave out transit countries like the unstable Ukraine. Yet together they would increase European dependency on Russian natural gas from 25 percent to 35 percent of its total consumption[17]. Furthermore, what is indeed distressing is the Russian intention to buy up energy resources through bilateral agreements from former Soviet Republics.[18] For instance, in May 2007 Russia, Kazakhstan, and Turkmenistan signed an agreement to build a new gas pipeline called Prikaspiiski to carry natural gas from Turkmenistan to Russia via Kazakhstan.[19] While a 2003 agreement set the price for 2003–2006 gas deliveries from Turkmenistan to Russia at $44 per 1,000 cubic metres, an October 2006 agreement commits all current Turkmen gas production to Russia and raises the price to $100 per 1,000 cubic meters, ensuring total Russian control over Turkmen gas sources.[20]

Should Moscow succeed and successfully engage hydrocarbon sources in the region for the coming decades, Nabucco would be a waste of money. This is also affirmed by Zsolt Hernadi, executive director of MOL (Hungarian Oil and Gas Corporation), who believes that both pipelines will materialise, the difference between the two being that Nabucco has no jet gas to transport, and "an empty tube is a very expensive game". Since MOL is interested in both enterprises Hernadi suggests that in the case of Nabucco either the EU or a private investor should take the risk between producers and suppliers.

Beyond Russia's being in a monopolistic position as a gas exporter, Europe's supply problems can be increasingly traced back more and more to the returning problem of Russia's resurrection as a great power. The chess matches with Ukraine, the telling off of former Hungarian PM Viktor Orban by Russian ambassador Igor Savolskij[21], the punishment of Georgia, and the joint Russian-Venezuelan naval manoeuvres are all symptoms of the same thing: the former superpower is asserting

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[16] See figure 4

[17] Peter Zeihan: The Unravelling of Russia's Europe Policy, Stratfor

[18] Uzbek gas export increment towards Russia in 2007 http://www.jamestown.org/edm/article.php?article_id=2371933 (09.02.2008.)

[19] Ariel Cohen: Europe's Strategic Dependence on Russian Energy

[20] Vladimir Socor: Caspian Gas and European Energy Security, Eurasia Daily Monitor, (10.03. 2005) www.jamestown.org/downloads/Transcript_caspian031005.pdf (15.09. 2008.)

[21] Igor Savolskij was threatening in Budapest with selling Russian gas to other partners if the Hungarian opposition is not willing to support the South Stream pipeline project. (28.03.2007.) http://www.hirtv.hu/belfold?article_id=147339&highlight_text=Szavolszkij%20Igor

its capabilities and trying to regain its previous predominance in the post–Soviet space. European's fears will increase even more when Russia will be able to sell gas to other countries in the East. No one wants to imagine a situation when there is a full shutdown on Russian gas towards Europe. This would paralyze eastern member states and cause an economic disaster in the whole EU. Geographical diversification is also important because Russia might not always be able to satisfy European demands in the next twenty years since Moscow has been reluctant to invest in the exploration of new fields, and Russia's own energy consumption is growing as well. Unfortunately Western member states are less motivated in establishing new energy routes from the Caspian Sea region than "newcomers", and so it is no accident that all of the participants in and initiators of the Nabucco project are Eastern–European countries: ÖMV (Austria), MOL (Hungary), Transgaz (Romania), Bulgargaz (Bulgaria), Botas (Turkey). In this way European Union's answer is not effective and unified at the community level, and there are only partial solutions and plans for major supply disruptions, with no effective answer to unilateral dependency.

That the European Union already had plans for energy security can be seen in (for instance) in Directive 2004/67/EC, the objective of which is to establish measures to safeguard an adequate level for the security of gas supply and also to contribute to the proper functioning of the internal gas market. This directive regulates only the market and the market players—both at the national and Community levels—without setting up an effective plan for geographical diversification. There is only one allusion to the necessity to "mobilise significant additional volumes of gas over the coming decades, much of which will have to come from distant sources and transported over long distances" in order to meet the growing demand for gas. The Directive would like to achieve gas supply security mainly through long term supply contracts while there is only one mention about LNG developments. The encouragement of the accumulation of national emergency provisions can only be useful for a very limited time and even with the "genuine solidarity among Member States" would be ineffective in the case of a full Russian halt on gas supplies. The Council has taken action in the Directive to monitor gas consumption and the adequacy of available gas resources. However, the EU does not have multiple sources for gas import and so in the case of a serious crisis with Russia there is not much the Community could do to maintain an adequate level of gas. It is also true that as yet

Russia has no other market to sell its gas to due to the lack of pipelines towards the Far East. But this is about to change soon.[22] As is stated in the Directive, ensuring an adequate level for the security of gas supply can only be sufficiently achieved at Community level. It is therefore very problematic that the Union does not have a common policy towards Russia. The application of the principle of subsidiarity in this area is weakening our common energy policy: "Regarding the handling of a major supply disruption, this Directive should provide for a mechanism based on a three step approach. The first step would involve the reactions of the industry to the supply disruption; if this were not sufficient, Member States should take measures to solve the supply disruption. Only if the measures taken at stage one and two have failed should appropriate measures be taken at Community level."[23] Furthermore there are not many concrete proposals about how to achieve energy security at the Community level. Unfortunately, neither were there many remarkable changes at the 2007 spring summit in Brussels at which EU member states outlined an action plan on energy security for 2007–2009. In order to ensure the security of supply, the EU declared that there was a need to diversify energy sources and transport routes and to improve relations with energy-rich countries in Central Asia and North Africa.

CONCLUSION

Since European energy production is declining (especially in hydrocarbons and nuclear energy) and import dependency is rising, by 2030 the EU will rely on imports for two-thirds of its energy needs. In the case of imported natural gas the dependence will increase from 50 percent to 84 percent. At the same time, while European countries are hesitating and losing precious time, Nabucco's chances are shrinking as Moscow builds up its influence in Europe and reaches agreements on alternative routes. The Blue Stream pipeline is already functioning and Russia is in the process of preparing further pipelines in the Balkans[24]—towards Austria and Italy—and in the Baltic area as well. On the other hand Moscow is signing long term supply contracts with Central-Asian gas producers, sucking away gas capacities. In order to achieve a higher energy security the EU must support the further development of Europewide gas reserves, increase the consumption of

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[22] Chinese – Russian oil and gas pipeline agreements
[23] Council Directive 2004/67/EC
[24] South Stream will run across the Black Sea from Russia to Bulgaria, bypassing both Ukraine and Turkey

liquefied natural gas by building more LNG terminals throughout Europe, expand the renewable energy sectors and diversify energy transportation routes in Eurasia - especially those pipelines which bypass Russia. Many European countries depend heavily on Russian energy imports and in this way they are highly vulnerable to supply shocks. Since Europe's energy supply is becoming more and more dependent on Russia, the EU should expect higher energy prices. Moscow has already demonstrated that it is willing to raise oil and gas prices to pressurize and to use the energy weapon as a foreign policy instrument. If the Kremlin is able to increase its energy monopoly it will also be able to deepen its influence on European politics.

However in spite of European impotence, there is still a great chance for the materialisation of Nabucco. Recent events in Georgia might help to open up the eyes of European bureaucrats, bringing them to realize that Russia is not a reliable partner. America's attitude towards Iran might also change after the US presidential election, meaning that obstacles in the path of Western industrial investment in Iran might partly be removed. Should Nabucco materialise, it would not just simply diversify gas sources but could be a great symbol for European unity and cooperation, and the benefits of a common achievement like that would be unquestionable. The race for energy has begun and since resources are limited the fastest will be the winner…

FIGURES
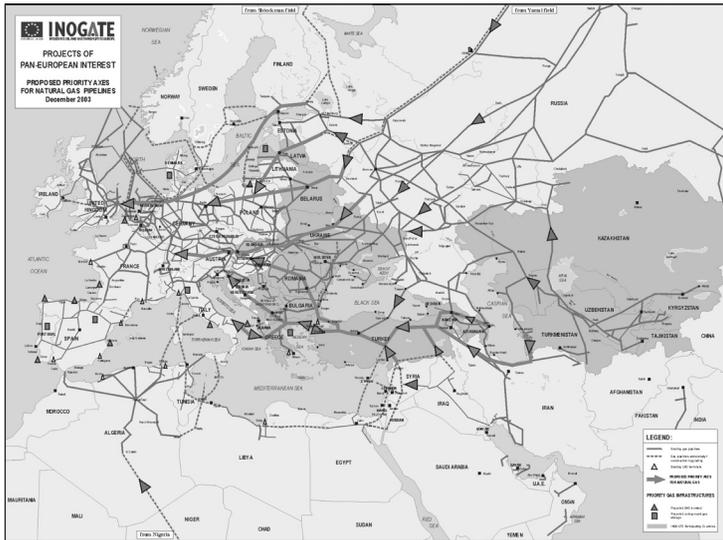
Source: www.inogate.org

Figure 2
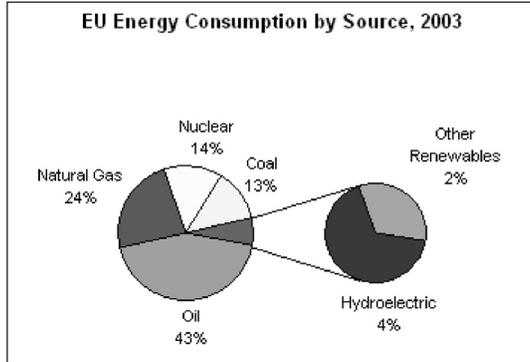
Source: EIA

Figure 3
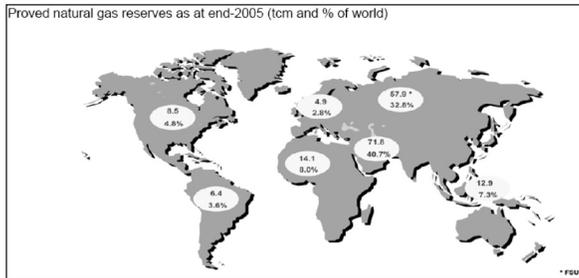
Source: SER

Figure 4
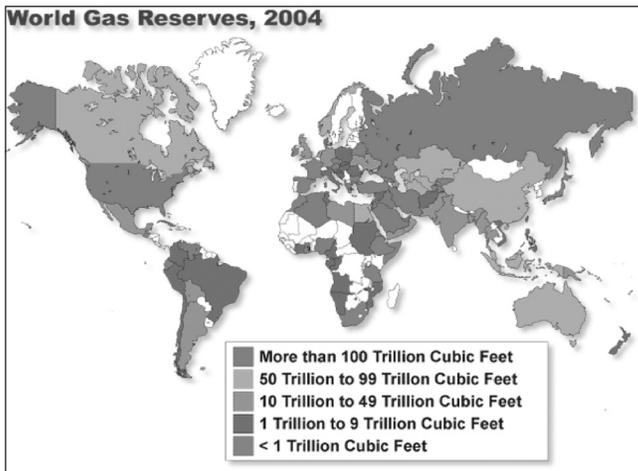
Source: Oil and Gas Journal, "Worldwide Report", December 22, 2003

Figure 5

Major Recipients of Russian Natural Gas Exports, 2005

Rank	Country	Imports (billion cubic feet per year)	Percent of Domestic Consumption
1	Slovakia	226	108%
2	Finland	148	105%
3	Greece	85	96%
4	Bulgaria	101	89%
5	Czech Republic	252	84%
6	Austria	246	70%
7	Turkey	630	65%
8	Hungary	294	62%
9	Former Yugoslavia	134	57%
10	Poland	226	47%
11	Germany	1,291	43%
12	Italy	824	30%
13	France	406	26%
14	Romania	140	23%
15	Switzerland	13	12%

Sales to Baltic and CIS States, 2005*

	Belarus	710	100%
	Baltic States	205	100%
	Georgia	46	100%
	Ukraine	2,113	79%
	Azerbaijan	120	36%

Source: U.S. Department of Energy, Energy Information Administration, "Russia" Country Analysis Brief, April 2007, p. 10., Table 4. at www.eia.doe.gov/emeu/cabs/Russia/pdf.pdf (August 20, 2007)

Figure 6

World Natural Gas Reserves by Geographic Region 2008
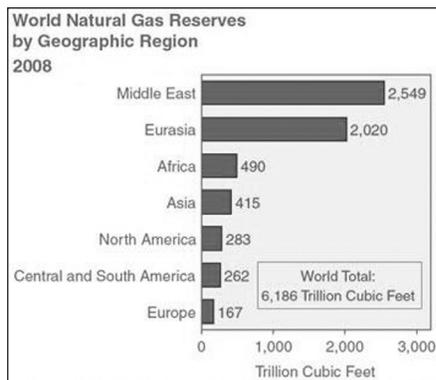
Source: "Worldwide Look at Reserves and Production", Oil and Gas Journal, Vol. 105., No. 48. (December 24, 2007), pp. 24-25.

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UKRAINE'S HUMAN RIGHTS POLICY AND THE EUROPEAN UNION
WHEN AND HOW DOES COOPERATION TRANSFORM INTO ASSOCIATION?

Ilina Cenevska

INTRODUCTION

It can be argued that the European Neighbourhood Policy (ENP) as a policy is one of the most ambitious common projects that the European Union (EU) and its Member States have jointly developed in the framework of the broader Common Foreign and Security Policy of the Union. The basic underlying goal for the creation of such a policy was the establishment of an area of political stability and balanced economic and social development in the states that are the Union's (i.e. the Union member states') immediate neighbours (Milczarek and Nowak, 2007: 72). The European Commission started developing this policy in 2003 by deciding to take a new integral as opposed to the then fragmentary approach toward the countries "from the other side of the border with the EU" who have the required potential and willpower to implement a wide array of political, economic, legal and social standards that the EU itself is based upon by transferring these to their respective societies and political and legal realities. *Inter alia*, there are other factors that prompted the creation of this 'integral' approach towards the European neighbourhood. This approach was conceived in anticipation of the biggest enlargement of the Union so far with ten new member states in May 2004, which in itself triggered the creation of a series of specific legal and political instruments which were to regulate the EU's relationship with its neighbours. That is why part of the reasons for bringing about the creation of the concept of the ENP and its complex machinery of instruments was, in its essence, of a preventive or rather an anticipative nature. With the enlargement of 2004 the Union enlarged both in terms of territory and population, thereby extending its borders and becoming an immediate neighbour with some countries which the Union had not up until then had any significant political and/or economic links. By virtue of the fact of

becoming an immediate neighbour with these countries, the Union's institutions were prompted to look for more comprehensive and more elaborate modalities and mechanisms to regulate relations with the countries forming part of the ENP: Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, Lebanon, Syria, Israel, the Palestinian Authority, Moldavia, Ukraine, Belarus, Georgia, Armenia Azerbaijan, Russia and Kazakhstan.[1]

Another fact that goes against the theories of the "over-extensiveness" of the ENP and what differentiates this policy from the separate but somewhat similar enlargement policy of the Union is the fact that the ENP framework does not comprise the countries that are already candidates for EU membership (Macedonia, Croatia and Turkey) as well as potential membership candidate countries from the Western Balkans (Bosnia and Herzegovina, Albania etc.) currently undergoing the "Stabilization and association process".

LEGAL BASIS FOR DEVELOPING THE ENP

Like any other common policy of the broad array of common policies pursued by the Union and its Member States, the ENP finds an adequate legal basis in several EC/EU treaty provisions. Namely, there are currently two treaty provisions that serve as an express legal basis for the ENP (Article 181a TEC and Article 310 TEC) which refer to the Union's cooperation with third countries and the different available modalities of this kind of cooperation.

Article 181a TEC concerns the economic, financial and technical *cooperation* between the Union and third states and it provides that this type of cooperation shall be established by way of signature of special agreements. Article 310 TEC on the other hand refers to the competence of the Community to conclude agreements with third countries, thereby establishing an "*association*" type of relationship that presupposes the existence of reciprocal rights and obligations for both of the parties of the association agreement. Article 7a of the Lisbon Treaty, which is aimed at reforming the institutional functioning of the Union (and which at the time of writing has still not entered into force), offers a more concise legal basis for the existence of the ENP. It provides for the establishment of 'special relations' with the countries from the Union neighbourhood, with the goal of establishing an area of prosperity and good neighbourliness based on Union values and close and

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[1] The official website of the ENP- http://ec.europa.eu/world/enp/policy_en.htm

peaceful cooperation. In order to accomplish this, the Union shall conclude special agreements with the neighbouring countries.

The nature of the ENP and the different competences that stem from it cannot be strictly narrowed down as belonging to only one Community or Union pillar, although it predominantly falls under the auspices of the second Union pillar—the Common Foreign and Security policy. However, although predominantly falling under the competences of the second pillar, there are several significant aspects of the ENP that transcend over to the other two Community/Union pillars. The reason for this is that even though the ultimate existential goal is to secure a certain level of security throughout the European neighbourhood, this is not the sole *raison d'etre* for the existence of this policy.

The goals and functions of the ENP are multilayered and multi-aspected in their nature—they relate to fields such as economic development, economic integration, energy policy (which are areas that fall under the Community pillar auspices), through the securing of domestic political stability and cooperation in the field of regional conflict resolution (areas that are part and parcel of the CFSP), to the intensive cooperation in the field of combating organized crime and terrorism (which fall primarily under the Justice and Home Affairs pillar) (Cremona and Hillion, 2006: 24).

COOPERATION VERSUS ASSOCIATION

Something that has always created terminological differences among theoreticians of European integration is the differentiation between the notion of association and the notion of cooperation, as well as giving these two terms a precise definition that would adequately convey the different types of relations between the EU and the third states the two provide for. What has also always been viewed as problematic is the precise determination of the point in time when the process of cooperation terminates and evolves into the upper level of association. Moreover, what is equally difficult is to find an exact terminological denominator that would convey the mentioned transition from cooperation into association. The crucial difference between the two terms remains that cooperation never implies a future, potential membership in the EU, whereas an associative status towards the EU implies and guarantees future membership as such. This is the parameter that helps differentiate

the status regarding the EU that on the one hand the countries from the Western Balkans possess, whereas on the other the countries that are part of the ENP do not.

Even though the Western Balkan countries are in fact, territorially part of the wider notion of European neighbourhood, they nevertheless, unlike the ENP countries, do have a secured EU future, of course provided that they implement all the required reforms and satisfy all the required membership criteria. That is precisely why the enlargement policy of the Union and the policy towards its neighbours are two separate and indeed separable policies that only sometimes make use of similar (sometimes identical) instruments and mechanisms, but nonetheless, the reasons for their existence and their respective effects are significantly different.

The Mediterranean countries that are part of the ENP i.e. the countries that are members of the Euro-Mediterranean partnership (Morocco, Algeria, Tunisia, Libya, Egypt, Lebanon, Syria, Israel, The Palestinian Authority) have signed with the EC and the Member States[2]. These are the so-called Euro-Mediterranean association agreements which only terminologically coincide with the association-type agreements mentioned earlier, which at the beginning of the '90s were signed with some of the countries from the former Eastern bloc—now member states of the EU (such as Poland, Hungary, The Czech Republic, Slovakia etc.). The Euro-Mediterranean association agreements are in essence cooperation-type agreements.

On the other hand, the relation of the rest of the ENP countries (such as Moldavia, Ukraine, Belarus, Armenia and others) with the EU is governed by the partnership and cooperation agreements with the EU. The implications stemming from the signature of these two types of agreements (the E-Mediterranean association agreements and the Partnership and Cooperation agreements) are almost identical—the contracting party ventures to employ gradual political, social, legal and economic reforms in return for which the EU bestows upon the country a number of benefits and preferences in the form of financial and technical assistance for the enforcement of these reforms, and in some cases the EU can decide to guarantee free access to the domestic products of the country for all or some of the EU markets (market of agricultural goods, industrial goods etc.).[3]

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[2] In the interest of textual precision and conciseness, from now on in the paper, although we deal with agreements (the PCAs, SAAs etc.) that are in fact signed between the European Community and the Member States on one side and the ENP country on the other, for reasons of terminological simplicity we shall refer to these agreements as agreements signed between the European Union and the ENP country The reason for this is that the EU as an entity still lacks competence to conclude international agreements, whereas the Community indeed has this kind of competence.

[3] Source: http://ec.europa.eu/world/enp/policy_en.htm

Once a country from the ENP has signed a Partnership and Cooperation Agreement (PCA), the next step the EU institutions proceed to make is the drafting of a country report that deals with the political, economic, legal, social and other circumstances in the country concerned and on the basis of which the EU intuitions, in cooperation with the national institutions, draft an Action Plan that comprises the directions on which the planned reforms will focus for a time period that is most often set for 3 years.[4] Unlike the Stabilisation and Association agreements, these agreements do not contain a 'potential membership clause' for the country concerned.

It was previously mentioned that sometimes the ENP borrows instruments and mechanisms typical of the enlargement policy—a clear example for this is that one of the required legal reforms in the context of the ENP partnership the Action Plans most often envisage is the gradual incorporation of the EU legal norms and standards (the acquis communautaire) in a large part of the national legal domains (thereby practically making the legal set of the Copenhagen membership criteria contingent on the country in question) and moreover, in order to satisfy the EU political and economic standards they are additionally required to fulfil the infamous Copenhagen economic (free market economy) and political (stable political institutions, rule of law, human rights) criteria.

Essentially, the EU estimates the progress accomplished by the ENP partners according to the criteria and parameters peculiar to and inherently linked with the EU enlargement policy. This means that the Union, in fact, looks through the same prism of criteria when it judges both the ENP partners' progress and the progress made by the countries that already are (potential) membership candidates. Certainly the threshold of the requirements and the level of scrutiny is higher in the latter case, but the fact remains that it all boils down to the same list of criteria (benchmarks) that serve as a starting point in the progress assessment. This inevitably leads to the conclusion that in this respect there is a potentially dangerous overlap between the notions of membership criteria and partnership criteria.

The result of a persistent '*carrot and stick*' approach on the part of the EU in its relations with the ENP partners (a practice whereby for every sufficiently well enforced reform there is a certain 'carrot' that counterbalances it in the form of a compensation or a benefit from the EU) is that the ENP countries, especially

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[4] Source: http://ec.europa.eu/world/enp/policy_en.htm

the ones that used to be part of the Eastern bloc, lack incentive to successfully implement reforms since they are aware that the estimation of the accomplished reforms and the intensity of their rapprochement to the EU will be conducted by way of applying criteria that are essentially membership criteria, and no matter how high the level of progress, the final outcome of the estimation will always be a zero-sum-game for the ENP countries since they are still not (at least not expressly) perceived by the EU as its future members (Petrov, 2007; Milczarek and Nowak, 2007) but rather as countries with whom the EU has a relationship of 'perpetual' and 'lingering' partnership. The weaknesses detected in the approach employed towards the ENP countries are expected to be overcome with the planned signature of the new and enhanced EN Agreements that in the near future are to replace the present PCAs (Petrov, 2007: 13).

THE EU AND ITS HUMAN RIGHTS POLICY

The Union, as originally conceived, was a *sui generis* regional organisation functioning primarily on the concept of economic integration between its Member States which only later on evolved into a more comprehensive and far-reaching political and legal integration in a substantial number of domains. Even today, the Union is viewed as an entity with a predominantly economic predicate. Hence, the specific and delicate nature of the question on the EU's involvement in promoting human rights protection both internally and externally and the issue on whether the EU rightfully merits this, for some, 'self-appointed' mandate for human rights promotion, arises as an issue. This is primarily because the legal aspects of human rights protection have never been considered as Community competence (the treaties provide for no explicit legal basis for this), since the standards of human rights protection have been, more often than not, decided and developed upon individually, by each MS. This human rights mandate for the EU has been further strengthened and rubber stamped as such by the ECJ with such activist judgments as *Stork v. High Authority (C-1/58), Stauder v. City of Ulm (C- 26/69), Internationale Handelsgesellschaft (C-11/70), Hauer (C-44/79), Portugal v. Council (C-268/94)* and many others (Tridimas, 2007: 299).

There are a few treaty provisions that define the EU as a Union based on values and principles among which human rights protection finds its place (Eeckhout, 2005: 465–69). Article 6 TEU mentions human rights protection as

one of the cornerstones of the Union and this article actually partly codifies the Copenhagen political criteria agreed upon at the Summit of the European Council in 1993. Furthermore, art. 11(1) TEU defines human rights protection as one of the goals of the EU's CFSP. Article 181a TEC, introduced with the Treaty of Nice of 2001, concerns the cooperation between the EU and third countries, explicitly mentioning the contribution that the EU aims to provide in the field of human rights protection in the context of cooperation. It is undeniable that these articles offer a solid starting ground for the management and development of a consistent external human rights policy on the part of the Union.

Let us now concentrate on the nature of the agreements the EU signs with third countries as defined by art. 181a TEC (regardless of whether they are trade agreements, PCAs, or indeed association agreements). These agreements frequently contain one or more human rights protection clauses since human rights protection is an inevitable part of the political reforms that the third country is required to undertake in terms of respecting the partnership agreement.

The human rights clause/s, unlike before, today represent what is called an *'essential element'* of the cooperation agreements, which practically means that the non-respect of these clauses entails a suspension or nullification of the agreement (Eeckhout, 2005: 477). This indicates that the EU, by putting itself forward as human rights promoter in its external relations towards non-member countries, takes human rights seriously and values them highly not only as a principle underlying all democratic order, but what is more, as an accomplishment of humanity or as an humanity acquis.

Taking into consideration the importance attached to human rights protection in the EU, especially having in view their function as one of the political criteria for Union membership, I would now like to focus on the specific status of Ukraine as a 'front-runner' among the other ENP countries as regards the pace at which its rapprochement with the EU is going and the particular situation in the field of human rights protection in this country.

The paper will further focus on an analysis of the legal and political instruments/ acts adopted by the EU institutions that specifically deal with Ukraine's progress in this field. It could be argued that the satisfactory accomplishment of this criterion serves as an indicator of the pace of rapprochement with the EU. The comparative analysis is intended to help discern an interesting pattern—the more seriously the

Union scrutinizes the fulfilment of these criteria in the ENP progress assessment instruments, the more this is encouraging for the country since it is an indication that the institutions have shown the country the green light in terms of allowing a further wider and deeper EU-integration, in the general sense of the term. In nuce, it is could serve as a beacon that the country is a step closer to being awarded the 'potential candidate for membership' status.

UKRAINE, THE EU AND THE CONCEPT OF 'SHARED VALUES'

The frequent invoking of the concept of 'shared values' that the EU and the ENP partner countries share is present in the texts of almost all of the official documents adopted under the ENP framework (the latest of which are the final conclusions of the EU-Ukraine Summit held on Sept. 9th 2008 in Paris where it was again reiterated that Ukraine shares a common history and common values with the countries of the Union[5].

Human rights protection is certainly one of the common values which immanently call for a terminological and teleological analysis of the named documents with the final aim of establishing the level of rapprochement with the EU that a country has accomplished. It is interesting to observe the manner in which the mandate of the EU as an "exporter of values" can be reconciled with the concept of the values that it shares with other countries. Are these 'common values' in fact values that have previously been 'exported' by the EU to these countries?

Ukraine is today torn between optimistic statements concerning Ukraine's EU membership perspective and sobering comments that state that the enlargement agenda of the EU is already sufficiently saturated. Ever since it acquired its independence from the Soviet Union in 1991, through the signature of the PCA with the EU in 1995 and the election of the first pro-European president in 2004 (the well known 'orange revolution') Ukraine has been demonstrating its determination and willpower to move towards the West with the perspective of one day becoming a member of the European family. Compared with the rest of the ENP countries, Ukraine has accomplished the most significant progress in the field of implementing the required EU standards, but, nonetheless, has, in the same way as the rest of them, been experiencing the same hot/cold treatment from EU institutions. This can be

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[5] http://www.ue2008.fr/webdav/site/PFUE/shared/import/0909_UE_Ukraine/09.09_UE-Ukraine_association_agreement_EN.pdf

attributed to the cautiousness on their part to explicitly or implicitly state any kind of firm attitude towards any future change of the Ukriane's status towards the EU.

The analysis of the human rights provisions in the ENP instruments will be a chronological one, starting out with the PCA of 1994[6], The Commission Staff working document on Ukraine of 2004, The Action Plan for Ukraine adopted in February 2005[7], concluding with the Commission Staff Working Document on Ukraine dating from April 2008.

The Partnership and Cooperation Agreement between Ukraine and the EU in title 1 "General Principles", article 2b[8] states that respect for the democratic principles and human rights as these were defined in the Final Act at the Helsinki Summit and the Paris Charter for New Europe form a vital part of the foreign policies of the contracting parties and they are an essential element of the PCA.

The Commission Staff Working Document of 2004[9] acknowledges that Ukraine has ratified a large number of the most important international instruments in the field of human rights protection. The Commission asserts that respect for media freedom, which is a crucial part of the political reforms in Ukraine, is in a worrying state, especially since a significant portion of the media is owned or indeed controlled by members of political or economic elites, while the percentage of independent media is insignificant and financially weak. Torture and inhuman treatment of detainees and prisoners are a big issue and challenge for Ukraine's reforms. Some progress is noted in the development of the non-governmental/civil society sector, but still it is an insignificant progress largely dependent on foreign donations.

The Action Plan of 2005[10] expresses in a general manner the need for further reforms in the direction of converging Ukraine's human rights protection standards with the international and EU standards. The accent is put on the development of the civil society sector, assuring a proper functioning of the legal and administrative framework in the exercise and guaranteeing media freedom, passing legislation on the guaranteeing of rights for the national minorities, prevention of inhuman behaviour and torture. The need to guarantee the rights of the trade unions and

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[6] This agreement entered into force in March 1998 and established three important bilateral organs: Cooperation Council, Cooperation Committee and subcommittees of experts (source: website of the Commission's delegation in Ukraine http://www.delukr.ec.europa.eu/home.html)

[7] The Action Plan was adopted by the Cooperation Council established by the PCA and covers a time frame of 3 years.

[8] http://www.delukr.ec.europa.eu/en/Data/pca-eng.pdf

[9] http://ec.europa.eu/world/enp/pdf/country/ukraine_enp_country_report_2004_en.pdf, p. 8, 9

[10] http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf

generally all workers in accordance with the standards of the International Labour Organisation is expressed.

The Commission Staff Working Document on Ukraine's progress of 2008 notes several significant developments that mark Ukraine's progress: the start of negotiations for the signature of a new enhanced agreement between the EU and Ukraine (New Enhanced Agreement), the finalisation of the process of Ukraine's accession to the WTO as well as the start of the negotiations on the establishment of a Free Trade Area with the EU as a vital element of the new Agreement.[11]

The Commission welcomes pluralism in both the electronic and printed media as well as the success accomplished in consolidating media freedom. The ratification of the Protocol to the International Covenant of civil and political rights on the abolishment of the death penalty is mentioned. As far as the civil sector is concerned, the registration fee for the NGOs has been comparatively reduced whereas there is no registration fee required for trade unions. There is also improvement in the treatment of minorities, bearing in mind that the situation with the Roma population is still highly worrying.[12]

FUTURE PROSPECTS

It is clear that what underlies the persistent 'carrot and stick' approach of the EU towards its neighbourhood is the lack of a thoroughly differentiated approach towards each individual ENP country, thereby leaving the countries that have been busy doing a lot to Europeanize and the ones that have reformed 'poorly' practically in the same basket. The newly elaborated European Partnership Instrument of 2007 seems to have the capacity to improve these deficiencies of the ENP. In the case of Ukraine it is expected to provide for more intense political *cooperation* with the EU and, which is extremely important, a gradual *economic integration* by establishing a free trade area now that the accession to the WTO is fully completed. (European Neighbourhood and Partnership Instrument—Ukraine—Country Strategy Paper 2007–2013)[13]

It is peculiar that none of the instruments mentioned envisages any future political *integration* of Ukraine into the EU, which goes to prove that in the foreseeable future the dominant concept that will dictate political EU-Ukraine

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[11] http://ec.europa.eu/world/enp/pdf/progress2008/sec08_402_en.pdf, p. 2
[12] http://ec.europa.eu/world/enp/pdf/progress2008/sec08_402_en.pdf, p. 5
[13] http://ec.europa.eu/world/enp/pdf/country/enpi_csp_ukraine_en.pdf, p.5

relations will continue to be the general ENP concept of 'sharing everything with the EU but the institutions"

As Tocci rightfully indicates, the fact is that the EU in its relations with the ENP countries has been more prepared to focus on accomplishing the so called *possession goals* (such as improving trade relations with its neighbours, border control, migration control and energy security) as opposed to the attainment of the so called milieu goals—which concern the political and societal change by promoting of peace, democracy, human rights protection and the rule of law everywhere throughout the European neighbourhood (Tocci, 2007: 29).

Nevertheless, despite all, it is largely due to the existence of such a far-reaching and comprehensive European neighbourhood concept that Ukraine has been able to evolve in the time period of around 13 years (since the initial signature of the PCA up until today) into a modern democratic state with a developing market economy and an unshakeable determination to one day join the European bloc of countries-something that is one of the principal goals of its foreign policy.

The analysis of the instruments that was conducted showed that the situation in the field of attaining an EU-level of human rights protection is generally satisfactory, though there is still lot to be done in the future. It is noticeable that EU institutions have not gone into a deeper or a more thorough analysis of the human rights situation in Ukraine, especially since they have not supported Ukraine's progress with any concrete numbers or figures and have proceeded with a 'general vocabulary' in the description of the human rights situation on the field. Despite the existence of obvious economic and political pitfalls, what is striking is the optimism and strong willpower on the part of both the Ukrainian governmental and non-governmental institutions concerning future developments in this context.

At this point one must inevitably indicate a certain lack of level playing on the part of the institutions in Brussels regarding Ukraine's progress when counter-positioned with the rest of the ENP countries from the ex-Soviet Bloc (like Moldova). It is recommended that the time has come for the EU to revise its selective politics of carrot and stick towards all its ENP neighbours and to offer the 'orange' Ukraine some fresher and figuratively 'oranger' carrots.

The conclusion to what was previously said is essentially a presumption—a crucial aspect that still remains unclear is whether the new, enhanced European Neighbourhood Agreement will contain a provision that would determine

Ukraine's status as a potential candidate for EU membership, analogous with the corresponding 'potential membership' clause present in all the Stabilization and Association Agreements signed with the countries from the Western Balkans.

What could be proposed as a way out of "multilaterality" as one of the indicated weaknesses of the ENP would be the introduction of a multi-speed ENP similar to the present model of "Europe of many speeds" among the member states. This would allow the more progressive and faster reforming ENP countries to advance to higher levels of integration with the EU while at the same time remaining part of the ENP purview.

The recently held EU-Ukraine summit of Sept. 9 2008 in Paris has brought on a new, positive wave in the relations between the EU and Ukraine. Both the EU and the Ukrainian leaders have envisaged an upcoming establishment of a free trade area and another highly significant development- the signature of a new, association agreement that is to replace the current Partnership and Cooperation Agreement. The final conclusions of the Summit are sketchy as to the details of the new agreement, but in this context, a certain statement of promise is given: that is, that this future agreement is expected to be "as ambitious as possible" in terms of the prospective goals for wider and deeper political and economic integration.[14]

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[14] Summit Press Release http://www.ue2008.fr/webdav/site/PFUE/shared/import/0909_UE_Ukraine/09.09_UE-Ukraine_association_agreement_EN.pdf

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Website of the European Neighbourhood Policy http://ec.europa.eu/world/enp/policy_en.htm

A FAILING STATE IN THE CENTRE OF EUROPE AND HOW TO FIX IT
THE BELGIAN CURE FOR THE UKRAINIAN MALAISE

Eugene A. Mordvinov

INTRODUCTION: COMPARISON OF BELARUS-RUSSIA-UKRAINE

Fifteen years after the beginning of the process of socio-economic and political transformation of the countries that used to be part of the former Union of Soviet Socialist Republics (USSR) until its dissolution in 1991, one can make the following observation. Instead of having all moved in the same direction after the end of the USSR, different post-Soviet states have, on the contrary, developed different models of governance. In other words, having all departed from the same one-party political system and state ownership on the means of production, the fifteen former Soviet republics have fifteen years later arrived at different socio-political and economic outcomes.

A brief comparison of the three Slavic republics of the former USSR—the Russian Federation, Ukraine and Belarus—might be of particular interest here. The last of the above-mentioned—under the leadership of the President Alexander G. Lukashenko (1994–present)—has developed a system of governance whose major features are the continued domination of the economy by state-owned enterprises[1] and a high degree of institutional stability[2], all of which contribute to the Belarusian economy being able to perform better than those of most other post-Soviet states in the period of time between 1995 and 2005 (see Figure 1).

During the Presidency of Vladimir V. Putin The Russian Federation moved in the same direction as Belarus, specifically towards the model of governance referred to in the literature as that of a *consolidated autocracy* (*konsolidierte Autokratie*[3]). As

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[1] Bönker, Frank, "Staatseinnahmen und Staatliche Handlungsfähigkeit: Das Beispiel der osteuropäischen Transformationsländer" in Bendel, Petra, Aurel Croissan and Friedbert W. Rüb (eds.) (2003) *Demokratie und Staatlichkeit: Systemwechsel zwischen Staatsreform und Staatskollaps*, Opladen: Leske & Budrich, p. 93.

[2] Denysyuk, Vitaly, "La Biélorussie" in Radvanyi, Jean (2004) *Les États postsoviétiques*, Paris : Armand Colin, pp. 85–90.

[3] Bönker, *op. cit.* p. 83.

a result of this "move toward dictatorship"[4], the Russian political system has also acquired an increased level of institutional stability (for example, the country only had two prime ministers between 2000 and 2006, as compared to five in 1998–1999 alone[5]). The state has also moved towards recuperating some of the industries of utmost strategic importance for the national economy (primarily the oil and natural gas industry), which resulted in the government being able to increase its capacity to accrue resources (for example, the size of foreign currency reserves of the Russian government has increased from some US $ 61 billion in May 2003[6] to some US $ 206 billion in March 2006[7]). The latter in turn puts the government in a much better position for political (public) goods provision, the effectiveness of which is defined in the literature as the most important element of strong statehood[8].

The development of governance in the third of the three Slavic republics—Ukraine—has been rather different. The major difference consists in that the country's political system has continuously been dominated by pervasive *institutional instability*, which is reflected in that almost each time there has been a Presidential election, the direction in which the country was moving has changed. Specifically, the country is said to have moved towards the governance model defined as that of *reform laggards* (*Reformnachzügler*[9]) between independence in 1991 and the year 1999. This period was marked by moves—however inconsistent—towards a market economy and West-European style democracy[10]. However, after the Presidential elections of December 1999 and the re-election of Leonid D. Kuchma as the head of the Ukrainian state, the country's political system moved in the opposite direction—that of growing authoritarianism and an increased role of government in the economy[11]. However, an abrupt end was put to this second

[4] Motyl, Alexander J., "Communist legacies and new trajectories: Democracy and dictatorship in the former Soviet Union and East Central Europe" in Brudny, Yitzhak, Jonathan Frankel and Stefani Hoffman (eds.) (2004) *Restructuring Post-Communist Russia*, Cambridge: Cambridge University Press, p. 53.

[5] Ryabov, Andrey, "The evolution of the multiparty system" in Brudny, Yitzhak, Jonathan Frankel and Stefani Hoffman (eds.) (2004) *Restructuring Post-Communist Russia*, Cambridge: Cambridge University Press, pp. 216–217.

[6] *The Economist*, July 5th 2003, p. 90.

[7] Tichomirowa, Katja, "Ausgeben statt sparen", *Berliner Zeitung*, April 18th 2006, p. 12

[8] Rotberg, Robert I., "The Failure and Collapse of Nation-States: Breakdown, Prevention and Repair" in Rotberg, Robert I. (ed.) (2004) *When States Fail: Causes and Consequences*, Princeton & Oxford: Princeton University Press, pp. 3–4.

[9] Bönker, *op. cit.* p. 84.

[10] Drweski, Bruno, „L'Ukraine" in Radvanyi, Jean (2004) *Les États postsoviétiques*, Paris : Armand Colin, pp. 71–75.

[11] Prizel, Ilya, "Ukraine's Hollow Decade" in Brudny, Yitzhak & Jonathan Frankel and Stefani Hoffman (eds.) (2004) *Restructuring Post-Communist Russia*, Cambridge: Cambridge University Press, pp. 115–116.

stage (1999–2004) through the so-called *Orange Revolution* of November-December 2004, since which the country is said to be moving yet again towards reintroducing market principles in the economy and democracy in politics[12].

In other words, looking at the development of Ukraine over the last fifteen years, and comparing it to that of Belarus and Russia, one can boldly claim that—unlike in the two other cases—the development of the Ukrainian governance model has not had a clear-cut trend since independence in 1991 and that the country has continuously been shifting back and forth between the models of *consolidated autocracy* and *reform laggardness*. The fact that the country has already changed governments three times since the Orange Revolution[13] (i.e. each "Orange" government has on average lasted for less than 6 months!) is indicative of the fact that *institutional instability* is bound to remain one of the major features of the Ukrainian governance model for the foreseeable future.

Figure 1: The evolution of per capita GDP (expressed as Purchasing Power Parity (PPP)) in the 15 states of the former USSR in 1990 - 2005 (1990: 100 %):
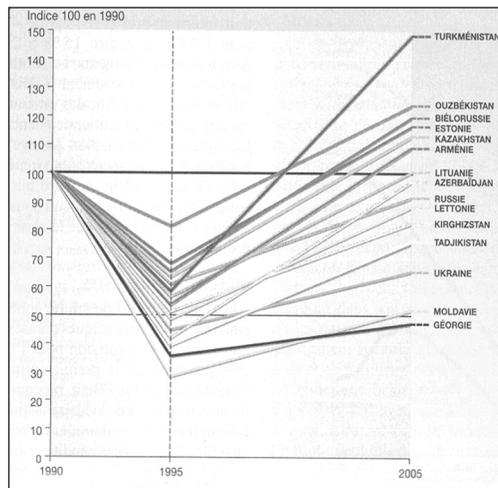
Source: "Pression sur les marges, de la Russie au Sahara", L'Atlas du Monde Diplomatique (2006), Paris: Le MondeDiplomatique, p. 65

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[12] Åslund, Anders (2005) "The Economic Policy of Ukraine after the Orange Revolution", *Eurasian Geography and Economics*, V. 46, No. 5, p. 327.

[13] Kreimeier, Nils, "Reformen droht Verlust der Macht", *Financial Times Deutschland*, March 22nd 2006, p. 16.

What has this persistent political instability implied for the socio-economic performance of Ukraine and for its strength/weakness as a state over the last decade? As the data contained in Figure 1 indicate, Ukraine has between 1995 and 2005 been one of the three (out of the total of 15) worst-performing post-Soviet countries in terms of the rate of recovery of the level of its GDP after the fall caused by the disintegration of the USSR. In 2005, its aggregate per capita GDP (expressed as PPP) was at the level of about 65 per cent compared to the level of the last year of the Soviet socialism (1990), whereas that of the Russian Federation was at some 90 per cent, and that of Belarus at some 120 (see Figure 1).

As far as its relative strength/weakness as a state is concerned, an illustrative piece of evidence is provided by the fact that in the global *Failed States Index*—developed by the Carnegie Endowment for International Peace—Ukraine is one of only two ex-Soviet republics whose status is classified as that of a state *at risk of failure* (*gefährdet*)[14].

Observing this situation, one is inevitably tempted to pose the following questions. What specificities of the Ukrainian polity condition the described instability inherent to its political system? How do these specificities lead Ukraine to state failure? What should be changed in order to strengthen Ukrainian statehood in the future? The following sections of this work will attempt to give satisfactory answers to these questions.

CRYSTALLIZATION OF THE REGIONAL DIVIDE AS A RESULT OF THE ORANGE REVOLUTION

The results of the last presidential elections that took place in Ukraine in November-December 2004 yet again confirmed the trend that could be observed during the previous elections as well. The country is by and large split into two geographically compact blocks of regions. The first one of these blocks—encompassing regions in the West and the Center of the country with such cities as Kiev and Lvov—supported one presidential candidate (Victor Yushchenko). The second block—encompassing regions in the East and the South with such cities as Donetsk, Sebastopol and Odessa—supported another presidential candidate (Victor Yanukovich) (see Appendix 1). The average percentage of second-round vote obtained by the winning candidate in the sixteen Central-Western regions (Yushchenko) was close to 80 in the regions of this

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[14] Zürcher, Christoph, "Gewollte Schwäche", *Internationale Politik*, September 2005, No. 9, pp. 18–19.

first block, whereas that obtained by the winning candidate in the nine South-Eastern regions (Yanukovich) was above 72 (see Appendix 3). These figures suggest that the level of voter-alignment with one candidate and of rejection of the other one *within* each of the two blocks of regions is rather high, which reconfirms the observation stating that Ukraine remains as politically split into—roughly speaking—the Western and the Eastern parts as it has ever been since it became independent in 1991.

Political science literature says that the fact that some regions of a country consistently tend to vote for candidates or political parties other from those that other regions of the same country vote for suggests the existence of so-called *cleavages* reflecting cultural, linguistic, economic and other differences between these regions[15]. The same theory suggests that *overlapping of such cleavages* (i.e. the situation when several cleavages separate one or more region(s) from the rest of the country) makes likely the emergence of inter-community conflicts leading to the breakdown of the *democratic system* of government and *security* in the society, unless a special governance mechanism mitigating inter-regional tensions is implemented. Many consider that the most efficient way of dealing with the kind of split described above is by introducing some form of territorial autonomy for regions in the Constitutional structure of the country[16].

Considering the above, one could argue that Ukraine is a typical case of a country that needs to have some special arrangement mitigating the evident tension that exists between the Western and Eastern regions. Consequently, this work will analyze two alternative models of how the relationship between the centre and the regions can be organized in the Ukrainian case: (i) the currently existing model that was adopted as the country became independent in 1991, and (ii) a reform proposal advocating the introduction of a federal system similar to that existing in Belgium. It will then proceed to discuss how the implementation of each of these two models contributes or would contribute to making the Ukrainian political system less unstable and helping to preserve inter-community peace and *security* in the country.

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[15] See, for example, Lipset, S. M. and S. Rokkan, "Cleavage Structures, Party Systems, and Voters Alignments" in Lipset S. M. (ed.) (1967) *Party Systems and Voter Alignments: Cross-National Perspectives*, New York: New York Free Press, pp. 1–54.

[16] Bindebir, Serap and Mia Hadshin, "International and Regional Action with regard to Conflicts in Multicultural Societies" in Abderhalden, Ursula & Raoul Blindenbacher (eds.) (2002) *Future Challenges for Federalism in a Changing World – Learning from Each Other*, St Gallen: ICF, pp. 180–202.

CENTRALIZED VS FEDERAL SYSTEM OF GOVERNANCE IN THE UKRAINIAN CONTEXT

The currently operating system of government was adopted in Ukraine in late August 1991, as the country proclaimed its independence from the former USSR. What are the major features of this system?

Currently Operating System of Government

The system is similar to those that were adopted in most other republics of the Commonwealth of Independent States (CIS—the union of 12 of the Republics of the former Soviet Union). Specifically, the linchpin of the national administration is the institution of Presidency. The President appoints governors of each of the 25 Ukrainian regions. The regions do not have their own independent tax authorities; this means that all the taxes are collected by the central government and are then redistributed among regions the way the central government decides[17]. How does this fact affect the described above regional divide in Ukraine? The data contained in Figure 2 will give a tentative answer to this question. As one can see from the chart, the South-Eastern regions of the country are urbanized to a much more significant extent than the Central-Western ones: the share of urban population in the regions of South and East is on average of almost 75 per cent of the total, whereas the same share in the regions of the Centre and West is on average 20 per cent lower than that in the regions of the first group (see Figure 2).

Not surprisingly, the level of per capita GDP in the more urban (and industrialized) South-East is higher than that in the more rural Centre-West. According to Anders Åslund, the average per capita income of the population of the Central-Western regions is about 89 per cent of the level of that of the regions of the South-East[18].

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[17] Drweski, *op. cit*. pp. 75-76.
[18] Åslund, *op. cit*. p. 333.

Figure 2: Urban Population of the Ukrainian Regions (in % of the total):

East and South	%	West and Center	%
Donetsk	90,2	Sumy	65,3
Luhansk	86,2	Kirovohrad	60,6
Dnipropetrovsk	83,1	Lvov	59,7
Kharkiv	78,8	Chernihiv	59,5
Zaporizhia	75,8	Poltava	59,2
Mykolaiv	66,6	Kiev	58,6
Odessa	65,9	Zhytomyr	56,2
Crimea	62,8	Cherkasy	54,2
Kherson	60,3	Khmelnytsky	51,7
		Volyn	50,2
		Rivne	46,9
		Vinnytsia	46,5
		Ternopil	42,8
		Ivano-Frankivsk	42,2
		Chernivtsi	40,8
		Zakarpatia	37,0
AVERAGE	**74,4**	**AVERAGE**	**54,9**

Source: Åslund, Anders (2005) "The Economic Policy of Ukraine after the Orange Revolution", Eurasian Geography and Economics, V. 46, No. 5, p. 334

In this context, the centralized system of tax collection leads to the fact that the more industrialized Eastern regions of the country contribute more to the national budget than the poorer and more rural Western regions[19]. Obviously, this system creates resentment among the population of the South-East, which in turn contributes to the *deepening of the socio-economic cleavage* between the "rural" Centre-West and "urban" South-East. This, in turn, makes *relations between the elites* of the two regions more conflictive, which to a significant extent contributes to the described above pervasive instability of the political system of the country.

Another important consideration that helps one better understand in what ways the currently existing system of governance contributes to creating the societal instability in the Ukrainian context is the following: of the two major languages spoken in the country (Ukrainian and Russian are both spoken by some 78 per cent of the population[20]) only the Ukrainian tongue received the status of official language when the country became independent. As a result, the population of the Eastern and Southern regions—where Russian is the native language spoken— does not have the legal right to use their language in their communication with

[19] Nodé-Langlois, Fabrice, "La Crimée entraîne l'Ukraine du côté de Moscou", *Le Figaro*, March 24th 2006, p.4.
[20] Kholmogorov, Yegor (2004) « Gosudarstvo Ukraina Sozdano po Printsipu 'Loskutnogo Odeiala' », at <http://www.strana.ru/print/234014.html>.

state authorities (on the local level, however, this measure has not been enforced). The latter, obviously, reinforces the already existing *linguistic cleavage* between the South-East and the Centre-West of Ukraine, which – overlapping with the described above socio-economic cleavage—creates, according to the theory of Lipset and Rokkan, the preconditions necessary for the breakdown of the *democratic system* of government and *security* in the society[21].

Most importantly, the way in which the President of the country is elected has had an important impact on fostering the tension referred to between the two blocks of regions in the Ukraine. The President is elected according to the French formula. In specific terms, an unlimited number of candidates can participate in the first round of the election. However, in practice in neither of the elections that was held since independence has any of the candidates managed to obtain the necessary absolute majority in the first round. In all three cases (the elections were held in 1994, 1999 and 2004), two candidates—one with more support in the West and the other one with more support in the East—ran for the decisive run-off vote[22]. In other words, the very system of a two-round presidential election accentuates the East-West cleavage by making an "Eastern" candidate compete against a "Western" one in the second round.

Considering that the population of the block of the South-Eastern regions is roughly as numerous as that of the Central-Western block[23], what is the decisive factor in determining the outcome of the second round of the presidential election? Obviously, this factor is the comparative turn-out of voters on the day of the elections in the regions of both blocks. In specific terms, if on the day of the run-off, the voter turn-out in the South-Eastern regions is significantly higher than that in the Central-Western ones (as was the case in 1994, for example), the candidate mostly supported in the East gets elected (as happened to Leonid Kuchma in 1994)[24]. If, on the contrary, the turn-out in the Centre and West is higher than in the South and East (which was the case in the decisive "third round" of the last presidential election on December 26th, 2004), the candidate with higher popularity in the West becomes President of the country (as happened to Victor Yushchenko) on

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[21] Lipset and Rokkan, *op. cit.*
[22] Zaets, Ilona, "Politicheskaia Borba po-Ukrainski", *Europa-Express*, February 26th 2006, p. 16.
[23] Saydoukova, Marina, "Geopolitika protiv Emotsii", *Europa-Express*, December 19th 2005, p. 22.
[24] "The Ukrainian Presidential Election of 1994: Voting Results by Oblast (Region)", at <http://www.brama.com/ua-gov/el-94pre.html>.

that occasion[25]. It is obvious that a two-round presidential election in this context becomes nothing but a *zero-sum game* between the voters of the West and those of the East: if the West loses, the East wins and vice versa. Indeed, one can hardly imagine an electoral system that would be as conducive to *cleavage reinforcement* and the resulting conflict-prone political environment and societal instability in the Ukrainian context as the one that is currently in place.

The above clearly explains what some of the reasons for the described chronic political instability in Ukraine are. In specific terms, any change of government also means that all the system of central and regional public administration gets reshuffled and re-staffed. Along these lines, in 1994—when the "Eastern" President Leonid Kuchma ousted his "Western" predecessor Leonid Kravchuk—all the central and *regional* public administration offices (both in the East and West) were filled with people coming from the Eastern and Southern regions. Conversely, in 2004—when the "Western" President Yushchenko forced out the outgoing "Easterner" Kuchma—the central and regional offices were re-packed yet again, this time with people from the Centre and West. One of the former Eastern governors—Boris Kolesnikov who used to head the Donetsk region—was even arrested in April 2005 on charges of "separatism and conspiring to undermine the territorial integrity of Ukraine"[26] (even though Kolesnikov was released in August 2005, the investigation of his "subversive activities" still continues[27]).

The direct consequence of these abrupt changes is the constant redistribution of industrial and other property that used to be owned by the state in the Soviet times between the "Eastern" and "Western" elites[28]. (It is illustrative that the "Western" government of Yulia Timoshenko (the first government that was installed after the Orange Revolution of November-December 2004) had to resign in September 2005 specifically as a result of a state-owned property redistribution scandal[29]). This constant property redistribution leads to legal uncertainty for potential investors, which in turn negatively affects the rate of economic growth (thus the pre-Orange Revolution rate of economic growth of 12 per cent per annum in 2004 was reduced

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[25] "Viktor Iouchtchenko, la fin d'un mythe", *Courrier International*, December 1st 2005, pp. 15—16.

[26] "The Victor and Yulia Show", *The Economist*, June 18th 2005, p. 45.

[27] Nodé-Langlois, Fabrice, "Les oligarques de l'Est á la conquête du Parlement", *Le Figaro*, March 24th 2006, p.4.

[28] Koudriashov, Dmitrii, "'Krivorozhstal' Dostalas Mittal Steel", *Europa-Express*, October 31st 2005, p. 18.

[29] "Orange Fades", *The Economist*, September 10th 2005, p. 35.

to about four per cent in 2005[30]). One of the results of the latter has already been mentioned: Ukraine is among those former Soviet republics that did not manage to stage an economic comeback in the last decade after the GDP downfall caused by the disintegration of the USSR (see Figure 1). As a result, its government's capacity to provide the population with *political (public) goods* is much more limited than that of other neighbouring post-Soviet states, which in part explains why the Carnegie Endowment classified the Ukrainian state as failing.

Nevertheless, the most important consequence of the existing political system consists in the block of regions that loses the second round of a presidential election— be it the Centre-West (as in 1994) or the South-East (as in 2004)—being at best *underrepresented (and at worst not represented at all) in the national decision-making for the period of five years following the election*. This situation undoubtedly *undermines the legitimacy of the democratic system* itself in the eyes of the population of the un- or underrepresented block of regions. Moreover, this situation is very reminiscent of the one that existed in Northern Ireland between 1921 and the late 1960s, when the Catholic minority was constantly underrepresented in the provincial decision-making as a direct consequence of the *majoritarian electoral system*[31]. Results of this are well-known: *the loss of the monopoly of violence* by the British state in the province, emergence of non-state armed actors (IRA, UVF etc.) and the outbreak of an all-out inter-community armed conflict that can be regarded a precursor of the so-called "*new wars*"[32].

The above partly explains the negative implications that the political system currently existing in Ukraine has (and those that it might have in the future) for the relative strength of the Ukrainian state and for its ability to provide the population with political (public) goods. The following section of the work will therefore outline a viable alternative that arguably might help the country resolve some of the problems created or aggravated by the currently existing system of governance.

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[30] Lambroschini, Sophie (2005) "Ukraine un An aprčs la Révolution Orange : Quels Enjeux pour les Législatives de Mars 2006", *Questions d'Europe*, No. 11, at <http://www.robert-schuman.org/supplement/questions_europe11.pdf>.

[31] Lijphart, Arend (1984) Democracies: Patterns of Majoritarian and Consensus Government in Twenty-One Countries. New Haven: Yale University Press.

[32] Kaldor, Mary (1999) *New and Old Wars: Organized Violence in a Global Era*. Stanford: Stanford University Press.

Federalizing Ukraine along the Belgian Lines

As was mentioned earlier, the contention of this work is that the implementation of a federal model in Ukraine similar to the one that currently exists in Belgium would significantly contribute to overcoming the described difficulties, *strengthening the system of governance* and thereby preserving inner peace and security, which would contribute to *making Ukraine a stronger state*. A logical question would then be the following: why is it that the Belgian—and not any other—federal system is considered here as the most appropriate for the country in question? The answer is that the very composition of the polity and *the system of inter-community cleavages* in Belgium is very similar to those in Ukraine. The following paragraphs will therefore explain how the two cases are similar.

   a. Major Societal Cleavages in Belgium and Ukraine

The existence of a *linguistic cleavage* constitutes the first similarity between the two countries. Belgian bilingualism has a very strong regional component: the Belgian North is almost exclusively Flemish-speaking, whereas the population of the South only speaks French (the capital city is an exception, as both languages are spoken here)[33]. The linguistic situation in Ukraine (discussed above) is very similar to the Belgian, with the population of the Ukrainian East and West tending to speak different languages as native (Russian in the East and Ukrainian in the West)[34].

Secondly, *the economy* constitutes just as much of a cleavage in Belgium as it does in Ukraine. The French-speaking South was the driving force of the Belgian economy from the 19th century up until the 1950s, due to the fact that it was being heavily *industrialized* at that time; the Dutch-speaking North, on the contrary, remained backward as long as *agriculture* continued to be the backbone of its economy. From the 1950s on, the situation changed which, however, did not result in the disappearance of the economic split. As Walloon industry became outdated, the region's economy went into profound depression, which makes it one of the poorest areas within the EU at present. The Flemish economy, on the contrary, flourished due to the rapid spread of new *service-oriented sectors*, especially from the 1980s on. Therefore, the *industry-agriculture cleavage* was replaced by the *industry-services split* in Belgium[35]. The current socio-economic split in Ukraine (discussed earlier)

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[33] Eraly, Alain (2000) *L'usage du français dans les entreprises en Belgique*, at <http://www.cslf.gouv.qc.ca/Publications/PubF149/F149ch7.html>.

[34] Prizel, *op. cit.* pp. 110–113.

[35] Franck, Christian (1999) *Choisir l'avenir*, at <http://www.synec-doc.be/pol/choisirlavenir/texte.html>.

is very similar to the one that existed in Belgium before the 1950s, the Ukrainian South-East being more industrialized, urbanized and comparatively richer than the more rural and poorer Centre-West (see Figure 2).

Thirdly, the existence of *external forces influencing the inter-community divide* constitutes yet another similarity between the two countries. In the Belgian case, references to the role of protector of the French-speaking minority that *France* might take up in the event of an outbreak of inter-community conflict (over Brussels, for example) are often made and reflect the so-called *rattachistes* tendencies (i.e. favoring the "re-attachment" of the French-speaking South to France). At the same time, some of the Flemish parties (such as the Vlaams Blok or the NVA) openly advocate the idea of splitting away from the Belgian state and, on some occasions, joining the culturally and linguistically similar *Netherlands*[36].

This situation is very similar to that of the Ukrainian blocks of regions. The South-Eastern regions are usually considered pro-Russian and, in fact, many politicians from these regions often refer to *Russia* as their "protector" in their conflicts with the Centre-West of the country (to the point of engaging in conspiracies aimed at "re-attaching" the Russian-speaking East and South back to Russia, as it is claimed was the case of the mentioned Donetsk governor Boris Kolesnikov (see above). At the same time, several regions on the extreme West of the country (the three regions painted in bright-red on the map in Appendix 2) are usually considered pro-Polish (those regions were part of Poland in 1918-1940) and some politicians there are said to advocate the idea of rejoining *Poland*, especially now that it has become part of the EU[37].

b. Specificities of the Party Systems

Fourthly, each one of the two (blocks of) regions in both Belgium and Ukraine has a political party system of its own. Specifically, Flemish political parties (SPA, VLD, CD&V, VB, NVA) are only active on the North of Belgium in the region of Flanders; whereas the Walloon parties (PS, MR, CdH, Ecolo, FN) are exclusively active on the South in the Walloon region (both sets of parties are active in the capital city of Brussels)[38]. This situation is very similar to the one that exists in the Ukrainian context, where each one of the two blocks of regions votes for its

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[36] Beaugé, Florence, "La Belgique en ses habits fédéraux", *Le Monde Diplomatique*, February 1994, at <http://www.monde-diplomatique.fr/1994/02/BEAUGE/178>.

[37] Drweski, *op. cit.* pp. 76–79.

[38] Engels, Philippe, "Belgians Change Rainbow Coalition for Reds and Blues", *Federations*, August 2003, Vol. 3, No. 3, pp. 9–10.

own candidate in the presidential election (see above). Moreover, as a result of the latest Ukrainian parliamentary elections of March 2006, one can also observe a process of *regionalization of the party system* in Ukraine very similar to the Belgian case, something which deserves casting a closer look at, which will be done in the following paragraphs.

c. PCB and CPU: the Decline of Class Politics

Arend Lijphart argued that in polities similar to the Belgian—where the major societal cleavage is between regions differing from each other *ethnically and linguistically*—political parties whose ideology is based on putting the strongest emphasis on *social class*-related *problématique* are at risk of extinction, for as long as the voters' mind-frame is built around ethno-linguistic themes they are very unlikely to support a political party that gives these themes a very insignificant role on their agenda[39]. An indicative piece of evidence that illustrates this point could be provided by the fate of the Communist Party of Belgium (PCB), a party that—like all Communist Parties—claimed *the cleavage between social classes* to be the major societal split, but which—unlike most other Communist Parties—needed to attract the voters' support in *the regionalized Belgian context*. The following table illustrates the performance of the PCB in the post-WWII period of time:

Figure 3: Percentages of Popular Vote Obtained by the Communist Party of Belgium in the Elections to the Lower House of the Parliament in 1946-1958:

Year	1946	1949	1950	1954	1958
%	12,7	7,5	4,7	3,6	1,9

Source: Les élections belges sur le web, at http://www.vub.ac.be/belgianelections/

The data contained in Figure 3 show that the PCB started the immediate post-war period (during which strong Communist Parties emerged in almost all Western European countries[40]) as the third biggest parliamentary force in Belgium, with 12,7 per cent of the Belgium-wide popular vote. However, as ethno-linguistic frictions were slowly but steadily becoming the dominant topic of Belgian political debate in the late 1940s and 1950s[41], the PCB—with its discourse focused on the conflict

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[39] Lijphart, Arend (1977) *Democracy in Plural Societies: a Comparative Exploration*. New Haven: Yale University Press.

[40] Kuusinen, Otto et al. (1962) *Manual de Marxismo-Leninismo*. México D. F.: Editorial Grijalbo S. A., pp. 337–341.

[41] Amez, Frédéric (2003) "Le statut de Bruxelles: entre principe de territorialité et fédéralisme personnel", *Travaux de recherches de l'Institut du Fédéralisme de Fribourg*, No. 29, pp. 3–20.

between labour and capital—was losing ground just as steadily, had become a marginal party without parliamentary representation by 1958 (see Figure 3). One should also bear in mind the fact that during the same period of time, Communist Parties in such countries as France and Italy, that were in a position similar to that of Belgium from the socio-economic point of view, but whose polities unlike Belgium's were not split along the ethno-linguistic lines, either remained among the strongest political groups throughout the 1960s (France) or were gaining strength continuously until the mid-1970s (Italy)[42]. In sum, the PCB's electoral performance provides empirical evidence that confirms the argument of Lijphart.

What is it in the above that makes the Belgian case similar to the Ukrainian? Looking at the following set of data will offer a tentative answer to this question:

Figure 4: Percentages of Popular Vote Obtained by the Communist Party of Ukraine (CPU) in the Elections to the Ukrainian Rada (Parliament) in 1998-2006:

Year	1998	2002	2006
%	24,65	20,00	3,66

Source: Tsentralna Vyborcha Komisia (1998, 2002, 2006), at
http://www.cvk.ukrpack.net (1998, 2002) and http://www.cvk.gov.ua (2006)

As is evident from the data contained in Figure 4, the CPU in the 1990s–2000s followed exactly the same electoral trajectory as the PCB had done in the 1940s–1950s: from the strongest political force of the country—that it has consistently remained throughout the 1990s—the CPU has by 2006 become the fifth political party, or in other words, the smallest one of the five Ukrainian political parties that made it to the Rada in the March 2006 parliamentary elections. What are the reasons behind this decline? Apparently, the growing regionalization of the Ukrainian politics—that was further accentuated by the 2004 Orange Revolution—and the increasing intensity of struggle focused on the linguistic question (see earlier in this work) deprived the CPU, whose discourse continued focusing on social class-related issues, of the votes that went to the parties that campaigned on linguistic and other regionally important topics.

What the comparison of the electoral performances by the PCB and the CPU indicates is that the Ukrainian politics during the 1990s—early 2000s, and particularly after the Orange Revolution of 2004, have increasingly come to resemble the Belgian politics, the most important similarity consisting in that

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[42] Lijphart (1977), op. cit.

the (ethno-)*linguistic split* (between the Flemings and the Walloons in Belgium and between the Russian- and Ukrainian-speakers in Ukraine) has become *the determinant cleavage* of the political scene in both countries. However, one important question in this context could be the following: does the Ukrainian party system show the same degree of regionalization as the Belgian party system does, or does the regionalization limit itself to the already mentioned decline in voting for the parties whose ideology is based on emphasizing social class differences? The following paragraphs will try to give an answer to this question.

d. Accrued Regionalization of the Party System

The elections to the Rada (the Ukrainian Parliament) that took place on March 26th, 2006 appear to have revealed the fact that the Ukrainian party system is moving ever closer to the regionalized model that was already becoming dominant in Belgium back in the 1960s[43]. The data contained in Appendix 3 illustrates this point).

As is evident from the data contained in Appendix 3, in 2006 the two blocks of regions described above (South-Eastern and Central-Western) voted by and large the same way as they had done in 2004. Specifically, the nine predominantly Russian-speaking regions of the South and the East supported three parties that either openly supported Victor Yanukovich (the unsuccessful contender in the December 2004 Presidential elections) or whose electoral programs were close to his 2004 Presidential elections manifesto (these three parties are the *Party of the Regions* (led by Victor Yanukovich himself), the *People's Opposition* block (led by Natalia Vitrenko, known in the Ukrainian political scene as "Our Natasha"), and the previouslyy mentioned *Communist Party of Ukraine* (led by Petro Symonenko)). The sixteen predominantly Ukrainian-speaking regions of the Centre and the West, in turn, supported three political parties that formed the coalition that in 2004 had backed the candidacy of the current Ukrainian President Victor Yushchenko (the so-called *Orange Coalition*, consisting of the *Yulia Timoshenko Block*, the *Our Ukraine* party (led by President Yushchenko himself), and the *Socialist Party of Ukraine* (led by Alexander Moroz))[44].

The data of Appendix 3 also shows that the degree of voter alignment of the voters of the two blocks of regions with the coalition of parties attracting most votes in each region is rather high: on average, about 64 per cent of South-Eastern voters

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[43] Bonet, Pilar, "Yulia Timoshenko: 'Somos la última esperanza de la revolución naranja'", *El País*, March 30th 2006, p. 8.
[44] "A freer choice, despite everything", *The Economist*, April 1st 2006, p. 30.

supported the "Eastern" party-trinity in the Russian-speaking regions, whereas some 62 per cent of Central-Western voters cast their votes for the "Western" party-trinity in the Ukrainian-speaking regions (see Appendix 3).

Summing up this sub-section, one can claim that the March 2006 parliamentary elections established *an imperfect version of a regionalized party system* a perfect version of which a connoisseur of Belgian politics is very much familiar with (see Appendix 2). It remains to be seen whether subsequent elections to the Ukrainian Rada (*a priori* scheduled for the year 2010) will reinforce the already evident trend towards a completely regionalized party politics *à la belge*.

e. Conclusions

Summing up the previous sub-sections of the work, one could safely claim that *the system of societal cleavages existing in Belgium is very similar to the one that can be observed in post-independence Ukraine*. Arguably, the current Belgian federal model increases the overall legitimacy of the model of governance in the eyes of the population as well as easing the tension between the two communities and therewith preserves inner security by making an all-out inter-community conflict less likely[45]. Therefore, applying (elements of) the currently federal system existing in Belgium to the Ukrainian case could *enhance the efficiency of governance* by reducing the political instability and *strengthen security* by easing the inter-community tensions in Ukraine. All of that would undoubtedly make of Ukraine a *stronger state*. Therefore, the final section of the work will offer recommendations on what specific elements of the Ukrainian model need to be reformed and how exactly these reforms need to be implemented in order to make the Ukrainian population feel the advantages that the Belgian federal model could offer.

RECOMMENDATIONS: WHAT NEEDS TO BE DONE IN ORDER TO STRENGTHEN UKRAINIAN STATEHOOD

The political model currently existing in Belgium has been defined in political science literature as that of *consociational democracy.* The advantage of this model consists in that it not only makes possible peaceful coexistence within a society profoundly split into different ethno-linguistic or religious communities, but that it also makes the political system of such a society surprisingly stable. How does

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[45] Paul Thibaud, "La nécessaire construction d'une légitimité démocratique", *Le Monde Diplomatique*, May 1996, at <http://www.monde-diplomatique.fr/1996/05/THIBAUD/2754>.

the consociational model achieve this? On the one hand, it does so by guaranteeing a wide-range internal autonomy to each of the communities cohabiting within the limits of the state. On the other, it does so by making the elites of these different communities overcome the cleavages splitting society as a whole through cooperation at the top level of state power where politicians acting for *the majority of each one of the communities* are represented and have a say[46]. It is through this mechanism that such a deeply divided society as Belgium can exist peacefully and enjoy enviable political stability. This being said, the following question arises: in what specific ways should the Ukrainian political system be reformed in order to make of it a successful state based on the consociational model? It appears that the following four reforms inevitably need to be introduced in order to make this happen:

(1) First and foremost, the institution of Presidency—the linchpin of the currently existing model and an important element that contributes to the intrinsic instability of the political system—has to be abolished in the presentform. The representative *parliamentary system of government* should be adopted, where parliamentary majorities make decisions on all matters of importance. If the Presidency is to continue existing, the President should have a purely ceremonial role (as does the President of Germany, for example);

(2) The Ukrainian state should be divided into two federal macro-regions, in the same way as Belgium is divided into the Walloon area and Flanders. The frontier between the present regions of Vinnitsa-Kirovohrad-Poltava-Sumy, on the Central-Western side, and the regions of Odessa-Mykolaiv-Dnipropetrovsk-Kharkiv, on the South-Eastern side (see Appendix 1 or 2), should become the border between the two new macro-regions. Each one of the two macro-regions should elect its own Parliament that would make all decisions on education, culture, local self-government, have (limited) tax-raising powers and *define the official language(s) of the macro-region.*

(3) In the same way as is done in Belgium, political parties during the electoral campaigns for the national Parliament should not run country-wide lists, as happens in Ukraine now. Each party should run two lists—one in each of the newly-created macro-regions. This measure would allow determining *macro-regional majorities* after the elections which would indicate what party or

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[46] Lijphart (1977), *op.cit.*

coalition of parties really represents the majority of the population *in each one of the macro-regions.*

(4) Finally, the Constitution should clearly stipulate—in the same way as the Belgian Constitution does—that the national government can be constituted only when political parties representing *majorities in each one of the macro-regions* (and not a majority in one of the regions and a minority in the other one, which is what normally happens in Ukraine) support the executive in the Rada. This measure would guarantee that the national government has legitimacy in the eyes of the population of both macro-regions that would constitute Ukraine.

Judging by positive results that a very similar system has produced in a very similar (Belgian) context, one can certainly expect that the introduction of these four basic reforms would serve the purpose of strengthening Ukrainian statehood, thereby making much less likely a state failure in an important country in the centre of Europe[47].

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[47] Please send your comments on this article to the following E-mail address: e436968@hotmail.com.

APPENDIX 1: The territorial cleavage between the South-East and Centre-West of Ukraine as illustrated by the results of the second (and later on the 'third') round of the November-December 2004 Presidential election:
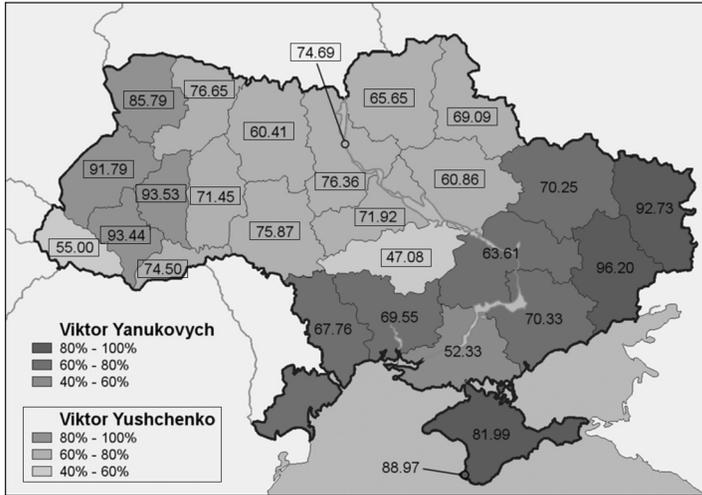
Source: "In search of plan B", The Economist, December 4ᵗʰ 2004, p. 50

APPENDIX 2: The territorial cleavage between the South-East and Centre-West of Ukraine as illustrated by the results of the March 2006 Parliamentary election:
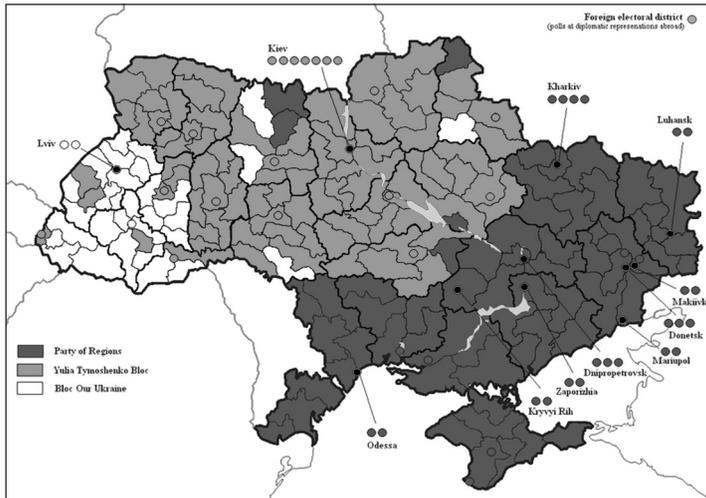
Source: "A freer choice, despite everything", The Economist, April 1ˢᵗ 2006, p. 30

APPENDIX 3: PERCENTAGES OF POPULAR VOTE OBTAINED BY THE
CANDIDATE (2004) OR BLOCK OF PARTIES (2006) THAT WON A REGIONAL
MAJORITY (OR PLURALITY) IN EACH ONE OF THE UKRAINIAN REGIONS

South-Eastern Regions	Presidential elect. 2004[a]	Parliamentary elect. 2006[b]
Luhansk	91,24 %	83,90 %
Donetsk	93,54 %	83,56 %
Crimea	81,25 %	68,59 %
Zaporizhia	70,13 %	63,09 %
Mykolaiv	67,49 %	60,58 %
Kharkiv	68,11 %	60,55 %
Odessa	66,56 %	55,15 %
Dnipropetrovsk	61,14 %	53,72 %
Kherson	51,39 %	48,89 %
AVERAGE [c]	**72,31 %**	**64,22 %**

Central-Western Regions	Presidential elect. 2004[d]	Parliamentary elect. 2006[e]
Ivano-Frankivsk	95,72 %	77,64 %
Lvov	93,74 %	73,15 %
Ternopil	96,03 %	72,28 %
Volyn	90,71 %	68,58 %
Vinnytsia	84,07 %	67,81 %
Kiev	82,70 %	66,08 %
Cherkasy	79,10 %	63,77 %
Rivne	84,52 %	63,23 %
Sumy	79,45 %	63,17 %
Khmelnytsky	80,47 %	63,01 %
Chernivtsi	79,75 %	61,86 %
Chernihiv	71,15 %	56,93 %
Poltava	66,00 %	52,68 %
Zhytomyr	66,86 %	51,33 %
Zakarpatia	67,45 %	49,68 %
Kirovohrad	63,47 %	48,51 %
AVERAGE [f]	**80,07 %**	**62,29 %**

*Source: Tsentralna Vyborcha Komisia (2004, 2006) Pidsumki Golosuvannia po
Regionakh Ukraini, at <http://www.cvk.ukrpack.net> (2004)
and <http://www.cvk.gov.ua> (2006).*

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[a]   The figures reflect percentages of the total regional vote obtained by Victor Yanukovich in the 'third'
round of the Presidential election held on December 26th, 2004.

[b]   The figures reflect aggregate percentages of the regional vote obtained by the Party of the Regions (PR),
the Communist Party of Ukraine (CPU), and the People's Opposition block (PO).

[c]   The figures reflect averages of percentages of the vote obtained by the winning candidate or block of
parties for the total of the nine South-Eastern regions.

[d]   The figures reflect percentages of the total regional vote obtained by Victor Yushchenko in the "third"
round of the Presidential election held on December 26th, 2004.

[e]   The figures reflect aggregate percentages of the regional vote obtained by the Yulia Timoshenko Block
(YTB), the Our Ukraine block (OU), and the Socialist Party of Ukraine (SPU).

[f]   The figures reflect averages of percentages of the vote obtained by the winning candidate or block of
parties for the total of the sixteen Central-Western regions.

THE BALANCE OF POWER
IN THE BLACK SEA REGION

CRISTIAN NIŢOIU

The geopolitics of the Black Sea is still on a quest for stability after the 1989–91 turning of the tide. The admission of Bulgaria and Romania into NATO and into the European Union has been a major factor in altering the regional balance of power. But the situation is not at all static. The political future of the EU will be the key variable of this development. An increased, European integration added to a strong Euro-American relationship would probably contribute to diminishing competition between great powers, and in a stronger Western hold on the area, at the expense of Russian ambitions. But German foreign policy is now more independent, and considered upon strategic partnerships with Russia rather than upon a "Euro-Atlantic community" could re-enact a serious intra-Western competition. This will then summon Sofia and Bucharest to make sensible choices.

The geopolitical structure of today in the Black Sea Region is defined by two main dynamics. The first of these is the emergence of American influence to replace the Soviet one and to enter the arena in competition with French and German ambitions. The second dynamic is the emergence of an energy axis that connects Central Asian and Caspian gas and oil with the Balkans and the European Union. As the Soviet bloc collapsed in 1989–91, Ukraine and Georgia remained initially under Moscow's influence, but the Russian capacity of maintaining its grip dramatically diminished at the end of the century, losing positions in both regional countries.

The emergence of the Black Sea region is evolving as a result of multiple factors; the eastward expansion of the EU being the main among them, in combination with primary developments in the political sphereas and, in the states neighbouring the Black Sea, the economic sphere as well. This process is now unfolding, and has substantial implications for European security in a wider definition of the term—touching upon traditional, military aspects of security, but in the same way increasingly affecting the vulnerable area of energy security. A range of developments over the past few years has attracted increasing attention over the emergence of the Black Sea Region as a new zone of European security.

All of these developments have contributed to the Black Sea region being viewed as an important component of European security. These developments have also created a range of issues connected to the Black Sea Region central to the security of EU member states, as they have brought a wide array of traditional and non-traditional security concerns connected with the region now in closer proximity to the European Union.

The Black Sea Region is clearly in a transition period, and Romanian policy makers will have to be very careful in assessing this situation and stating their position. US ambitions for NATO clearly conflict with French ambitions for the EU. Furthermore, even though most EU NATO members find themselves caught in the middle, the current zero-sum nature of NATO-EU relations seems to portend continuing turmoil on the road ahead, to the detriment of both organizations and of transatlantic relations more generally. Romania seems to be one of those states caught in the middle. Romania has a past of strong and very good relations with the French, but the seamless approach towards the US from the Romanians has weakened them. In fact, in February 2003, French President Jacques Chirac overtly criticized the "imprudent" move of the two EU candidates, Romania and Bulgaria, mainly because it strongly complicated Paris's delicate anti-war diplomacy of the moment, but also because France felt it was losing influence over the EU "newcomers." It shouldn't be forgotten that France had consistently backed Bucharest's application for EU and NATO membership since the 1990s, and that historical ties between France and Romania have always been particularly strong. France has even accepted Romania as a francophone country, and the clear pro-American orientation of the new Romanian rulers has disappointed France.

We have to ask a critical question. Can the creation of a Black Sea Region help implement democracy, development and Europeanization to the East? It is very hard to give a clear answer to such a question. But there are important advantages to regional initiatives seen in previous attempts to create a region out of the countries around the Black Sea. Alina Mungiu Pipidi (Pipidi, Alina Mungiu, 2006) outlines some:

- *The ability to focus more Western attention if a group of countries of low interest are packed into one region whose profile is raised by an awareness campaign.*
- *The simplification of resource mobilization if one framework is offered instead of many. This was the logic behind the Balkan Stability Pact.*

- *The easier spread of best practices from the most developed part of the region to the less developed.*

The European Union envisages four types of goal as regards the Black Sea Region. These are the promotion of stability and conflict resolution, promotion of democratic institutions and the rule of law, tackling terrorism and corruption (including migration issues) and providing a safer future for Europe in terms of energy supply. The accession to the EU in 2007 of Romania and Bulgaria, which both border the Black Sea, has given the European front a bigger stake in the region's stability (Wielaard, 2007).

At this moment there are a number of projects, economic and security arrangements among the states bordering the Black Sea. In the Black Sea region, where Moldova, Ukraine and the countries of the Southern Caucasus come together with the EU and with Russia and Turkey, the ENP also offers great potential for dialogue and cooperation at the regional level. Since January 2007, when the Black Sea started to form one of the borders of the Union, a strengthened regional approach has become an essential part of our neighbourhood policy. In the European Union's cooperation at regional level with the partner countries around the Black Sea (whether under the ENP, or as regards our relations with Russia under the Strategic Partnership and with Turkey as a candidate country), the EU should be fully inclusive, whatever the formal context of its bilateral relations with these countries. The Black Sea Economic Cooperation Organization (BSEC) provides a useful platform for our dialogue and cooperation with the region as a whole. The Commission is currently examining the possibility of establishing closer contacts with BSEC, including observer status.

A latest asset in this region is the Black Sea Trust. The objectives of the Black Sea Trust are the rebuilding of trust in public institutions, the participation of citizens to the democratic process, strengthening of state institutions and promoting regional partnerships. The countries where the fund operates are Armenia, Azerbaijan, Bulgaria, Georgia, Moldova, Romania, Turkey, Ukraine and Russia. It will be developing during the next ten years with resources of over 30 million dollars, and will finance NGOs and governmental institutions in the Black Sea Region. The Black Sea fund is important not only for Romania, but also for NATO and the European Union, because the frontiers of these organizations have reached the Black Sea. On the occasion of the opening of the Black Sea Trust's office

in Bucharest, Romanian president Băsescu stressed out Romania's role as a bridge and guideline provider for the partnership between the European Union and the Black Sea Region: "*a catalyst for the European and Euro-Atlantic aspirations of the states in the Black Sea Region*". (Pop, 2007)

In 2007 the European Union launched a new model of cooperation, the Black Sea Synergy. The new cooperation initiative focuses on areas like good governance, transport, environment, and, chiefly, energy. The Black Sea region, a major transit route for oil and gas coming to Europe from Russia and Central Asia, is of strategic importance for EU energy supply security.

The status of the black Sea region can be drawn from the words of External Relations Commissioner Benita Ferrero-Waldner, "*we think it is important to put a particular focus on this region*" ("EU seeks stronger energy ties with Black Sea nations", 2007), explaining that with the accession of Bulgaria and Romania in 2007, the EU now has an immediate concern in the area's prosperity, stability and security.

In the line of Romanian initiatives vis-à-vis the Black Sea, we have to note one proposed by a former foreign affairs minister, Răzvan Ungureanu. At the General Affairs and External Relations reunion in January 2007, the first in which Romania participated as a member state, the Romanian foreign affairs minister said that there was a need for defining a more pre-eminent eastern dimension to the ENP. This, in consequence, would confirm the European Union's commitment to the Black Sea Region. According to EUexpands.com, minister Ungureanu suggested the implementation of a so called "Bucharest Process", which would come to the aid of the state in this region. (The Black Sea Synergy, the Commission's response at Romania's request, 2007)

Initiatives by the Carpathian countries have not always been in concord with the interests of its seaboard neighbours. American deputy undersecretary of state Matthew J. Bryzais is enthusiastic about Romania's policy. Romania, as a new member of the European Union, wants to exercise the position of leader in the Black Sea Region. Bryza draws the attention to the fact that Romania needs to cooperate more closely with Turkey, the other big NATO state. These two countries have to enter concord with each other. "*It is wonderful that Romania wants to be a strong leader, with an ex-sailor on the Black Sea as president, who feels and breathes the Black Sea breeze. There are other states that want to achieve that position, that's why Turkey and Romania have to work together for a common vision. I think that*

things in this direction are much better now than some years ago, when Turkey was more sensible and worried of what was happening in Iraq and in the Kurdish zone and in relation with NATO's intend of bringing ships in the Black Sea. At that time, when Romania was promoting so actively NATO's role at the Black Sea, the relations with Turkey were tensed even more. It isn't that Romania shouldn't articulate its points of view, but it is better that the two allies share a common vision. Romania must seek her interest of being a regional leader, but it is very important that this will happen in the context of good relation with its neighbors" (Pop, 2007).

It is the present Romanian government's intent to make Romania an active player, both in the region and also on the European scene. Thus, Romania should not necessarily align to already defined common stands, but must provide its own registry of influence at the European level and its own well-based initiatives. Former minister of foreign affairs, Adrian Cioroianu, underlined the main strategic plans of Romanian foreign policy. These involve a more pre-eminent role in the Black Sea region and in the EU:

- *Romania needs to efficiently express its fundamental interests and deliver its own, proper line in what concerns European foreign affairs.*
- *Romania should push for partnerships with EU countries. Take advantage of bilateral cooperation.*
- *The minister pleaded for EU expansion, in need of a new political impulse. Romanian supports the EU candidacy of Turkey and Serbia.*
- *Focus on energy security schemes, Afghanistan and Kosovo missions.*
- *NATO Summit in Bucharest will mark the progress Romania made.*
- *Romania does not have to choose between the US and the EU.*
- *Improve the visa programs for USA. Attract more foreign direct investments from USA.*
- *Support pro-EU stance in Republic of Moldova.*
- *Redraw Romanian–Russia relations through direct dialogue, pragmatism.*
- *Romania is interested to see Ukraine follow an ascending trend.* ("Romanian diplomacy is setting its strategy for next decade at Bucharest conference", 2007)

These directions in foreign policy set up by the cabinet in late 2007 have been more than partially achieved. An important mark of the completion of some of the tasks set out by Adrian Cioroianu is that Romania arbitrated and tried to mediate Serbia's relations with the European Union when they were put into

question by Kosovo's independence. According to Frederick Kempe, head of the US think-tank at the Atlantic Council, he position adopted by Romania regarding the independence of Kosovo was not hazardous, but well debated, listened to and understood by European and American alike. In an interview (Blajan, 2008), he said that Bucharest was already playing the role of a mediator between Serbia and the EU/NATO, but that its role could improve as Belgrade moved forward towards European integration.

Romania and Bulgaria, which not long ago became EU member states, still have problems with their justice systems and corruption. Aside from the judicial system per se, corruption, the fight against organized crime, money laundering, and police cooperation are highlighted by the EU Final Monitoring Report as issues that still demand attention in Bulgaria. Romania is considered to have made somewhat more progress in these fields; however, the report underlines the need for continued efforts in reforming the judiciary and fighting corruption (European Parliament, 2006). Romania and Bulgaria, in spite of remaining institutional weaknesses, have nevertheless succeeded in being recognized as the more successful Black Sea states, in terms of state building and democratic reform. The approach to these states on the part of the EU, comprising a decisive engagement through economic support coupled with strict conditionality, is among Romanian academia referred to as a concept that could successfully be applied to other Black Sea States facing problems similar to those faced by Romania and Bulgaria during the 1990s.

The accession of Romania and Bulgaria incorporated two Black Sea states and thus brought the EU to the shores of the Black Sea. This implied a more engaging EU in regional cooperation ("The EU must feel at home by the hospitable sea", 2007). Romania, with its 22-million strong population, is particularly well-placed for a greater role, and has also worked toward this aim in the past.

While the Romanian government appears determined in seeking to develop a vision of the Black Sea, Romanian analysts not tied to government bodies express a somewhat more gloomy view of Romanian abilities in bringing the topic of the Black Sea Region to the European Union's agenda. Many say that present Romanian attitudes towards the Black Sea cover range of issues that is far too broad and vague. Romania would gain credibility and space of manoeuvre if it chose to focus on fewer, but more concrete issues that can be more easily translated into concrete projects. Doubts can be raised as to whether Romanian administrative capacity is capable of

living up to the ambitious ideas elaborated by the government. Furthermore, the question is whether scepticism toward BSEC would not be best addressed by steps to strengthen organization, rather than create parallel ventures.

Romanian EU membership brought increased credibility and legitimacy to Romania's role as a facilitator of cooperation around the Black Sea, and will bring added value to Romanian initiatives and engagement in the region. However, EU accession also obliged Romania to conform to a strategy toward the Black Sea. Romania's capacity for assuming the role of a bridge to the Black Sea Region is thus dependent on EU support for Romania's role in this regard. It is also reliant on the EU's readiness to develop a regional dimension for the Black Sea... High-ranking EU officials have also expressed in the past a willingness to support Romanian projects connected with the Black Sea, provided these are designed in a tangible and coherent manner.

The Black Sea Forum initiative represented Romania's increasingly explicit engagement in the field of Black Sea Regional cooperation. Since the election of Traian Basescu as president in December 2004, Romania has sought to elaborate a coherent strategy in this regard. From a Romanian perspective, the benefits of assuming a more forthcoming role as an actor in the region are threefold. First, a display of international initiative boosts Romania's image on the domestic arena. Second, engagement with Black Sea regional cooperation provides Romania with a profile and a special competence as a fresh EU member. Third, the elaboration of functioning frameworks for regional cooperation is crucial to Romania's own strategies for national security, as these grant Romania instruments for addressing its controversies with Ukraine over Serpent Island and the Danube Delta, and is logical regarding its concerns over the Transmission conflict. Romania has long been part of regional cooperation frameworks like BSEC, but the current presidency seems somewhat disillusioned with this regional organization. Many Romanian officials agree that BSEC has accomplished little practical cooperation in terms of joint economic projects between Black Sea states. In addition, the scope for cooperation within BSEC is viewed as being severely restricted by the agendas of Russia and Turkey, and the organization's perceived failure in this regard was an important motivation for the arrangement of the Black Sea Forum initiative. Even though Russia isn't represented at a high level in the Black Sea Forum, this kind of cooperation arrangement can develop many foreseeing directions. As always when it comes to the

Russian Federation, the Black Sea Forum didn't enjoy a high level of participation from Russia. Mihai Răzvan Ungureanu, Romania's minister of foreign affairs at that time, stated that: "*I'm not interested in the level of representation; of course our interest is that it will be the highest. But there is a good reason, probably, some degree of reticence, in the first instance, but then, in relation with the results, an adherence to the project. That's what happened to Euro-region of the Black Sea. It all started out cautiously, that after, at the end of Romania's presidency of the council of Europe, the Russian Federation would show that it whishes to embrace the project, and it wants to continue and perpetuate it*" ("Black Sea Forum", the first Summit of Bucharest, 2006).

The mutual commitment between the EU and Romania for Romania's initiatives in the black Sea was made instrumental through this arrangement of cooperation, the Black Sea Forum. The Joint Declaration of the Black Sea Forum for Dialogue and Partnership underlines this aspect: "[it] *welcomes the increasing interest of the EU in the Black Sea region and take note with appreciation of the recent initiatives undertaken by EU member states, resulting in the undergoing efforts within the EU to elaborate a comprehensive regional approach for the Black Sea, which should significantly contribute towards achieving the goals we all share. In this context, we encourage the EU member states and the European Commission to make full use of their policy and financial instruments available for the region from 2007 onwards, including the European Neighbourhood Policy, the European Neighbourhood Policy Instrument (ENPI) and the Instrument for Pre-Accession (IPA). We also welcome the involvement of development, financial and cultural partners in the Black Sea region.*" (The Black Sea Forum, 2006)

EU officials share doubts in Romania's abilities, and stress that Romania's main obligation upon joining the EU is developing the security of its external borders. It may be argued whether Romania has the ability to promote economical exchange across the European Union's external border while at the same time adhering to EU security requirements. The success of regional initiatives such as the Black Sea Forum was dependent on a delicate balancing act where the interests of key players Russia and Turkey had to be accommodated. Romania accordingly sought to utilize all diplomatic means available to ensure Russian participation, and the Black Sea Forum agenda was designed specifically not to be offensive to Russia. However, these efforts did not prove sufficient and the Black Sea Forum experience constitutes

an example of the difficulties present in promoting cooperation initiatives by small actors in the region.

In 2007 the European Parliament adopted a resolution proposed by the Romanian MP Roberta Alma Anastase. The resolution stresses that the Black Sea regional policy approach must be used neither to provide an alternative to EU membership nor to define the frontiers of the EU. Regional cooperation in the Black Sea region should involve the EU, ENP countries, candidate country Turkey and Russia as equal partners. Furthermore, Romania is nominated as having a dominant institutional role in this region ("Joint Statement of the Ministers of Foreign Affairs of the countries of the European Union and of the wider Black Sea area", 2008).

The European Parliaments could summon the Black Sea Forum to implement its initiatives that involve non-EU states. The framework not only permits this kind of action, but encourages them: "V. d) Cooperation with the EU institutions for the implementation of proposals discussed within the Forum would be sought and based on the added value of these proposed projects to existing and future EU instruments, bearing in mind wider regional needs and considerations. e) The responsibility for the implementation of agreed projects (coordination, format of meetings, identification of donors and facilitators, etc) that are not funded by the EU in the framework of the Forum lies mainly with the initiating country/countries." ("Joint Statement of the Ministers of Foreign Affairs of the countries of the European Union and of the wider Black Sea area", 2008). Romania's President Traian Basescu has already stated that the Black Sea Forum states are willing and ready to discuss with the European Union the problems Black Sea countries face, such as drugs, arms and human trafficking ("Crouch Coming to Discuss Black Sea and Iran", 2006)

As far as national security is concerned, both former Romanian president Ion Iliescu and current president Traian Basescu have opted for a strategic alliance with Washington and London instead of backing France's attempts to build a more autonomous European Security and Defense Policy (E.S.D.P.). This is the fundamental lesson of the 2003 European crisis following Paris's, Berlin's and Brussels' refusal to take part in Operation Iraqi Freedom. In President Basescu's view, Romania national security is dependent on the stability of the Black Sea Region. Thus through "Romania at the Black Sea", the president envisages a Balance of Power in the Black Sea Region, with Romania as the emerging predominant international actor in the area.

The European Commission's report on the first year of implementation of the Black Sea Synergy salutes the progress that has been made under the umbrella of this programme: „*The initial results of the Black Sea Synergy reveal the practical utility and the potential of this new EU regional policy approach. The launch phase of the Synergy has been completed and implementation has begun. Participants favour the establishment of a long-term Black Sea cooperation process and have formulated converging ideas about its content and arrangements. Experience in the first year also demonstrates that the development of EU-supported Black Sea regional cooperation is a process taking place in a complex environment. Continued progress requires the consistent and active involvement of a growing number of actors, including both Member States and Black Sea partners. As in the first year, the Commission will be ready to contribute to this important work*" (European Commission, 2008).

The report also mentions the meeting by foreign ministers in Kyiv in February, 2008, which shaped some areas of development towards cooperation in the region. A foreign ministers' meeting has taken place at the initiative of the European Union involving all regional partners, the EU member states and the EU institutions. The meeting launched the Black Sea Synergy as a common endeavour. A Joint Statement was adopted by participants ("Joint Statement of the Ministers of Foreign Affairs of the countries of the European Union and of the wider Black Sea area", 2008). It welcomes the Black Sea Synergy and states that greater involvement by the European Union can increase the potential of Black Sea regional cooperation. The Black Sea Synergy will benefit from the European Neighbourhood Policy and other EU policies applied in the relationship with countries of the region. EU support to Black Sea regional cooperation is aimed at producing tangible results in a number of priority areas, notably energy, transport, communication, trade, environment, maritime policies, fisheries, migration, law enforcement and the fight against organized crime. The statement adds that increased EU engagement has the potential to bring benefits also in the fields of trade, science, research, culture and education as well as employment and social affairs.

Benita Ferrero-Waldner, Commissioner for External Relations and Neighbourhood Policy, commented upon the Commissions report with the following words: "*The Black Sea Synergy is bearing its first fruit in promoting stability, and prosperity in this area to the east of the EU. It does this through a wide range of projects aiming at: combating climate change, establishing regional fisheries management, focusing on*

protecting the Black Sea, stimulating cooperation in the fields of energy and transport, managing movement better by establishing a platform on migration. Furthermore the initiative also promotes democracy, respect for human rights and good governance in the Black Sea region. The initiative is now well-established and the Report makes proposals as to how we can take our work on this evolving partnership to the next stage" ("Way forward for the Black Sea Synergy", 2008)

In May, Poland and Sweden proposed an "Eastern Partnership" (Goldirova, 2008) between the EU and its neighbours Armenia, Azerbaijan, Georgia, Moldova and Ukraine - with Poland presenting the deal as a path toward EU membership. The initiative has seen some criticism from countries such as Bulgaria, who do not want to see the union's Black Sea Synergy undermined. But the Czech Republic, which will sit at the EU's helm in 2009, has thrown its weight behind the Polish-Swedish plan.

Traian Basescu was thrilled that the final document of the North Atlantic Council, elaborated in Bucharest, includes reference to the strategic importance of the Black Sea region. But the EU doesn't seem to direct much interest in the Romanian doctrine: in March 2008 at the creation of the Mediterranean Union, no thought was spared on the Black Sea Region ("Joint press declaration of Romania's president Traian Băsescu, and of Prime Minister Călin Poescu Tăriceanu, 2008).

Romania is now at a standpoint; it is now cut in the middle, in the mist of French, European, American, and its own interests concerning the Black Sea Region. Romania is the most important EU member in the region, and so in exploring the relations of the European Union to the Black Sea Region we must focus on Romania's foreign policy as a local actor in the area and a member of the European Community.

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THE BLACK SEA REGION AS PART OF THE EU "SYNERGETIC" PLATFORM OR VIEW OF UNDERESTIMATION?

Sergii Glebov

Does the EU have geopolitical ambitions? "With Bulgaria and Romania joining the EU just over one year ago, the EU is no longer an external actor in this region. Now we are irrevocably part of the region, with our future security and prosperity intimately bound up in its fortunes" (Ferrero-Waldner, 2008). With this words uttered by Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood Policy, in her speech "Black Sea Synergy: the EU's approach to the Black Sea region" during the Black Sea Synergy Ministerial Meeting in Kyiv (Kiev), Ukraine on February 14, 2008 the EU has entered the new stage of regionalism in Europe, already being equipped with the new policy proposed to the entire Black Sea European sub-region.

THE EU'S INTEGRATION VS REGIONAL GOVERNANCE OUTSIDE THE EU: IS THE BLACK SEA REGION IN BETWEEN?

Formally, this new policy was institutionalized with the adoption of the Black Sea Synergy initiative (COM, 2007) launched by the European Commission on April 11, 2007 under the framework of the European Neighbourhood Policy (ENP) as a materialization of the EU's "consciousness" of its "new presence on the shores of the Black Sea" and the EU's "dual sense of responsibility and reliance" (Ferrero-Waldner, 2008). For the EU, this new stage of regionalism means that, itself being the geopolitical space, it has met the new geopolitical space, interacting and partly integrating it. Thus, the essence of the current EU's Black Sea "regionness" (in Björn Hettne's meaning) which is under elaboration from mere regional policy into, as may be awaited, effective Black Sea strategy, combines features both of internal integration and simultaneous regional governance outside the EU.

By that, the specifics of the EU relationship to the Black Sea region is rather controversial. The key methodological puzzle for the EU policymakers is as follows: yes, indeed, the EU has become part of the Black Sea region, but the Black Sea region

has not become part of the EU. That means that for the EU's CFSP and ESDP it will be hard to deal with regional agendas so that they fully correspond with the EU's priorities because it has no direct jurisdiction over the major part of the region, excluding, of course, the territory of Romania and Bulgaria. The EU will have to face the alternative, even contradictory, regional approaches other Black Sea littoral states may have and pursue. It looks as thoughbeing "just part of the Black Sea region" is not quite enough to defend the political, security and economic interests of the EU-27 and no guarantees they will not be threatened in the future may be given due to the lack of power in outside regional governance mechanisms.

The EU, with the assistance of a variety of conceptual approaches to modern European regionalism basically connected to "conceptualization of the 'new regionalism' and accounts of the changing territorial structure of the state" (Deas and Lord, 2006: 1847) has more or less adopted internal European regionalism and its understanding. As Iain Deas and Alex Lord from the University of Manchester point out when making "attempts to interpret the resealing of governance and the reterritorialisation of the state" in the EU, the current discussion on European regionalism is predominant "by the growth of interest in European spatial planning over the course of the 1990s" and is elaborated on "new regional configurations which now extend across the territory of the European Union", in the context of which it is essential to understand "the degree to which readings of new regionalist rhetoric have informed both the creation and substance of a number of recently conceived regional entities" (Deas and Lord, 2006: 1847). But external regionalism in Europe is outside the EU's monopoly on understanding its own "new regionalism" within the EU, because once the EU is trying to join regional agendas outside its jurisdiction, it loses the monopoly on "new international regionalism" as it encounters new actors. It means that at the first stage of the EU's geographical penetration into the Black Sea region (where, let us remember, the EU is part of the region, but the region is not part of the EU), the EU must be interested to use as much as possible of those mechanisms of regional governance which are presently at the EU's disposal.

THE EU AS PART OF THE BLACK SEA REGION

Today there are several factors which identify the EU as part of the Black Sea region, where the EU is partly represented:

a)   as its integral geographical segment with Romanian and Bulgarian accession,

c) as European geopolitical space with special attention paid to the middle-level status of Turkish integration, Ukrainian European aspirations within European Neighbourhood Policy and special partnerships with Russia,

d) as a European space of values which all Black Sea littoral states—including Ukraine, Russia and Georgia—have proclaimed they are going to share,

b) as a subject of energy security architecture, being an interested consumer of Caspian oil and gas and, also one of its transit hubs with the Bulgarian and Romanian Black Sea coasts and corresponding Greek activity in the energy field,

e) as a mediator in the conflict zones, which importance strengthened extremely during and after Russia-Georgia conflict over South Ossetia, and

f) as the subject of combating "soft security threats" on the boundaries of the EU which are finding their sources on the over the EU border, including the boundaries of the non-EU Black Sea space.

At the same time, despite the evident importance of the Black Sea region to the EU even before the last Black Sea accession in 2007, the policy of the EU towards this European sub-region, which has, frankly, underestimated the role of the Black Sea region in European agendas until recent time, for a number of years has been progressing from:

1) merely a sporadically oriented reaction—"from time to time"—on some regional problems which were outside direct European interests to

2) the long-term strategy-building approach on the basis of the newly proclaimed Black Sea Synergy instrument which is manifesting itself somewhere halfway along the road to the full-scaled kind of strategy usually known as the EU's "dimensions": the "Black Sea Strategy for the Southern dimension" in comparison, for example, with the "Baltic Sea Strategy for the Northern dimension".

THE BLACK SEA SYNERGY: COMMON INTERESTS

From that perspective, it is very important to identify the EU's Black Sea Synergy instrument. Great attention is being paid to the promising Synergy initiative, which is designed to resolve the second part of the geopolitical puzzle for EU policymakers as regards the region: how to balance a relationship in order to have the Black Sea region as part of the EU to secure peace, stability and economic cooperation for Europe. Recalling the thesis on the controversial nature of the Black Sea region in combination with the EU, the mission of the Black Sea Synergy may be presented

in the guise of an instrument complementary with the already existing bilateral policies with the countries in the region. Its added value is that it is trying to "wrap up" the region into one system to construct a new single partner for the EU in the face of a structured European sub-region with the Black Sea and with common shared values in the centre. On the one hand, it was not "the Commission's intention to propose an independent Black Sea strategy, since the broad EU policy towards the region is already set out in the pre-accession strategy with Turkey, the ENP and the Strategic Partnership with Russia" (COM, 2007). On the other, with Bulgaria and Romania inside the EU the European Commission had to present an effective instrument to identify the Western part of the Black Sea region as part of the EU. The features of European integration and, at the same time, external regional governance can be seen in the proposed Synergy as a starting point for the EU and may be illustrated by another original extract from the document: "What is needed is an initiative complementary to these policies that would focus political attention at the regional level and invigorate ongoing cooperation processes. The primary task of Black Sea Synergy would therefore be the development of cooperation within the Black Sea region and also between the region as a whole and the European Union. This fully transparent and inclusive initiative is based on the common interests of the EU and the Black Sea region and takes into account the results of consultations with all Black Sea states" (COM, 2007). For the EU, common interests are key to the Black Sea region. The effectiveness of the proposed Synergy will become evident very soon, especially as Benita Ferrero-Waldner highlighted, as the EU intends to go deeper inside the most acute regional agendas and be involved in them: "The time is ripe to focus political attention at the regional level and invigorate ongoing co-operation processes, opening an additional space for cooperation with Russia, Turkey and our eastern ENP partners. I am also hopeful that Black Sea Synergy will contribute to creating a better climate for the solution of the "frozen conflicts" in the region" (Press Releases RAPID, 2007).

MEETING THE BLACK SEA REGION

The issue of "frozen conflicts" in the region, with their destructive potential has already become the new real agenda for the EU's regional policy, just as the energy security—another "soft security" agenda—seemed to be developing in a way satisfactory to Brussels. In all events, the geopolitical appearance of the EU on the

shores of the Black Sea makes the EU a new regional player with a stabilization mission that must be accepted positively for the security conditions in the region. The way in which the South Ossetia conflict in August 2008 quite suddenly fell into the hands of the EU peace monitoring initiative was pushed forward by the French President Nicolas Sarkozy only confirms this last thesis.

Nevertheless, although having strategic importance to the EU from the very beginning of the post-Cold War era, the Black Sea region seems to have remained outside the strategic concern of the EU until "triple 08". Many experts and colleagues with whom I have talked over the course of numerous international conferences and private conversations have confessed that the EU did not have a real strategy towards Black Sea region, at least until last August.

To understand the difficulties the EU has been facing when dealing with the Black Sea region as a political system, one should not ignore some key quantity and quality parameters of the Black Sea system.

The Black Sea region is a key region in the South-East which has been providing its geopolitical space for simultaneous transit flows of gas and oil out of the Caspian Sea, Middle East, and Central Asia and from the territory of the Russian Federation. The definition of the region in terms of its boundaries is quite "broad". This region collects not only the littoral states of the Black Sea—Bulgaria, Georgia, Romania, Russia, Turkey, and Ukraine and some "border" countries like Moldova, but stretches to the western coast of the Caspian, including Azerbaijan and Armenia in the East, and to the Eastern Mediterranean, including the Balkans in the west. Such a conglomerate of different interconnected sub-regions is usually referred to conceptually as the Wider Black Sea region. The internal unity of the Black Sea region as political system and geopolitical space of economics was formalized with the "informal" establishing of BSEC in 1992, but its functional integrity as well as geopolitical importance for the rest of the world has been doomed to be supported by gas- and oil- pipelines, local excavations and transit, and theoretical energy projects, even though BSEC does not regulate the energy policy in the region.

TOP REGIONAL AGENDAS FOR THE "BLACK SEA" EU: JUST A FEW EXAMPLES FROM THE CASE OF ENERGY SECURITY

The general atmosphere of geopolitical competition in the post-Soviet space, with the involvement of the USA, NATO and the EU, makes energy security issues in

the Black Sea region a top problem for all parties involved. Partly because of that, in the Black Sea region we can almost see new rules being created in the energy field due to the enormous number of energy actors, but only energy clashes and competition inspired by the unstable geopolitical situation make sense. That is why, paradoxically, here in the Black Sea region we can admit a number of different gas- and oil- pipelines propositions, both in action and so far on the map only.

It is essential to take the case of energy security as the most acute security agenda for the EU in connection with the Black Sea region in order to be able to illustrate future trends in European politics towards the Black Sea region, even without any direct link to the consequences of the South Ossetia crisis. The dependence of the EU on Russian energy did not evaporate after August 2008. The security discourse between the EU and Russia made a significant shift to the sphere of energy security, where the Black Sea is under special attention and detailed focus, a long time ago.

In this respect, the regional interests of the EU and Russia coincide totally: both centres of power are interested in maintaining stability in the Wider Black Sea Region, especially when the EU has a common border with Russia in the Baltic Sea region and a strong but paradoxically fragile energy interconnection with Central-Eastern Europe via Ukraine and Belarus. Because of contradictions with Ukraine in January 2006 and October 2007 and with Belarus in January and August 2007, the "Central European dimension" of EU-Russian energy relations is under a threat of destabilization from time to time. The future " age-old Soviet idea" (Socor, 2002) the Novorossiisk-Burgas-Aleksandroupolis oil route, supported by the European Commission (Zubkov, 2006), and the South Stream gas project, very active in 2007, aimed at another of Russia's regional counterparts, Greece (involving Bulgaria and Serbia), will only strengthen such interconnection on the Southern flank with the materialisation of the "Turkish" Blue Stream II, still under consideration, and may articulate some firm balance in energy security between the EU and Russia in the Black Sea Region in order to minimize above-mentioned fragility in the Central European direction.

Contrarily to the Northern EU-Russia flank, there is at least one interesting detail on the Southern flank as regards energy security. Due to uneasy relations between Turkey and Greece there is a tendency to see "Turkish" Blue Stream II and "Greek" South Stream as competitors. But the key to both Streams, already stressed above, is in one hand—the hand of Russia—by which it may counterbalance Turkish and Greek interests in order to gain more from both partners. The South Stream

does not dismiss Blue Stream II, said Deputy Head of Gazprom Aleksandr Medvedev in June 25, 2007, emphasising that South Stream was not an alternative to already existing projects (Medvedev, 2007). As regards the benefits of counterbalance, Aleksandr Medvedev stated that Russia plans to create a complex system of gas exports in the future, of which all new gas pipes will be a part (Medvedev, 2007). It looks like Russia in 2007-2008 (maybe for the first time since the 1990s) may earn benefits from both key regional sides at the same time—Turkey and the EU with Greece, especially as Russia now simultaneously benefits from a new partnership with Ankara and traditional close, even "cordial" relations with Athens. That is why it is no coincidence that both Moscow and Athens have facilitated bilateral dialogue on energy by the end of 2007 and have not lost any opportunities to strengthen bilateral strategic partnership in the armaments market place. For example, Greek Prime Minister Kostas Karamanlis arrived in Moscow on December 17, 2007 to discuss the construction of the Burgas-Alexandroupolis and the South Stream oil and gas infrastructure. Athens would also like to buy 450 Russian BMP-3 infantry fighting vehicles for 1,2 billion euros, and the issue was also on the agenda of the Moscow talks (Geropoulos, 2007). It also looks like Moscow is enjoying its current position between of Ankara and Athens. Onew diplomatic illustration of this fact could be a speech by the Russian Ambassador to Athens Andrey Vdovin, who highlighted relations between Ankara and Moscow, who stated that "Russia has very good relations with Turkey. Greece also needs to improve relations with Turkey, they are okay, but they could get better" (Geropoulos, 2007). It may be symbolic that this took place at the Turkish Embassy in Athens on the occasion of Turkish National Day on October 29, 2007.

Even the Austrian-led project Nabucco, mentioned earlier, with its 3,300 km pipeline carrying Central Asian gas via Turkey to Europe, thus bypassing Russia (Strohecker, 2007), will not necessarily shake the Russian energy position in the region. For example, on December 29, 2006 *The Economist* stressed the strategic importance and peculiar ambiguity of the Nabucco project: "Nabucco, a trans-Balkan pipeline which aims to bring Middle Eastern and Central Asian gas to Europe via Turkey's excellent gas infrastructure, will be at the heart of the power struggle. The EU counts this as one of its top energy priorities. But without individual customers willing to sign up, and pay up, for its construction, buying more Russian gas through existing pipelines will seem an easier and cheaper option.

In 2007 Nabucco will be forced to accept Russian involvement, including a hook-up to the underused Blue Stream pipeline that links Russia and Turkey" (*The Economist*, 2006). It is hard not to agree that "with its full annual capacity of some 30 billion cubic meters of gas, Nabucco will only be a "supplement" to supplies the EU receives from Russia, Norway, Algeria, and other parts of the world" (O'Rourke, 2006).

At the same time, there is also a potential knot of competition between the EU and Russia in the energy sector. There is another energy link, which may connect the EU with the Black Sea via Ukraine: the Odessa-Brody-Plotsk (Gdansk) oil pipeline project, which we have already mentioned. Poland, as well as the EU, is also interested in such a project. The press release issued by the European Commission to Ukraine and Belarus on August 8, 2005, noted that "The construction of the Black Sea-Ukraine-Poland oil transportation corridor is a crucial infrastructure project in the context of EU and Ukrainian policies for security of oil supplies" (The European Commission's Delegation, 2005). In the light of the strong and unstable energy dependence of the EU from Russia, the reasonable question appears: "Have no alternative routes been considered in the past, and if there were, why were they rejected?" (Kupchinsky, 2007) The Odessa-Brody pipeline, constructed eight years ago and working though in reverse, pumping Russian oil to Odessa for five years now, has from the very beginning held the status of an alternative route for the EU. At the same time, EU financial involvement in completing the Brody-Plotsk pipeline section was passive due to the lack of political will to oppose Russian geoenergy interests by approving Odessy-Brody-Plotsk construction.

Nevertheless, by the end of 2007 some progress in elaborating the project had been made from among those directly involved: on October 10, 2007 the presidents of Azerbaijan, Georgia, Poland, Ukraine and Energy Summit host nation Lithuania, looked upon both as government ministers and state oil company heads, approved an accord enlarging the "Sarmatia" consortium, which is to create a new oil route linking the Caspian and Baltic seas, based on an existing pipeline running through Ukraine, with the aim of opening the taps by 2011 (Agence France-Presse, 2007). Moreover, in early July 2008 the Ukrainian side made a signal to Russian partners that Kyiv is ready to use Odessa-Brody in its original, avers regime. Putin's Government had already expressed its worries as to the possible changes. Following this, let us predict that the EU middle-term strategy in the Black Sea region will be partly focused on the Odessa-Brody-Plotsk project. Thus, the principal rationale for

the EU is to achieve three main objectives. First and the most challenging: to make clear for and be confident in itself that this project is so vitally important for the EU that it will be ready to lobby it in confrontation with Russia in order to overcome Russia's resistance and to convince Ukraine to restore avers direction. Second: to find and be ready to spend the necessary funds to stretch the pipeline from Brody in Ukraine to Poland's Plotsk. Third: to be ready to consider Ukraine as a long term strategic collaborate with integrative potential. Will the EU take the advantage and responsibility in a long geopolitical and energy security game in the Black Sea region under such circumstances? The question may remain rhetorical, but vital for all involved parties, especially for Ukraine.

"FROZEN CONFLICTS": WHY IT MATTERS FOR THE EU. ANOTHER EXAMPLE OF INVOLVEMENT

Another big issue—"frozen" conflicts and deep conflict potential, political and economic instability in some Black Sea and Caspian countries—makes regional stability fragile, insecure and in danger. Moreover, due to the key energy factor that makes the Black Sea region as an "energy region"—there have been relatively recent excavations of "new, young" Caspian oil and gas—we must speak about a single Black Sea-Caspian region, which adds not only opportunities for the unstable Black Sea region, but also extra risks and challenges from the Caspian region.

In a result, we have quite an unstable mixture of different threats which may be activated to destabilize economic and political interconnection in the Black Sea region in a scenario where geopolitical competition may run out of peaceful resolutions. And one should not forget that satisfactory conditions of security in the Black Sea region are directly linked to one of the most important spaces of global concern where influence on global agendas is one of the most powerful—it touches upon the economic stability of the EU, Black Sea littoral states, the Russian Federation and a number of European and Asian sub-regions, as well as Euro-Atlantic stability and world security as a whole. The most recent events in Georgia only develop such scenario.

Putting aside the conflict in Georgia itself, we should be more interested now in those "frozen conflicts" of the region which are still under control through the EU's resolve to make all possible efforts not to activate them. Another most evident regional problem and contradiction between Brussels and Moscow is the situation

in Moldova and Transnistria. The EU and Russia have different approaches to the issue of Transnistria. At the same time, both Brussels and Moscow are interested in peaceful resolution of the conflict between Chisinau and Tiraspol, though Brussels is concerned with the protection of its boundaries in South-Eastern Europe, while Russia is playing a long-term geopolitical game in the post-Soviet space. In this issue, the foreign policy of Romania towards Moldova may be crucial in identifying future EU-Russian relations in the Black Sea region. The European Union Border Assistance Mission to Moldova and Ukraine launched on November 30, 2005 with its headquarters in Odessa may become a key promoter of EU policy in the Northern-Western part of the Black Sea region. The fact of the appearance of such a EU institution itself shows the EU's strong intention for long-term regional involvement in the security field. That is why the decision taken by the European Council in June 2007 to extend the mandate for EUBAM to Moldova and Ukraine for the next two years—so far until 2009—sounds reasonable and timely.

THE EU AND BSEC

Apart from the Russian factor, the EU will also be interested in strengthening its institutional relations with the main regional organization—the Black Sea Economic Cooperation (BSEC) that promotes common economic interests and, by doing this, increases security conditions in the region. Starting from January 2007, there are three EU countries in BSEC, which provides another impulse to the cementation of European space by facilitating EU-BSEC relations. Turkey, on track to join the EU, could also help to develop this relationship. Because of the EU's expanding interest in the Black Sea, Brussels could make use of Turkey's experience and contacts to bolster its ties in the region (Winrow, 2006: 57). For example, the "Ankara Declaration", adopted at the 17th meeting of BSEC foreign ministers in Ankara during the 15th presidential summit in Istanbul on July 25 (which marked the 15th anniversary of BSEC), may underline a new phase in BSEC-EU relations in the areas of implementation of energy, trade, transport and environmental projects with the European Union. Any other prospective regional agenda to establish a free trade zone in the Black Sea region, which became acute even before BSEC appeared, has no chance but to be coordinated in connection with the WTO accession history of some Black Sea countries, especially Ukraine, which may open the way to the free trade zone between Ukraine and the EU. A EU-BSEC free trade zone area may

function in the future for the majority if not for all BSEC countries, under the bilateral supervision of such institutional European bodies as the EU and BSEC. At the same time, the free trade zone agenda may appear on the list of contradictions between the EU and Russia, which also wants to establish a free trade zone within its Single Economic Space.

CONCLUSION

From the above it can be seen that the "hazy" process of the EU's penetration into the Black Sea European subsystem has been developing in the context of three acute "background" factors: 1) European integration as a pan-European phenomenon on the "western" side, 2) initiated fragmentation of the Black Sea region under the "new/ old" regional leadership of Russia and the changed position of Turkey on the other—"eastern"—side, and 3) international relations in the region itself, somewhere between globalism and regionalism.

Indeed, the EU has been transforming itself from the status of an "outsider" into an "inside" actor of the Black Sea Region. For the purpose of becoming an independent global player and another influential element of the Black Sea system in the light of current debates over CFSP and the Lisbon Treaty, the EU requires a new regional strategy vis a vis the "Black Sea dimension" andlooks to the developed EU's Black Sea Synergy in order to a) embrace "Black Sea" the interests of Bulgaria and Romania with the rest in the EU, b) strengthen the Greek position in the Wider Black Sea region, c) synchronize the policy toward Turkey, d) prioritize relations with Ukraine as a part of ENP which is under candidacy expectations, e) track the new EU eastern borders, including the visa regime, "soft" security challenges and the Transnistria case, f) assist in or confront the US and NATO strategies towards "hard" security issues in the Black Sea region, g) be ready to face and deal with Russian regional "super-power" influence in debating over energy and regional security architecture as a part of Europe and the Trans-Atlantic and h) to keep the consequences of the August crisis in South Ossetia and in Georgia under the special surveillance of Brussels for the sole purpose of blocking such destructive consequences on the territory of Georgia.

This last one factor has become the most tactically important circumstance at the moment, as it could alter the geographical map of Europe and totally deconstruct the EU's current Black Sea Synergy. From the Black sea region the EU

may find the call not to formulate the new strategy, but to immediately put into action the new wave of eastward enlargement. Will the "EU –Eastern Partnership" for the Black Sea countries of the former USSR, including Belarus but excluding Russia, newly proclaimed just a couple of months ago as a bilateral Sweden-Polish regional initiative and designed to strengthen geopolitical influence of the EU on the Russian sphere of influence to keep this space closer to the EU, survive? And the Romanian initiative to establish the Black Sea Euroregion, which was met critically by Moscow from the very beginning? As well as GUAM and the Commonwealth of Democratic Choice? After "triple 8" it looks as though we should be seeking answers to these regional questions on the global level. If the EU can find the "happy medium" between dilemmas of internal/external integration and challenges to regional governance outside the EU the answer to the question regarding EU's geopolitical ambitions will be positive.

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THE WESTERN BALKANS AND THE EU

ZOLTÁN VÖRÖS

The Western Balkans is an artificial EU term that has been around since 1999. It refers to the area of the former Yugoslavia (minus Slovenia, plus Albania) and includes (since February of 2008) seven countries: Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Kosovo, the Former Yugoslav Republic of Macedonia and Albania (See Figure 1). As yet, none of these countries have acquired the status of EU member. Since 1999, they have been on a special integration path: they are on their way to membership of the European Union—this is a statement, a general opinion of both the EU leaders and the member states, and it was "promised" (to them) during the EU Summit in Thessaloniki in June 2003 that their future was within the enlarged and united Europe, and that each of them could become full EU members with all the concomitant rights. But how and when this is going to happen? This is a question which can't be answered yet. The Community is facing problems, is still unable to handle the accession of the EU10[1] at institutional level[2], the final status of Turkey is also unresolved, and the Western Balkan states have as yet to meet criteria.

In this paper I have tried to sum up the territory and the process stances, focusing mostly on Croatia, possibly the next member of the Union.

Figure 1: Western Balkan states

Source: http://www.rec.org/SECTOR/assistance/masterclass.html

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[1] Cyprus, Latvia, Estonia, Lithuania, Poland, Czech Republic, Hungary, Slovakia, Slovenia, Malta

[2] The EU had to solve its internal problems before accommodating any new member after 2007. Under the current circumstances (Treaty of Nice) the Community cannot function with more than 27 member states. The EU Constitution and later on the Lisbon Treaty should have had this problem solved, but the rejections made any future accession nearly impossible. So without administrative reforms further accessions are nearly out of question.

THE ERA WITH WARS

In the last decade of the 20th century, the region was determined by a number of armed conflicts during the break-up of the former Socialist Federal Republic of Yugoslavia (Yugoslavia). This consisted of six republics (Croatia, Slovakia, Serbia, Macedonia, Montenegro and Bosnia) and of two autonomous provinces (Kosovo and Vojvodina) until 1991 and 1992, when the Yugoslav War broke (or Wars of Yugoslav Seccession) broke out. It comprised three wars fought from 1991 to 1995 and a fourth war fought in 1999. These four struggles have determined the future of the succeeding countries.

The wars exploded because of the ethnic conflicts among the peoples of former Socialist Yugoslavia, mostly between the Serbs and other nationalities. These conflicts were induced by the socialist leaders trusting in the eminence of the ethnic Serbians. As the Slovenians and Croatians began to build an autonomous state bureaucracy and started to seek full independence the Yugoslavian federal government led by Slobodan Milošević responded violently. Only international intervention could handle the conflicts and stabilize the region with the Dayton Peace Accord in 1995. Through this muddled era Yugoslavia broke up and 7 "new" states rose up (See Table 1). During the 1990s these countries were unstable democracies with really deep problems and the aggression threatened the neighbouring countries and Europe.

Table 1: The post-Yugoslav states

Country	Declaration of independence	Time of recognition by EC/EU
Croatia	25th June 1992	15th January 1992
Slovenia	25th June 1992	15th January 1992
FYR Macedonia	8th September 1991	June 1992
Bosnia-Herzegovina	15th October 1991 (5th March 1992 by parliament)	April 1992
Montenegro	3rd June 2006	12th June 2006
Serbia (since June 5th 2006. From 1992 until 2003: Federal Republic of Yugoslavia. From 2003 until June 5th: Serbia and Montenegro)	-	-
Kosovo	17th February 2008	Independence has only been partially recognised by the EU member states.

Source: Edited by the author

THE STATUS OF THE REGION

It is declared[3] that linking the region to the Community would be a win situation for both sides. The Union could help and also could profit from the (rising) importance of the Western Balkans in geopolitics, energy politics and economy. The region could benefit from being part of the world's largest common market. With more than 500 million[4] consumers the European Union is/will become one of the leading economic powers and may also play an active and influential role in world politics.

When the first neighbourhood policy was established (called "Wider Europe"), these states were also included under the policy. Later on, the region slowly separated from other (Eastern European and Mediterranean/Southern) neighbouring countries and became possible new members of the Union. After the Thessaloniki statement in 2004 the ENP (European Neighbourhood Policy) was established, but it dealt with the other regions—not with the West Balkans. The region "joined" the enlargement policy. But the process isn't that easy. And the problem is not the will—but the how. No routes or maps for negotiations were proposed in Thessaloniki, and not even a proposed accession date was discussed.

The Stabilisation and Association Process (SAP) has been started with the signing of the Stabilisation and Association Agreements (SAA). SAP is a process implementing those states which have expressed the wish to join the Community. The EU concludes Association Agreements in exchange for commitments to political, economic, trade, or human rights reform in a country. In exchange, the country may be offered tariff-free access to some (or all) EU markets and financial (or technical) assistance. Entering the SAA into force is a long procedure, because after the signature of the document all of the EU member states must ratify it. So this situation may even lead to a halt in the integration process which could bring about serious consequences.

"*If Europe fails to take decisive measures to truly integrate the Western Balkans, the region, released from the spiral of ethnic conflicts by the international community's effort (the EU institutions and funds playing a major role), may slip into another crisis, this time civilisational in nature, and lose all chances of integration with Europe in the foreseeable future.*"–Stanisław Tekieli[5]

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[3] Thessaloniki Agenda, 2003
[4] The population of the EU27 is approximately 500 million. Source: http://en.wikipedia.org/wiki/European_Union_member_state
[5] Stanislaw Tekieli: European Prospects of the Western Balkans -http://pdc.ceu.hu/archive/00002228/01/eu_prospects.pdf

The SAP is supposed to ultimately lead to EU membership of the Western Balkan states through the signature of the SAAs. However, it does not provide a guarantee that membership negotiations will be opened within any specific deadline. Unlike in the previous association agreements (EU10 in 2004), the SAP is not part of the accession process itself, but rather an external instrument   that will cause the countries who have signed the document to join the ranks.

EXPECTED BENEFITS FROM ACCESSION

Most important at present is the maintenance of peace and stability in the region. This can be achieved by playing the "EU member" card in internal politics. Public opinion in the Western Balkans is largely favourable to EU integration.[6] All the states and their leading politicians have committed themselves to EU accession and have started/implemented structural reforms.

Up until 2006, financial support from the EU was manifested in the CARDS (Community Assistance for Reconstruction, Development and Stabilisation) programme and another pre-accession instruments (PHare, ISPA, SAPARD). This was replaced in 2007 by the new Instrument for Pre-accession Assistance, generally known as IPA.[7]

"IPA streamlines all pre-accession assistance within a single framework. It places more focuson ownership of implementation by the beneficiary countries, on support for cross–border cooperation, and on "learning by doing". It prepares candidate countries to implement the regional, social, rural development and cohesion funds upon accession."[8]

The Western Balkans will receive around €3,5 billion under IPA for the period 2007–2011. This is the equivalent of €30/capita/year, far the highest amount provided by the Community to any region in the world. (See Table 2.)

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[6] According to a Serbian poll made on the Summer of 2007, only 15% of Serbians would vote against EU accession. Source: http://www.seio.sr.gov.yu/code/navigate.asp?Id=90

[7] IPA covers all candidate and potential candidate countries, i.e. the Western Balkans and Turkey.

[8] Communication from the Commission to the European Parliament and the Council – Western Balkans: Enhancing the European Perspective p. 19. Source: http://ec.europa.eu/enlargement/pdf/balkans_communication/western_balkans_communication_050308_en.pdf

Table 2: Financial assistance for the Western Balkan states under IPA

IPA in € Million	2007	2008	2009	2010	2011	Total 2007-2011
Croatia	141.2	146	151.2	154.2	157.2	749.8
FYROM	58.5	70.2	81.8	92.3	98.7	401.5
Albania	61.0	70.7	81.2	93.2	95.0	401.1
Bosnia-H.	62.1	74.8	89.1	106.0	108.1	440.4
Montenegro	31.4	32.6	33.3	34.0	34.7	166.0
Serbia	189.7	190.9	194.8	198.7	202.7	976.8
Kosovo	68.3	124.7	66.1	67.3	68.7	395.1
Total	**612.2**	**709.9**	**697.5**	**745.7**	**765.1**	**3530.4**

Source: http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/144&format=HTML&aged=0&language=EN&guiLanguage=en

Table 3: Benefits for the Western Balkan states and for the EU

Western Balkan States	European Union
Financial assistance	Market
Peace, security and stability	Peaceful neighbour/member region
Economic growth	Europeanisation
Market	Strategic geopolitical situation

Source: Edited by the author

CROATIA

Stabilisation and Association Process negotiations started on November 24th 2000, Croatia becoming the second Western Balkan state to start the Agreement process after FYROM. The Agreement was signed on October 29th, 2001. The SAA was ratified by Croatia in early 2002 and until the end of 2004 by the EU15 and by the European Community. The ratifying process was slow because of the lack of collaboration by the Croatian authorities towards the International Criminal Tribunal for Former Yugoslavia (ICTY).[9] The SAA finally entered into force in February 2005.

On February 21st, 2003 Croatia submitted their application for membership and the European Council (EC) granted the status of candidate country in June 2004. The EC, after a Summit in December, 2004, decided to commence entry negotiations on March 17th, 2005. But on March 16, the day before the talks should have begun, the Community postponed the date for an unknown term because of

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[9] Croatia had to extradite several soldiers who served in the former army and fought in the war to the International Criminal Tribunal for the Former Yugoslavia (ICTY). Croatia's relations with the court was criticised by EU officials and the question was also cited in domestic politics. The ratification of the SAA with Croatia had been stalled because of this.

an ICTY report. Monitoring had lit upon the truth regarding the weak attempt to capture the fugitive general Ante Gotovina (accused for war crimes and crimes against humanity).[10] Finally, six months later, the actual talks and accession negotiations started on October 3rd, 2005.

The Commission's report in 2007 on the Croatian accession progress states that the negotiations had continued as planned and that after the screening process more than thirty reports had been made. Negotiations have been opened on fourteen chapters[11], temporarily closed in two cases[12] and were postponed on ten chapters[13].

"*The political and economic dialogue between the EU and Croatia has continued*," the report states. Meetings are focusing on the "*main challenges faced by Croatia under the Copenhagen political and economic criteria and reviewed progress being made towards fulfilment of Accession Partnership priorities. Implementation of the* [..] *SAA has largely continued without major difficulty. The EU provides guidance to the authorities on reform priorities through the Accession Partnership.*"

The assistance of IPA in 2007 (€ 141.2 Million – See Table 2.) concentrated on "*institution building and preparation for the implementation of the EU's common agricultural policy and cohesion policy.*"

Officials projected the accession of Croatia for 2009 or 2010, because all acquis communautaire chapters will be closed in 2009.[14] The European Parliament (EP) congratulated "*the Croatian authorities for the rapid progress made so far in accession negotiations*" in April 2007.[15] But the EP also suggested that Croatia should "*make further efforts*" in some areas, like "*strengthening its capacity to implement Community environmental legislation.*" The EP pointed out that "*having an open, competitive market economy is a fundamental requirement for EU membership.*" In addition, the committee "*calls on Croatia to cooperate fully with the ICTY. Croatia's institutions and political parties should counteract the public's perception of the ICTY*". The Parliament urges "*both the Croatian and the Slovenian governments*

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[10] Finally, the Spanish police arrested Gotovina on December 7th 2005 on the Spanish island of Tenerife. After his arrest the ICTY certified that Croatia had co-operated with the Tribunal. Ante Gotovina's trial started on March 11th 2008 in the Hague.

[11] Science and research; education and culture; economic and monetary policy; industrial policy; customs; intellectual property rights; services; company law; statistics; financial services; financial control; information society and media; consumer and health protection; external relations

[12] Science and research; education and culture

[13] Public procurement; competition policy; justice, freedom and security; social policy/employment; capital; goods; agriculture; environment; food safety; regional policy

[14] Or are expected to be closed in 2009

[15] Croatia: good progress towards accession and some issues remain, European Parliament, http://www.europarl.europa.eu/sides/getDoc.do?language=EN&type=IM-PRESS&reference=20070420IPR05684

to exploit all the opportunities available in order to reach an agreement on all their pending border issues, taking into account the agreements reached so far and the conclusions of the European Council of 17-18 June 2004".

Politicians from Central European countries have predicted that Croatia will be ready for a 2009 accession and support this aim.[16] In March 2008 a number of declarations related to Croatia's membership made an appearance. In an interview it was stated that membership was expected to take place only between 2012 and 2015[17], but a few days later this was corrected to a 2009/2010 date[18]. So the exact date is still unknown, but according to the status of the process, Croatia will be ready for membership in 2010.

Comparison - The in-between situation

Croatia is in the same process through which Slovenia went: distancing itself from the post-Yugoslav area. The country is much more developed in economic terms than the other Western Balkan states or even those Eastern Balkan—states that are already members. But in the question of democratization there is still a long way to go, although Croatia is going through significant changes. The best index for evaluating the countries with the help of a number of criteria is the Bertelsmann Transformation Index (TDI). This is a thorough way to examine the political and economic status of countries. The Status Index, published by BTI, ranks countries according to their state of democracy[19] and market economy[20]. BTI countries are selected according to the following criteria: they have yet to achieve a fully consolidated democracy and market economy, have populations of more than two million (excepting four states chosen as particularly interesting cases), and are recognized as sovereign states. In 2008 the BTI scanned 125 countries.

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[16] "*Croatia's EU accession talks may be completed in 2009*", Czech EU Affairs Minister Alexandr Vondra said. "*It is realistic that the talks would successfully end under the Czech or Swedish EU presidency next year. I can see no direct link with the Lisbon treaty. Croatia's entry is possible even without it*" Prague Daily Monitor: Vondra: Croatia's EU accession talks may end in 2009. http://www.praguemonitor.com/en/414/czech_national_news/27550/

[17] http://balkaninsight.com/en/main/news/8433/

[18] http://www.mvpei.hr/custompages/static/hrv/templates/_frt_Priopcenja_en.asp?id=3649

[19] Five factors: state, political participation, rule of law, stability of democratic institutions, political and social integration

[20] Seven factors: level of socio-economic development, organization of the market and competition, currency and price stability, private property, welfare regime, economic performance, sustainability

The BTI 2008 ranks Croatia close to the Central and Eastern European states and in a better position than the two Eastern (Bulgaria and Romania) and the other Western Balkan states. (See Table 4.)

Table 4: Croatia, Eastern Balkan states and some CEE states political and economic transformation according to BTI (2008) on a 1 to 10 scale – where 10 is the Best

Country	Political transformation	Economic transformation
Czech Republic (1)	9.55	9.57
Hungary (5)	9.35	9.00
Poland (11)	8.80	8.71
Croatia (14)	8.85	8.29
Bulgaria (15)	8.70	8.18
Romania (17)	8.55	8.07
FYROM (22)	7.55	7.29
Montenegro (30)	7.85	6.71
Serbia (31)	7.75	6.64
Albania (33)	7.50	6.64
Bosnia-Herzegovina (40)	6.70	6.32
Kosovo (not yet rated)	-	-

Source: BTI 2008: http://www.bertelsmann-transformation-index.de/fileadmin/pdf/ Anlagen_BTI_2008/BTI_2008_Ranking_EN.pdf

So, after fulfilling the requirements, the only blocking factor according to membership is the Community's institutional system. Croatia is developed enough both politically and economically to join the European Union.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Macedonia was the first Western Balkan country to start SAP negotiations with the EU, on April 5th, 2000. The Agreement was signed one year later, on April 9th, 2001 and was ratified by Macedonia just 18 days later. The SAA—after the ratification process—entered into force in April 2004. On March 22nd, 2004 the Macedonian government submitted its application for EU membership. The European Council granted the candidate status for membership on December 17th, 2005, conceding the progress that the state has made in meeting the Copenhagen criteria.

But since the end of 2005 no further steps have been made: while Croatia had began membership negotiations in 2005 and will possibly finish them in 2009, Macedonia hasn't even started them yet.

The major obstacle to starting the accession process is the Republic's still-unresolved argument with Greece over its name.[21] The country wants to be called by its constitutional name, the Republic of Macedonia, and not by the name adopted by the UN because of the Greek objection. In summer 2008 Brussels decided that an acceptable solution should be made, otherwise the acquis communautaire chapters would stay unopened.

Related to this question is the country's bad relationship with its neighbours, especially with Greece and Bulgaria, which are also obstacles. In July 2007 Bulgaria Foreign Minister Ivailo Kalfin announced that Skopje should *"respect the principles of good-neighbourly relations and refrain from aggression towards the Bulgarian nation or history"*.[22] The country's status report made by the Commission in 2007 criticises the state as regards the question of democratization and with respect to regional co-operation notes that *"relations with Bulgaria have been developing"* and *"relations with Greece are close and cover many areas, notably economic matters and foreign direct investment"* but attracts attention to the fact that in the name issue no progress has been made.

The expected accession date to the Community of the Former Yugoslav Republic of Macedonia is 2014, with membership negotiations planned to commence this year - but not as long as the name problem remains unresolved.

ALBANIA

Albania began SAP negotiations with the EU on January 31st, 2003 and the sides could only sign the Agreement three and a half years later, on June 12th 2006. But this was a huge and major step for the country towards becoming part of a united Europe.

The country's accession date depends on its political and economic stability. According to the BTI 2006 and 2008 rankings, Albania has been able to evolve but to an insignificant degree, the country still being the second worst Western Balkan state (not counting Kosovo) in this respect. But we should not forget that Albania was the most isolated dictatorship in Eastern Europe during the postwar Communist era. From the position of Europe's poorest nation, the process is really a signal success. And it can be said that the authorities have been extensively engaged with

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[21] Athens objects to Macedonia's use of its constitutional name 'Republic of Macedonia' arguing it implies Skopje's territorial claims over the Greek province of the same name.

[22] Bulgaria's Kalfin suggests support for Macedonia's EU bid is conditional, *Southeast European Times* http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/newsbriefs/2006/07/25/nb-07

EU institutions and NATO, and "*has maintained its position as a stability factor and a strong ally of Western Europe in the troubled and divided region of the Balkans*"[23].

Another great success for Albania was the invitation extended to the country to join NATO on April 3rd, 2008. Full admission is expected to happen in 2009.

Albania's Prime Minister has said that Albania could apply to join the EU in 2009. "*It depends a lot on Albanians, it is for sure, and must be a performance-based outcome. It also depends on the European Union enlargement, which has become a delicate process*" [...] "*I don't think it will take 10 years but Albania has a lot of work to do and we are trying*"[24].

The progress report on Albania notes that the Community provides guidance to the authorities on reform priorities and that these reform priorities are "*encouraged and monitored through political and economic dialogue*". The country's major problem is corruption, and it is a strategic programme of both the EU and the government to make drastic measures, yet corruption remains widespread. "*Much work is still needed on all aspects of this problem, including judicial accountability and transparency of political party funding*", claims the progress report.

MONTENEGRO

Montenegro is only a "two-year-old" state but already wants to be part of the Community. The Prime Minister, Milo Djukanovic, noted in an interview this summer, "*[Why do we want to be part of the EU?] It is simply because we share the same values. [...] We want Montenegro and the entire Western Balkans to be part of the security, political and economic system of the EU. In the Balkans we have cyclically had crises including the most recent one. That is why it is in the best interests not only of the countries of the West Balkans but of the EU too to have these countries in the Union.*"[25]

Montenegro embarked on SAP negotiations with the EU on October 10th, 2005 as part of Serbia and Montenegro. After the country declared its independence on June 3rd, 2006, thanks to the outcome of the referendum held on May 21, new negotiations began in September 2006.

Under the new construction, the sides were able to sign the SAA on October 15th, 2007. The country has now reached the SAA ratification level, only 7 states having

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[23] http://en.wikipedia.org/wiki/Accession_of_Albania_to_the_European_Union

[24] Albania could apply next year to join the EU - *Forbes.com*, September 9th 2008

[25] Montenegro PM Djukanovic hopeful for EU future European Union - United Nations. http://www.europa-eu-un.org/articles/en/article_7981_en.htm

ratified the Agreement[26], but Montenegro is really motivated. Just after signing the document, the Western Balkan country delineated its future plans to adapt its legal system to EU standards by the year 2012 and join the Union by 2015.[27]

Economic developments are made in the light of the Copenhagen criteria, which requires the "*existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union*"[28]. Figures display a growing tendency thanks to strong expansions in tourism and construction but on the road to EU accession there are big problems to be overcome: corruption, money laundering and cigarette smuggling.

BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina commenced SAA negotiations with the EU on November 25th, 2005. The Agreement was planned to be signed in 2007 but because of internal political problems the document was only signed on June 16th, 2008. It has only been ratified by Estonia, but—as is the case in the other Western Balkan states—interim projects—in the spirit of EU criteria—are in progress.

More problems than hopeful news can be heard regarding Bosnia and Herzegovina's accession. The greatest preoccupation is the state's condition. The Dayton Peace Accord divided the state into two entities, the Federation of Bosnia and Herzegovina and the Republic (or Republika) of Srpska inhabited by three ethnic groups: Bosnians, Croatians and Serbs. Since the country came into existence, several signs show that the ethnic groups can live together, but Bosnia and Herzegovina is still under an international civilian presence and the two entities have their own symbols, flags and constitutions - and sometimes express the wish to become separate states.

The EU is also very disappointed as regards progress made by the government led by the Council of Ministers. In a progress report, "*Bosnia and Herzegovina's lack of progress in implementing the necessary reforms*" is noted. "*Bosnia and Herzegovina's complex institutional arrangements, frequent attacks on the Dayton/Paris peace agreement and nationalistic rhetoric have undermined the country's reform agenda.*"

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[26] Austria, Bulgaria, Denmark, Estonia, Hungary, Slovenia, Slovakia

[27] Montenegro heading for EU membership, Wien International, http://www.wieninternational.at/en/node/5446

[28] European Commission, 2007(d)

Accession faces many economic and political obstacles—further measures should be made by the government to make Bosnia and Herzegovina fit for the Community.

KOSOVO

The future of this newly "independent" state is also imagined in the European Union (as a part of the Western Balkan region), but its present is determined by the territory's past. The Serbs look upon this region as the cradle of their culture and the cradle of their ethnical group because the territory was originally inhabited by Serbs. Later, Albanians started to settle and the ethnic balance was upset. At the time of the break-up of Yugoslavia and during the war (1991–1995) the Albanians already had a desire for independence, living with passive resistance in the hope that this behaviour would help them at peace contract discussions. But in 1995 the Dayton Peace Accord did not change Kosovo's status. So in 1996 the Kosovo Liberation Army (UCK) was formed by radicals and embarked on armed action against Serbians. The reaction was a bloody response—against civilians as well.

In 1999, NATO implemented an action against Serbia and Montenegro until the Milosevic government submitted to their demands, put an end to war crimes and withdrew its forces from Kosovo. Since then and until 2008 the province was governed by international peace-keeping forces.

After several plans had made and rejected by Serbia, the Kosovo government declared unilateral independence from Serbia on February 17th, 2008 on the basis of the plan laid out by UN Special Envoy Martti Ahtisaari, former President of Finland.

The United States, Canada, Australia, Japan and 21 of the European Union countries[29] have recognized Kosovo's independence. The majority of UN member states, however, have not recognized Kosovo's independence.

"Ahtisaari's proposal is first and foremost a document designed to make Kosovo a multiethnic society. This means that the non-Albanian communities have been granted substantial powers. With more than 90% of Kosovo made up of Albanians, the minority Serb, Roma, Ashkali, Gorani, Egyptian, Turk and Bosniak communities are given tremendous influence in all sectors. In brief, Ahtisaari has designed an

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[29] The European Union does not have the legal capacity to diplomatically recognise any state, the member states do so individually, but the majority of member states have recognised Kosovo.

asymmetric state"[30]. Under renewed and potentially more stringent supervision, Kosovo's communities must now prove that they can sustain a multiethnic state.

Over the past few years Kosovo's economy has shown significant progress in its transition to a market-based system, but it is still highly dependent on international aid. Kosovo's citizens are the poorest in Europe with an average annual per capita income of only $1800—about one-third of the level of neighbouring Albania. Unemployment—43% of the population—is a severe problem that encourages outward migration. The country's government is not able to function without foreign assistance. Kosovo has not became an independent entity but is maintained as a protectorate in line with the Ahtisaari-plan.

On June 15th, 2008 the Constitution of Kosovo took effect. The main change was that the Kosovar authorities and EU mission (EULEX) took over the tasks of the UN mission (UNMIK). But the transition is not easy—slower than they have planned.

At the end of 2006, a brochure[31] was published by the EU about the future of Kosovo (imagined in a united Europe): "*Kosovo is at the beginning of its journey towards European membership. EU assistance towards Kosovo over recent years has guided the reform processes and has introduced a European perspective in Kosovo's policymaking. The process of constant communication and monitoring allows the EU to determine when Kosovo is ready to make a next step in its European integration process. Further progress depends primarily on the commitment of Kosovo's institutions to ensure EU compatibility and the adoption of European standards*". These lines are still true. But the one-sided declaration of independence has ruined the plans: The Community is divided on how exactly to continue the SAP[32] with Kosovo (as some of EU members have yet to recognise Kosovo's independence).

SERBIA

The region's most significant country, inhabited by the ethnic group that dominated the territory today called the Western Balkans (except in Albania and Slovenia) and (through the activities in the Yugoslav war carried out by the Serbian army) the ethnic group that outraged the smaller ethnicities.

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[30] The Ahtisaari plan - what's inside?: *Southeast European Times*, April 21st 2007. Source: http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/articles/2007/05/21/reportage-01
[31] http://www.euinkosovo.org/uk/docu/docu.php?id=4
[32] The Stabilisation Tracking Mechanism has already started in the country. It is an instrument to monitor and drive the process and replace SAP until implementing it.

The anger at "losing" Yugoslavia, Montenegro and Kosovo and at failing to create a "Great Serbia" still determines internal politics, which is polarised between two sides, one party supporting and the other against the EU. In this situation, just after "losing" Kosovo, two elections were held, the presidential and the parliamentarian. Both were won by Democratic Party (and its followers), which support the EU, but both victories were narrow after a hard-run race. As regards membership this was the big test for Serbia—the government could handle the situation and can continue implementing the reforms necessary for integration.

Serbia began the SAA process with the EU on October 10th, 2005 under the name Serbia and Montenegro. After Montenegro declared its independence on June 3rd, 2006 Serbia continued negotiations alone and finally signed the Agreement on April 29th, 2008 which was ratified by the Serbian parliament on September 9th. The Democrat-led government wants to fully prepare the country for EU accession—for this the country should implement all the reforms needed by the Community (including cooperation with the ICTY). But at every step the authorities seem to be desperate: the national hero Radovan Karadžić, sought by the ICTY, was captured and transferred to the Hague despite a nationwide outcry.[33] But the path to the Union is really rough and long.

CONCLUSION

Seven countries at seven different stages – with a Community which cannot receive them because of its old institutional system. Croatia is the country closest to joining – accession can take place in 2010 if the institutional system is changed.

The other candidate country, Macedonia has a lot to do, their first step being to build up a good relationship with their neighbours. Their membership negotiations will possibly end in 2012 - the earliest date for membership is 2014.

EU membership for the other five Western Balkan states is really far off - but as a dominant state, the Serbian accession process will be in focus. Rapid change and progress are needed in this case due to the unstable Serbian situation. Their projected accession date is around 2015 or a little earlier.

Albania has made remarkable steps in recent years, but their accession won't take place before 2016. Montenegro and Bosnia and Herzegovina are also a long

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[33] After the arresting of Radovan Karadžić, two more Serb war criminals were left at large: Ratko Mladić and Goran Hadžić

way away from the Community, and serious changes should—and hopefully will—be made. The projected date is 2018. The youngest state, Kosovo is not even at the beginning of the path.

And yet, in the words of Javier Solana, "*the European Union will not be complete until the countries of the region have joined the family*"[34].

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WELFARE STATE DEVELOPMENT, POSTCOMMUNISM AND EUROPEANIZATION
THE TRANSFORMATION OF SOCIAL POLICY IN CENTRAL EASTERN EUROPE

GABRIELA CRETU

This work readdresses key issues about welfare state research and open possibilities for further gains in understanding the social policy transformations in post-communist countries. It considers three main fields of political science research: 1) welfare state studies dealing with expansion and retrenchment of welfare states; 2) post-communist welfare states; 3) Europeanization and its impact on the social policy development in Central Eastern European Countries (CEEC). The inquiry focuses on the post-communist welfare state and its evolution under the auspices of European integration and enlargement.

WELFARE STATES EXPANSION AND RETRENCHMENT

Starting with early 1970s, literature on welfare has tried to account for significant increases in state social policy spending. Initial research alleged the expansion of the welfare state due to economic development, with high rates of economic growth determining higher welfare state spending (Wilensky, 1975). However, this finding could not explain the variation across industrial states and political and institutional approaches became main explanatory theories. What became known as "power resource theory" was based on a theory of distribution in capitalist democracies. Lenski (1966) had argued that democratic polities created the possibility for the "many" (masses) to join against the "few" (elites) and use the state to claim a larger share of social surplus. However, formal institutions of parliamentary democracy, including universal suffrage and free and competitive elections were necessary but insufficient conditions to generate significant redistribution unless the "many" elected parties to represent their interests. Based on empirical evidence coming from both quantitative and historical-comparative research, scholars like Stephens (1979) and Korpi (1983) showed that states with Left parties in power and centralized labour unions were more likely to have well-developed welfare states because the

interests of labour could exert pressure on the state. Part of the feminist scholarship on the welfare state highlighted the importance of women's mobilization to promote gender equity in the welfare state and how these groups' connections with Left parties lead to more women-friendly policies (O'Connor et al., 1999).

There are scholars who argued that political institutions, rather than partisanship, shaped the policymaking process. For instance, the process which legislation must pass through before being adopted affects its passage: a high number of veto-points inhibit large-scale policy reform (Huber et al., 1993; Immergut, 1992). Skocpol (1992) and Hicks (1999) point out the state's ability to structure domestic conflict over the welfare state and how past policies notably influence the evolution of new policies. In contrast to so-called society-centred approaches that emphasize the role of elections and parties aggregating interest from below, Skocpol (1992) and other scholars took the "politics matter" perspective in a different direction. In their account it is not just the balance of class forces that determines electoral and policy outcomes but also the institutional features of government and rules of electoral competition. The multiplicity "veto points' in a system characterized by a division of power between the executive, the legislative branch and the courts, coupled with a weak party system and an emphasis on state autonomy, make radical legislative innovation difficult and political gridlock frequent (Myles and Quadano, 2002).

In the 1980s the economic slow down, in particular increased unemployment and strained state budgets, raised the issue of "state shrinking". This refers to the end of growth in social expenditures (Huber and Stephens, 2001) and structural changes to the welfare state that tighten eligibility prerequisites and the use of means-tested benefits and private sector service providers (Pierson, 1996). Pure spending levels are rarely the most politically important or theoretically interesting aspects of welfare states. Pierson (1996) studied the politics of retrenchment in four democratic countries (United States, United Kingdom, Germany and Sweden) since late 1970s and found out that frontal assaults on the welfare state carry tremendous electoral risks. Governments confronting the electoral imperatives of modern democracy will undertake retrenchment only when they discover ways to minimize the political costs involved. Moreover, retrenchment takes place in an institutional context that is shaped by the social programmes which are already established, in the wake of previous expansion. Large segments of voters benefit directly from the welfare state—a fact that has encouraged the formation of several

interest organizations in support of social programmes. Thus, state commitments in the core schemes (pensions, health care) are hard to transform as they impinge on people's expectations and life plans, and changing the distribution status quo causes electoral punishment (Ferrera, 2007).

Globalization is one of the most often cited causes of retrenchment. The followers of the globalization argument (Mishra, 1999) explain that new economic incentives make states captive to the international market while the governments lose leverage in their relationship with business. According to this statement, the state is compelled to enact business-friendly policies if it seeks to preserve the capital in its own country, paying taxes and generating jobs. In generous welfare states, this stands for cuts. This process is also known as social dumping, a condition in which "standards in one country are lowered relative to what they would have been because of external pressure from all or part of the global economic system" (Alber and Standing, 2000 : 99). The concern prompted by this interpretation of retrenchment is that states lose leverage in constructing their own social policy.

Pierson (2001) is among those scholars who attribute economic problems not to globalization, but to changes in domestic industrial structures during post-industrialism. More precisely, he mentions the post-industrial shift towards the service sector, a low-growth sector that cannot sustain the same increases in productivity of previous times. As Esping-Andersen (1999: 56–57) observes, in Continental Europe welfare states where social benefits are generally high and the wage structure relatively egalitarian, high wage costs drive up the price of services. Hence, the demand for services is comparatively low. The result is slower employment growth and higher levels of unemployment compared to nations like the United States where low wages diminish the price of labour-intensive services, thereby raising demand but at the cost of rising inequality. Alternatively, governments can guarantee high stipend employment in public services (health, education, welfare) as in Scandinavian countries, but at the price of continuously increasing fiscal pressure. According to Iversen and Wren (1998), the growing importance of service employment confronts governments with a "trilemma of the service economy" in which the goals of employment growth, wage equality and budgetary constraint come into conflict. The shift of employment structures from manufacturing to services and the distinct trilemma it generates has a number of

implications for the welfare state. It is a challenge to the view that the contemporary development of the welfares state is driven mostly by the process of globalization.

Post-industrialism is empirically indivisible from the revolution in woman employment levels (Clement and Myles, 1994; Esping-Andersen, 1999). The high employment of women transforms the demand side of the welfare state by developing new structures of social risk, especially those related to the distribution of care work for children and the elderly. Women workers and their families face a different set of risks and demand a different array of benefits (i.e. child and elder care, parental leave provisions) than the typical man industrial worker of an earlier period. The increase in female employment is both cause and effect of the expansion of family-related social services that provide employment for women and make women's accession to the labour market easier. Changes in family structures create a need for services for single mothers. While traditional benefits have been curtailed, new provisions are often created as part of the package reform. For example, new pension credits for periods of child rearing and elder care became a standard part of pension reform packages in the 1990s (Myles and Pierson, 2001).

Relating to the importance of all above-mentioned factors for the future of welfare state, retrenchment studies conclude that welfare states are resilient and only a few countries have enacted important cuts in the last decades, namely the liberal regime-type countries like Great Britain (Huber and Stephens, 2001). Many authors agree that socio-economic problems—particularly domestic problems—contribute to an atmosphere of "permanent austerity" which inspires cutbacks. Moreover, according to most scholars, the extent of retrenchment depends on the specific institutional configuration of a political system and the path dependence of existing welfare state structures. Leftist political parties may have several policy options, but they still maintain a distinctive position from Right-oriented parties, especially when the Left is able to cooperate with a centralized labour movement. Besides the class-based interest representation, the previous structure of welfare states generates and empowers other interest groups that might undergo hard times as a result of welfare state retrenchment. As long as the group is large and it can be easily activated, it can exert pressure on politicians to abstain from policy cuts (Pierson, 1996).

Also, in an environment of retrenchment, the political institutions strongly influence the welfare state. Multiple veto points may not obstruct retrenchment, but they do require compromises which often match up the policy cuts with

progress made in other sectors of the welfare state (Bonoli, 2001). Despite welfare state retrenchment being considered the "politics of austerity", which narrows the options available to policy actors, the same national-level actors and institutions that build expansive social policies also mediate international pressures for curtailments (Myles and Quadagno, 2002).

This consistent part of research gives post-communist welfare state scholars the possibility to assume that welfare states are currently operating in a retrenchment setting, which influences the politics surrounding them.

THE POST-COMMUNIST WELFARE STATE

In considering the context of welfare state retrenchment, I will challenge its appropriateness to the post-communist CEEC that respectively became members of the European Union (EU) in 2004 and 2007. Unlike in the Western countries, class cleavages are less prominent in Eastern Europe and the interest representation bodies are weaker. The consolidation of the new political parties is a rather slow process and it takes time for the previously represented interest groups to gain resources and knowledge to participate effectively in the policymaking process. Since the institution-building process fluctuated and developed shortly after 1989, the relationship between constitutional forms and the policymaking process may be weaker, at least in the early 1990s.

During the communist regime, a peculiar type of welfare state based on enterprise-distributed benefits designed to compensate for the state socialist system's low wages was developed. Equality and development had become mottoes for increasing party-state power and for promoting centralization. Once more, Tocqueville's correlation between equality and liberty was confirmed (equality in slavery or inequality in freedom). During the 1980s state social transfers represented an average of 19% of income in a sample of socialist countries, with Czechoslovakia being at the high end of the range with 25% of average income. In Hungary and Poland the social transfers were also situated above the socialist average (22% and, respectively, 21% of average wages). By contrast, in a sample of market economy countries only 14% of average income streamed from state social transfers (Milanovici, 1997: 13–14).

The degree of economic openness introduced in Eastern Europe after 1989 contributed to the retrenchment environment, but the problems caused by

democratization and transition to market economy were at least as significant as the economic globalization mentioned in the Western welfare state literature. The economic transition to a market economy caused by the regime change provoked the reassessment of the state's role in the economy by moving away from centrally-planned economies. However, the speed and the sequence of reforms varied considerably among CEEC, as was also shown by the major economic indicators. In 1991, unemployment increased from official levels of 0% in 1989 to 12% in Poland, to 7% in Hungary and to a low 4% in the Czech Republic. In Romania, the unemployment rate was of 11.9% in 1999, but it decreased to 5.2 % in 2006 (National Institute of Statistics[1]). All countries suffered hyperinflation, but, unlike in Romania, in Poland, Hungary and the Czech Republic state subsidies were drastically reduced.

The shift to a market economy created a dramatic decrease in economic output. In 1990, Poland implemented its "shock therapy programme" and its Gross Domestic Product (GDP) dropped 11.6% lower than the previous year. The Czech Republic, Slovakia and Hungary followed in 1991 with negative growth rates ranging between -11.6% and -14.6% (Åslund, 2002: 115). GDP did not get back to 1989 levels until 1996 in Poland and 1999 in Slovakia and Hungary. As of 2000, Czech GDP had not fully recovered its 1989 levels, although it came close in 1996 before the economy collapsed (Ost and Crowly, 2001: 2). Taking 1989 as the reference year, in 1991 the negative growth rate of the Romanian economy was -18.5%. There was a spectacular recovery in 1995 when an economic growth of +7.1% was registered, but this situation changed in two years' time when the economic output dropped again. Starting from 2000, until 2005 Romania experienced continuous economic growth (*Romania in Figures*, 2005). The decreasing levels of GDP registered after 1990 resulted in lower government revenue, straining state coffers and an unbalanced budget. The economic problems faced by CEEC were the result of fundamental economic transformations rather than just consequences of the pressures of economic globalization.

In addition to economic pressures for welfare state retrenchment, the new political actors tended to restore the socialist welfare state and to emphasize the important role it could play in the early economic transition from centrally-planned economies. The motivations of this type of approach have both a political and an

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[1] National Institute of Statistics at https://statistici.insse.ro/shop/index.jsp?page=tempo3&lang=ro&ind=SOM103A

economic nature. The fragile political elites resisted drastic changes to the welfare state, fearing a possible political backlash against them and their parties. Economists recognized the importance of protecting against poverty in the difficult economic conditions resulting from political transformation and emphasized the necessity of constructing a social safety net which included unemployment benefits and anti-poverty programmes (Barr, 1994). In fact, in contrast to retrenchment expectations, overall social spending increased in Poland, Hungary and Czechoslovakia in the early 1990s (Cook and Orenstein, 1999). The rise in unemployment, correlated with new programmes to manage poverty, forced state expenditures to increase even while state revenues declined. Thus, even in the larger context of retrenchment pressures, there were demands on CEEC to expand in order to adjust to the new market conditions. Since transfers and services to the in-need population were weak during communism, post-communist countries had to construct this layer of benefits, which increased the cost and scope of the post-communist welfare state. In this context, it looks as though retrenchment and expansion pressures existed simultaneously.

At the same time, interest representation in post-communist countries was weak. Political parties were initially disorganized and did not present a positive vision for social policy. They were newly-formed and it took them time to consolidate their programmes and create a clear electoral platform with which to attract voters (Kitschelt, 1999). Parties in the region were often organized around issues other than the left-right split that divides those in favour of free market liberalism from those who support an active role for the state in social protection. Women's mobilization was very low compared with Western movements. Civil society's overall weak stature suggests that society was less likely to produce systematized and politically dynamic interest groups employed in the social policy process.

Political and administrative institutions have experienced substantial changes since 1989. In most countries these institutions went through a process of transformation that lasted for several years and this altered their capacity to influence welfare state development. The slow process of consolidation of political institutions and processes bounded the policy development to the government cabinet, officials and, sometimes, the parliament. For example, in the Constitution of the Czech Republic, the representatives of the regional governments are among the actors that may propose legislation but, as the state did not re-establish the regional level of government until 2000, this body was not an effective legislative

partner. In practice, social policy legislation is almost always initiated by the Government through proposals developed in the Ministry of Labour and Social Affairs. Institutional attempts to represent labour through tripartite councils expanded across the entire region but they did not succeed in gaining full participation for unions in the policymaking process (Orenstein and Halle, 2001). In Hungary and the Czech Republic governments ignored the agreements signed with the tripartite councils (Pollert, 2001: 20–21).

The emphasis on domestic socio-economic conditions and political transformations represent only a part of the story and probably not the most compelling story for CEEC at that. Economic restructure during the 1990s created unprecedented levels of incremental market openness, but it was not directly related to the larger phenomenon of economic globalization. Globalization's effect on welfare states assumes a direct link between economic conditions and political decision-making and often does not mention the mechanism by which political actors determine to reduce the welfare state.

There is empirical evidence that international organizations entered CEEC after 1989 to contribute aid and advice. In his work *Global Social Policy* (1997), Bob Deacon explicitly links the presence of international organizations and post-communist social policy. From the Western perspective, providing assistance to these countries in transition was a tool for enacting a broader economic and social dialogue and to contain security threats by supporting a smooth transition to democracy and stabilizing capitalism (Deacon et al., 1997: 93–95). The loans provided by international financial institutions carried conditions which required the borrowing countries to implement certain types of economic and social policy. This situation allows for the assertion that their presence and aid could shape policy outcomes. International organizations such as the International Labour Organization (ILO) or the Organization for Economic Cooperation and Development (OECD) conduct surveys of the region's economy and public policy, organize and support conferences and offer technical assistance. Given the asymmetry in power and resources, experts from these organizations offered ready-made solutions and well-articulated policy advice that most certainly the national officials had to consider. The norms of international institutions can only become institutionalized at domestic level if they can infuse beliefs and values within the state or if they become enhanced through the standard operating of a bureaucratic

agency (Cortell and Davis, 1996). The process of compliance requires the state of conformity of a specific actor with a norm and constitutes the extent to which agents act in accordance with the conditions prescribed by the international organizations. The mechanisms that the international institutions can use for achieving domestic compliance are: coercion, external incentives and socialization. The last two mechanisms were extensively used by the EU in order to induce compliance at the domestic level of candidate countries.

EUROPEANIZATION OF SOCIAL POLICY

Research on the EU's rate of success in transferring its norms and ideas in the policies of nation states is one of the more extensively-developed fields. Europeanization embraces various phenomena, from increasing institutionalization at the European level (Sandholtz and Stone, 1998) to the EU's effects on national institutions and policymaking. The latter category includes efforts to identify the balance of policymaking power between the EU and the nation-states (Olsen, 1997; Rometsch and Wessels, 1996), how the EU changes domestic politics and policy (Cowls et al., 2001), and the ways in which the EU policy is or is not implemented at the domestic level (Duina, 1999). The likelihood of this adaptation pressure to be successful does not depend on characteristics of the international organization, but of the domestic sphere. Moreover, the domestic change is necessary but not sufficient. Any "model" that represents a benchmark for the assessment of misfits is available only for hard-law positive integration policies, and is considered absent in the case of negative integration or where softer forms of EU policy are needed (Bulmer and Radaelli, 2005). The "isfit", one among other Europeanization mechanisms, can account only for vertical forms of Europeanization. The horizontal forms of Europeanisation are various (for example, regulatory competition, minimalist directives and recommendations, promotion of best-practices) and are mainly due to other actors and not the EU (Giuliani, 2005), but they will not be considered here.

Most research about the impact of the EU on national welfare states has emphasized the minimal impact of EU intervention (Majone, 1996). Yet a closer look reveals that the EU and the national level are increasingly linked. Thus, the absence of strong supra-national competencies does not mean that the EU or European integration as such have only a limited influence on social policy—though "European social policy" is still considered an incoherent, fragmented and patchy policy field.

In the new Member States the EU's influence on institutions and policy-making has mainly occurred through "binding recommendations" associated to the process of enlargement, as emphasized by Heather Grabbe (2001), but also through cognitive processes, as discussed by numerous authors (Palier and Guillén, 2004; Keune, 2006).

The new social policy ideas introduced by the EU institutions, and especially by the DG Employment and Social Affairs, into the field of employment and social policy have coincided with the European Employment Strategy (EES). The EES was launched at the Luxembourg Jobs Summit of November 1997 and it became a key component of the Lisbon Strategy of 2000. The key elements of the EES concerns an improvement upon four pillars—entrepreneurship, employability, adaptability and gender equality—that had become common topics of discussion among Central and Eastern European policy-makers, as well as being extremely recurrent themes in the *National Action Plans*. The acceptance of new social policy ideas through a formal agreement on the new policy priorities that had to be promoted has inevitably coincided with the development of new interest-based relations. If the reforms of the pension systems are taken into account, the implementation of policies aiming at ensuring adequate and sustainable pensions has resulted not only in an improvement in communication and in strategic interactions between the Ministries of Finance and the Ministries of Social Affairs, but also in an improvement in communication and in strategic interaction between public and private pension schemes providers (Cerami, 2007). Also, the reforms of health care in the region, characterized by the introduction of health insurance in almost all countries and by the establishment of additional private health funds, have involved the same inter- and intra-ministerial communication and bargaining activities. This time the ministries in charge were the Ministries of Health and the Ministries of Finance. Bargaining and lobbying activities, meant to ensure that the EU call for an accessible, high quality and sustainable health and long-term care would be met, have also included private health funds managers as well as associations of medical personnel (Cerami, 2007).

The requirement to incorporate the *acquis* at the national level indicates that CEEC countries seeking EU membership status subjected themselves to the EU's difficult policy requirements. The transformation of the domestic law to line up with the EU *acquis* had a clear influence on the domestic policymaking process. In the field of equal opportunities, for example, the candidate countries were required to transpose nine EU directives into their domestic legislation as a basic condition

for membership. Institutional and administrative structures to facilitate the implementation and enforcement of equality rights were underdeveloped in most of the new member states. When the European Council met in Göteborg in 2001, the Czech Republic, Estonia, Latvia, Lithuania, Hungary and Slovakia were deemed to have made good progress in transposing the EU legislation, whereas much of the *acquis* remained to be transposed in Slovenia. Progress was really slow in Romania and Bulgaria, and their accession was postponed until 2007.

The EU law was less effective as a force for initiating reform at the national level than as an instrument for accompanying or accelerating change (Hantrais, 2007). However, transposition does not necessarily mean that legislation is translated into practice at the national level. For translating it into practice, an effective implementation, which requires strong institutions, is needed. The EU had been actively involved in institution-building in the region even before the start of official negotiations for membership. The activities of the EU in this area have mainly been financed through the PHARE programme, in place since the early 1990s. A brief look at the *PHARE Annual Evaluation Reports*, available from 1998 to 2004, shows a significant number of projects sponsored and co-financed in all countries in the most disparate areas of social protection, including: (a) the implementation and strengthening of administrative capabilities in sectors related to safety at work; (b) gender equality; (c) employment promotion; (d) the management of health, pension and employment funds; (e) the modernization of social assistance and labour offices; (f) the appropriate development of business and tripartite relations; and (g) the re-enforcement of administrative capacity for the future management of Structural Funds. In addition to these, bilateral and joint projects financed directly with the Member States through the European Bank for Reconstruction and Development (EBRD) should also be taken into account.

The EU has not only assisted in the creation of formal institutions, but also in the establishment of informal institutions (Sabel and Zeitlin, 2006); that is, those related to the formal and informal norms that govern the behaviour of policy-makers (North, 1998; March and Olsen, 1989). The role played by the Open Method of Coordination (OMC) in this process of institution-building represents an important example in this sense. Starting from the assumption that the OMC is an indirect form of governance that works through non-hierarchical steering processes (Börzel et al., 2005), convergence towards EU level priorities takes place through

"mutual learning". In this context, Europeanization results not only from a process of construction, diffusion and institutionalization of formal and informal rules, but also as a mechanism where an "instrumentally rational behaviour" (Weber, [1922] 1968), is aimed at bringing about a change in policy-making. It is, in fact, questionable how the successful adoption of *acquis communautaire* has been the result of simple necessity to meet the requirements for joining the EU without any serious commitment in changing the way in which these prescriptions were perceived by national authorities. However, the OMC is not the only instrument to be used by the EU to ensure that its priorities are efficiently met. The *Reports on Progress towards Accession* were, actually, meant not only to evaluate countries' success in reforms, but also to emphasize the areas and the countries where "best practice" was found. These reports included a special chapter on "Social Policy and Employment", where the performance of each candidate country was assessed and, if needed, clear policy recommendations were provided. The value attached to these reports was not insignificant among Central and Eastern European policy-makers, since a negative evaluation would not only have had negative effects on further negotiations for accession, but also on the bargaining capacity for accessing to EU funds.

Direct and indirect monitoring was important for controlling compliance to EU objectives, since policy-makers were asked to ensure transparency and coherence in the implementation of co-financed projects. Another element of the EU influence on social policy-making has concerned the emergence of new forms of trans-national solidarity due to the pressures associated with a Europeanized and globalized labour market.

The welfare state in Europe has been functional in the development of the modern nation state by defining the boundaries of citizenship (Ferrera, 2005; Bartolini, 2005). Welfare institutions have not only created the legal setting for the inclusion of specific professional groups, but also set the conditions for the exclusion of others, the "non nationals". The EU has succeeded in introducing in CEEC new principles of social sharing according to which welfare rights and provisions are portable from one member state to another.

CONCLUSIONS

The fundamental economic restructuring of the early 1990s created unprecedented levels of market openness for the Eastern European region and international

organizations of all types entered CEEC after 1989 to contribute aid and advice. In a time of welfare state retrenchment in Europe, due to both economic and political transformations and the influence of international organizations, especially the EU, CEEC faced important changes in welfare state development.

Social policy transformations in post-communist CEEC could, in fact, be characterized as a continuous process of structuring, de-structuring and re-structuring of existing welfare institutions and norms, in which the EU played an important role. External incentives and socialization were the mechanisms extensively used by the EU in order to induce compliance at the domestic level of candidate countries. As Vachudova (2001) points out, the EU offers post-communist states political and economic incentives to adopt EU norms in order to gain EU membership. Agenda 2000 increased financial resources to assist countries in meeting EU standards and established the practice of Regular Reports, which assessed the progress of a country toward its negotiation agreement with the EU. The requirement to incorporate Community legislation at the national level meant that CEECs seeking EU membership had to subject themselves to EU policy demands. The EU has played a major role in the introduction of new social policy norms, ideas and institutions in CEEC.

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TOURISM IN THE EUROPEAN UNION
CO-OPERATION FACILITIES BETWEEN HUNGARY AND SLOVAKIA

ANDREA GALGÓCZY-NÉMETH AND ERZSÉBET PRINTZ-MARKÓ

INTRUDUCTION

The European Neighbourhood Policy (ENP) was developed in 2004, with the aim of avoiding the emergence of new dividing lines between the enlarged European Union (EU) and our neighbours. The policy includes different strategic programmes as tools.[1]

The EU supports further internal programmes by using soft power. Soft power includes culture (when it is attractive to others), values (when there is no hypocrisy in their application) and foreign politics (when they are seen as legitimate in the eyes of others). Popular culture and media are regularly identified as sources of soft power. Soft power is a kind of method applied to engender co-operation.[2]

Soft power is increasingly of greater importance in the service sector. The brand name, marketing capability, management standards and culture of a company are essential today in the service industry market.[3]

In line with the topic of the 5th DRC Summer School on Regional Co-operation, "Changing Dynamics in the Danubian Region-New Neighbourhood Policy in the EU" we would like to focus on the important role of tourism in the economy. Questions of current interest underline the importance of co-operation between Hungary and Slovakia in the field of tourism. The aim of this aricle is to show the economic significance of tourism in the frontier regions of Hungary and Slovakia. After describing world tourism, tourism in Europe, international tourism trends and tourism policy in the EU we will outline the existing territorial co-operation programme between Hungary and Slovakia and the opportunities for a partnership concentrating on tourism. We will make a close examination of Western Transdanubia in Hungary, analyse a previous successful practising international

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[1] http://ec.europa.eu/world/enp/policy_en.htm
[2] http://en.wikipedia.org/wiki/Soft_power
[3] http://www.chinaeconomicreview.com/hotels/2007/07/10/soft-power-essential-for-hotel-industry.html

partnership as an example of co-operation facility between Hungary and Slovakia in the field of health tourism and study Northern Hungary in the areas of other tourism products. The outcome of our research is based upon the adoption of both primary and secondary sources.

DEVELOPMENT OF TOURISM IN THE WORLD AND ON THE EUROPEAN SCALE

The year 2007 surpassed expectations for global international tourism, reaching new record figures of approximately 900 million arrivals. The results confirmed both the sustainable growth path of the past years and the resilience of the sector as regards external factors. This development was supported by a strong world economy which was experiencing its longest period of sustainable growth for more than two decades.

According to the latest UNWTO (United Nations World Tourism Organization) World Tourism Barometer, international tourism arrivals expanded by 6% in 2007, to 898 million international tourist arrivals, as compared to 2006. Of the additional 52 million worldwide arrivals, Europe received some 19 million and Asia and the Pacific 17 million. The Americas advanced by around six million, Africa by three million and the Middle East by five million.

All the different regions registered increases above their long-term average, with the Middle East leading the regional growth ranking (+13%), followed by Asia and the Pacific (+10%), Africa (+8%), the Americas (+5%) and Europe (+4%).[4]

Europe is the world's largest destination region, with a share of over 50% of all international tourist arrivals. Europe is growing above the average and totalled 480 million tourists in 2007. Destinations like Turkey (+18%), Greece (+12%) and Portugal (+10%) or Italy and Switzerland (both at +7%) are proof of the positive impact of continuous economic upturn in the region in 2007.[5]

INTERNATIONAL TOURISM TRENDS

Tourism has recently been characterized by important changes and trends. Today's more experienced travellers have higher expectations. The more segmented

[4] http://www.unwto.org/aboutwto/index.php
[5] http://www.unwto.org/facts/eng/vision.htm

consumers prefer comfortable markets, while there is an increased demand for unique experiences and tailor-made services, which raise the need for product development.

Due to a lack of time in the higher income segment (more money less time vs. more time less money), closer destinations and shorter breaks are preferred. Similar to other parts of our lives, so too in travelling potential tourists are bombarded with a mass of information, resulting in increasing competition and new challanges for destinations and destination management organisations.

International tourism trends grouped by the European Travel Commission (ETC) are presented in three parts: trends referring to the environment of tourism and a changing lifestyle; consumer trends and direct influencing factors.

In the field of tourism marketing tools, e-marketing is based on providing an experience "feeling". Besides off-line marketing tools, e-marketing and especially the internet have an increasing role. Although oral propaganda is still the most important source of information, information is often gathered from the web. IT development opens new opportunities for mobile, GDS marketing and suchlike. At the same time, this requires new research techniques. Furthermore, there is an increased importance of public-private co-operation (PPP).

UNWTO's Tourism 2020 Vision forecasts that international arrivals are expected to reach nearly 1.6 billion by the year 2020. Of these worldwide arrivals in 2020, 1.2 billion will be intraregional and 378 million will be long-haul travellers.

The total tourist arrivals by region figure shows that by 2020 the top three host regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and the Americas (282 million), followed by Africa, the Middle East and South Asia.

Europe will maintain the highest share of world arrivals, although there will be a decline from 60 per cent in 1995 to 46 per cent in 2020.[6]

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[6] Word Tourism Organisation (2007). *UNWTO World Tourism Barometer* http://www.unwto.org/facts/eng/vision.htm

Figure 1: Tourism – A vision for 2020
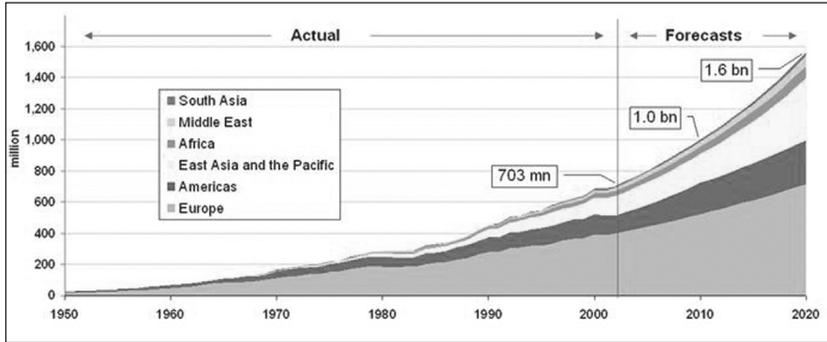
Source: UNWTO (www.unwto.org)

TOURISM POLICY IN THE EU AS A RESPONSE TO INTERNATIONAL TRENDS

EU tourism policies include the importance of helping to underpin the overall significance of tourism as a phenomenon in Europe and support the predominance of European tourism in the world.

As Europe holds a dominant position in the world tourism economy the single European Act is very important. The importance of tourism both as a phenomenon and as a contributor to the national economy varies throughout the 27 member states of the European Union. The growing importance of the tourist industry in the European Union is reflected by the fact that its merits were first mentioned in the Treaties as parts of the Maastricht agreement. Tourism is a horizontally structured activity, which concerns a number of EU policy areas.

Virtually all initiatives will have some effect, although the EU has initiatives which are headlined under the title of Tourism Policy. The most important developments related to tourism within the EU have always had their origins in the major policy initiatives of the Union.

The tourist industry has grown rapidly in recent years, building upon rising income levels and transnational movements of people. Fortunately it is an industry which is located in many areas which the EU would like to see further developed in order to reduce or remove long-standing problems of poverty and high levels of unemployment.

When 1990 was designated as the Year of European Tourism, the industry was firmly placed within the EU responsibility scopes. It was the recognition of the fact

that the European tourist industry can only operate effectively within the market if the member states are ready to cooperate and recognize that there is a high degree of interdependence within major policy areas affecting the industry.

National tourist organizations often see themselves in competition with one another, taking the view that they are participating in a "zero sum game".

The national provision of many tourism services requires a mechanism for coordination. Although this can be left to market forces in many cases, there are a number of examples when this is inadequate because of different modes of regulation. The growth of cross-border services makes the EU an ideal institution to provide a policy framework for development. However, it should take place only in areas where international rules and coordination are appropriate.

The EU tries to ensure that the principle of subsidiary applies, which means that intervention should not interfere in decisions best made at the local, regional or national level.

EU intervention in tourism is essentially driven by economic considerations, the industry does contribute to the integration of people in a much deeper sense than a number of other industries. It involves relationships between people, peoples and cultures. It can help understanding and creating a stronger feeling of European identity and citizenship.

Tourism policy in the EU has been based on promoting the free flow of market forces. It has been beneficial to the growth of the industry, and further steps towards the competition of the internal market and specific measures such as the package tour directive will undoubtedly assist this process. Rapid overall expansion of the industry seems to have been completed, but the trend depends a lot on the sector concerned.

Of the overall trend, there are areas of considerable growth and those of real decline. As long as goods and services are sold at the market, there can be changes in fashion, which results in decline. Many tourist facilities, however, could maintain their comparitive advantages at the market, if attention was paid to the pace and quality of their development.

There is no realistic alternative to a policy promoting mass tourism, in part because of the need to offer the consumer what he wants.

What is required within the EU is a policy for balanced tourism expansion. This implies a shift in policy emphasis. There is a need to promote the permanent

tourism potential of resorts, and avoiding the shifting patterns of development, which is now apparent.

Good quality development, which avoids the problem of overexpansion in the future, expects more of the EU than just the encouragement of greater tourist flows. It needs the EU to involve itself in a closer partnership with local and regional authorities. There also needs to be even greater emphasis laid upon environmental policy, especially in areas close to tourist development, and of course in the resorts themselves.

The responsibility for tourism policy in the European Commission depends on the Tourism Unit of DG Enterprise. The European Parliament has a Committee for Tourism and Transport. There is also a European Parliament inter-group for tourism, in which the Members of the European Parliament who take an interest in tourism issues work together, regardless of the committees they sit on.

In March 2006, the European Commission issued a Communication for a renewed EU tourism policy (COM (2006) 134). The document sets out challenges facing European tourism—higher demand, stiffer international competition, and sustainability—and what the EU can do to meet them. The Commission emphasizes the need for better regulation, including improved impact assessments of legislative proposals, and better coordination of EU policies which have an impact on tourism. The financial instruments which support tourism projects—for instance, the European Regional Development Fund—should be better used. The Commission also outlines efforts to improve the visibility of European tourism, including the launching of a European Tourism Destinations web portal and the organization of an annual Tourism Forum.[7]

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[7] Pompl, W. and Lavery, P. (1993) *Tourism in Europe, Structure and Development* 1993.
http://www.ectaa.org/Home/Areas/Tourism/tabid/79/Default.aspx

Figure 2: Europe as a destination

Source: www.ectaa.org

INTERNATIONAL ORGANISATIONS RELATED TO TOURISM

HOTREC — "Hotels, Restaurants and Cafes in Europe" is the trade association of hotels, restaurants and cafes in the European Union. Around 1.6 million enterprises, employing some 9 million workers, make up the European hospitality industry. HOTREC's mission is to promote the interests of these enterprises vis-a-vis European institutions. They continually monitor EU policies that have an impact on the hospitality industry and bring the sector's concerns across to EU decision-makers. The aim is a legal environment which enables hotels, restaurants, and cafes to develop and provide more jobs and growth in the economy.[8]

ECTAA — The Group of National Travel Agents' and Tour Operators' Associations within the EU(ECTAA) is an international non profit organization. ECTAA was founded in 1961 and grew with the successive enlargements of the EU. Today ECTAA is made up of travel agents' and tour operators' associations of the 27 EU Member States and Switzerland and Norway.[9]

Euro-Toques International (ETI) — The European community of chefs and cooks includes over 4000 European cooks and chefs in Europe and around the world. The International office coordinates a network of 17 national offices.[10]

ETC — The European Travel Commission (ETC) is a non-profit-making organisation with its headquarters in Brussels. Its members are the 39 National Tourism Organisations (NTOs) of Europe, whose role is to market and promote tourism in Europe in general, and in their individual countries in particular.[11]

EHMA — European Hotel Management Association is a non-profit-making association of professional hotel managers of top-quality establishments who are constantly seeking to improve their own qualifications and those of their

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[8] http://www.hotrec.org/pages/about_hotrec/facts_and_figures/
[9] http://www.ectaa.org/Home/ECTAA/History/tabid/63/Default.aspx
[10] http://www.euro-toques.org/index.php?option=com_content&task=view&id=12&Itemid=27
[11] http://www.etc-corporate.org/modules.php?name=Content&pa=showpage&pid=168&ac=9

staff in order to maintain or better the standards of comfort and service which they offer to their guests.[12]

European Spa Association (ESPA) — In Europe are more than 1,200 spas and health resorts. The European Spa Association's objective is to promote spas and balneology in Europe and to take care that the natural remedies based on mineral water, landscape and climate will be available to as great a number of citizens and visitors as possible. "The interests of the European Spas Association lie at the core of the EU. These can only be pursued effectively, competently and at the highest levels if close co-operation and agreement on the common interests of the European spas exists. The European Spas Association is an umbrella organisation representing 24 members from 22 European countries". ESPA co-operates with the European Tourism Industry Network (ETIN), the European Travel Commission (ETC), Hotels, Restaurants & Cafés (HOTREC), and the European Social Insurance Partners (ESIP). Other partners in communication are the Regional Representations of Europe and the Council of the European Municipalities and Regions (RGRE).[13]

GENERAL REMARKS ABOUT HEALTH TOURISM

Health tourism includes tourism for medicinal purposes, wellness-, and fitness tourism. It is the practice of travelling to a special place in order to balance health deficits through fitness, exercise and relaxation under medical supervision by using local spa resources: medicinal water, mud, unique climatic conditions and so forth. The expression "health" is associated with much more positive ideas and experiences than the expression curative or medicinal, which is associated with illness.

Nowadays health tourism is one of the most developing types of tourism. The reasons for this are the followings:

· the increase in living standards produces an expectation of the target group growing,

· society is showing a growing need for relaxation and recreation,

· people are showing more and more interest toward natural healing practices and alternative cures,

· medicine is affected by trends in a natural lifestyle,

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[12] http://www.ehma.com/about/generalinfo.lasso
[13] http://www.espa-ehv.com/

- because of the structure of the services the average stay (3-5 days) is longer than in other types of tourism,

- specific spending is higher by 35% than in other branches of tourism,

- health tourism exerts a positive effect on the whole national economy,

- every 100 HUF spent by a customer induces an additional production worth 167 HUF (production multiplier),

- each 100 HUF spent in health tourism generates the growth of labour income by 750 HUF (income multiplier),

- each 100 workplaces established in health tourism create a further 214 workplaces (employment multiplier).[14]

HEALTH TOURISM IN HUNGARY

Tourism plays an important role in Hungary's economy and has undergone important changes in recent years. Domestic tourism has developed dynamically: two decades ago, 30.1% of guest nights in commercial accommodation were generated by domestic travellers, the ratio of which reached 53.7% in 2007. Last year, 42.4 million arrivals at Hungarian frontiers were registered. 7.4 million guests spent altogether 19.9 million nights in commercial accommodation. Commercial accommodation realized a total revenue of 138.6 billion HUF.

The most popular destinations are Budapest and the Central Danube Region (34.5% of guest nights) and Lake Balaton (22.6% of guest nights).

Hungary's tourism shows high seasonal concentration, with 42.4% of guest nights registered during the summer season, but similar to international tourism trends, trips taken outside the traditional high season are becoming more and more popular. With the exception of Budapest and its surroundings, the tourist regions rely mostly on domestic guests.

Most foreign travellers to Hungary take a holiday or visit friends and relatives. Other important motivations are furthermore MICE tourism[15], city breaks and health tourism. The motivations of domestic travellers show a higher concentration: the share of holiday (23.4%) followed by visiting friends and relatives is 22.6%. City breaks (10.9%) and health tourism (6%) have similar shares.[16]

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[14] Kiss, V. and Nagy, Z. (Eds) (2006) Almanac of Hungarian Spas
[15] MICE tourism is a type of tourism, which means: "Meetings, Incentives, Conferences & Exhibitions", or called "Meeting industry".
[16] Hungarian Central Statistical Office (2007). Statistical Yearbook of Tourism 2007

Table 1: Tourism in Hungary, 2007

Visitors at frontiers			
Incoming (000s)	40963	42468	+3.7%
Outgoing (000s)	17612	18471	+4.9%
Arrivals and Guest Nights at Commercial Accommodation			
Domestic			
Arrivals (000s)	3873	4023	+3.9%
Guest Nights (000s)	9606	9958	+3.7%
Average Lengths of Stay (nights)	2.5	2.5	-0.2%
International			
Arrivals (000s)	3310	3451	+4.3%
Guest Nights (000s)	10046	10171	+1.2%
Average Lengths of Stay (nights)	3.0	2.9	-2.9%
Total			
Arrivals (000s)	7183		
Guest Nights (000s)	19652	20126	+2.4%
Average Lengths of Stay (nights)	2.7	2.7	-1.6%
Revenues from Commercial Accommodation (HUF million)			
Domestic Accommodation Fee	44034	49589	+13.2%
International Accommodation Fee	87775	90458	+3.1%
Other Revenues	101514	106134	+4.6%
Total	233323	246451	+5.6%
Social Tourism			
Holiday Vouchers (HUF million)	23500	29900	+27.2%
Number of Recipients	825649	1804000	+110.2%
Balance of Tourism			
Receipts (EUR million)	3371	3450	+2.3%
Expenditure (EUR million)	1687	2149	+27.4%
Balance (EUR million)	1684	1301	-22.7%

Source: Hungarian Central Statistical Office, National Bank of Hungary

Figure 3: Tourism regions in Hungary

Source: www.itthon.hu

Hungary is a land of thermal waters. Due to its advantageous geographical location, thermal waters of good quality can be found below the surface of over 80% of Hungary's territory. According to the journal of a medieval Turkish traveller, Evila Celebi, if a person inserts a stick in the ground in Hungary, thermal water will spring to the surface. Approximately 1500 thermal springs can be found in Hungary. About the half of these are used for bathing facilities. 50 of the 160 public Hungarian baths are qualified as spas. Services are offered for healing purposes. These spas provide every type of balneal and physical therapy.[17]

The second half of the year 2000 brought a new dimension in health tourism for Hungary. An economy-boosting programme called the Széchenyi Plan was launched in 2001 by the Orbán government. Due to the Széchenyi Plan products and projects of health tourism of high priority, like enticing new target groups, establishing more three-generation bathing complexes in place of the single generation establishments, offering complex service packages, supporting investments related to qualitative development, extending tourist seasons and increasing the revenues generated by domestic health tourism were supported by the government.

The Hungarian National Tourist Office focused on health tourism in 2003 and Western Transdanubia, also called the Pannon region, was the supported destination in its marketing programme.

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[17] http://www.european-spas-health-resorts.com/country/hungary/

Later, in the 2nd National Development Programme 2007–2013, health tourism gained an important role again in the Hungarian tourism industry. Its documented results are the National Health Tourism Development Strategic Programme 2007–2013, and the marketing activity of the Hungarian National Tourist Office in 2008, the "Year of Waters".

HEALTH TOURISM IN SLOVAKIA

Slovakia is famous for its reputable spas due to the medicinal power of thermal springs, mud and unique climatic conditions.[18]

The country is extremely rich in mineral and medicinal springs (at present there are more than 1,200 curative springs), and is one of the European countries where traditional spa treatment is the most developed. Spa treatment in Slovakia has traditionally been all-inclusive, and, in addition to balneological, physical and rehabilitation treatment, the full range of modern diagnostic and therapeutic methods is applied.[19]

The previous government accepted two important documents. One is the Strategy of Development in Tourism between 2007 and 2013. This focuses on the following 5 types of tourism advantageous to Slovakia:

- city and cultural tourism,
- health tourism,
- winter sports,
- waterside vacation in the summer time,
- rural tourism.

The other document analyzes in a regional light the opportunities in and conditions for Slovak tourism. Experts have divided the country into 21 tourism regions in order to find suitable tourism products for each region.[20]

At present there are 25 spa towns in Slovakia. Each of these spa towns has its own specific local natural medicinal properties.[21]

The former directors of the Slovakian spa in Nagymegyer intended to join the Pannon Thermal Cluster. In our opinion there are weighty arguments in favour of working out a spa network between Hungary and Slovakia.

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[18] http://www.sacr.sk/category1?id=13&lang=en
[19] http://www.european-spas-health-resorts.com/country/slovakia/
[20] Kuliffay, G. (2006) Tourism of Slovakia, manuscript, Apáczai Conference, Győr, 13 October 2006
[21] http://www.visiteuropeanspas.com/slovakia/

TOURISM IN NORTHERN HUNGARY

Northern Hungary is the name of a region in Hungary. As a statistical region it compriseses the counties Borsod-Abaúj-Zemplén, Heves and Nógrád.

Northern Hungray is situated in the north-east part of Hungary and is the fourth largest region of the country. It has approximately 1.3 million inhabitants with a distribution in the three regional counties as follows: 54% live in Borsod-Abaúj-Zemplén, 27% in Heves, and 19% in Nógrád. The region's centre and the largest city is Miskolc, which is the third most populous city of Hungary and the most important education and science centre of the region.

The strength of the region is based on its potential in medicinal and wine tourism, its cultural heritage and the centres for education and sciences. Regional weaknesses include an underdeveloped traffic infrastructure, insufficient tourism-related marketing and the problem of unemployment.

The opportunities which the region offers are crucial in the business of tourism in the country. The analysis of the tourist infrastructure shows that the tourist infrastructure needs to be modernised.

General infrastructure and services are as important as typical tourist objects in defining accessibility of tourist areas. Among the significant components of this infrastructure are roads, railways, the telecommunication system, catering, health services, public safety and culture.

The tourist infrastructure consists of objects and facilities which enable users to achieve touristic and recreational aims.

They provide comfortable conditions for passive and active relaxation while preserving the natural environment.

The main components of the tourist infrastructure are:
- holiday resorts,
- hotels and guesthouses,
- camping and caravan sites.

Because of the time and cost associated with it, transportation is a key element in the destination development process.

Accordingly, infrastructure investments should be allocated in such a way that they can be utilized both in product development of small tourism enterprises and in destination development process. There are 4670 tourist attractions in the region.

Northern Hungary has launched a comprehensive tourism development programme, the aim of which has been the promotion of economic development of the region by the development of tourism infrastructure, increasing the earning trade in tourism, development of tourism services based on local values, decreasing the seasonality and increasing the number of guest nights.

The strategy has focused on thermal and conference tourism, because they have a stronger multiplier effect than the others (wine, rural) and contribute to the prolongation of the tourism season, attracting complementary activities to the region and resulting in revenue growth.

Development of the main tourism attractions also increases the private sector's readiness for enterpreteurship, which has a positive effect on the region's economic growth.

The direct objectives:

- increasing the profitability of tourism focusing on the development of medicinal and thermal tourism, as well as business and conference tourism,
- ensuring the international competitiveness of tourism products and services based on local treasures and resources
- decreasing the seasonal fluctuation of regional tourism.[22]

**OPTIONS FOR TOURISM DEVELOPMENT THROUGH
CROSS BORDER CO-OPERATION**

Since the 1990s the European Union has paid even more intensive attention to supporting transboundary co-operation projects both within the external Union border and the borderland regions of the European Union Member States. Borderland areas and settlements frequently feel the disadvantage if the area in question is situated too far away from the centre of the country, if there are no appropriate traffic services or infrastructure or if the border is difficult to cross and bilateral connections are poor.

The Phare CBC (cross-border co-operation) programme was started in Hungary in 1995, at the time Austria joined the European Union, and in the spirit of the INTERREG programmes aiming at the development of the internal European

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[22] Chuck, Y. Gee-James, C. Makens-Dexter, J. L. Choy. (1997) The Travel Industry; Rátz, T. – Puczkó L. (2002) The impacts of Tourism; Sharpley, R.- Telfer, D.J. (2002)Aspects of Tourism North-Hungarian Strategy Book, 2005; II. Regionale Phare Program: Supporting Tourism Development in Northern Hungary HU0105-06

borderland regions. Initially the physical, personal and financial conditions for accession development schemes were formed in the Hungarian-Austrian borderland region, but later the Romanian, Slovakian and Slovenian borderland regions also joined and finally the Hungarian-Ukrainian and Hungarian-Serbian sections of the common border were also included.

The first trilateral forms of cross-border co-operation were started in 1995 and 1996 together with with Austria along the Hungarian-Slovakian border section and using European Union funds. Phare CBC programmes have been run independently of Slovakia since 1999; these provide the framework for implementing high priority for each large project Environmental programmes were started later on, in 2002, followed by economic and human resources development grant schemes in 2003. As an important element of the programmes, annual small project funds could be applied for in amounts usually of 200 to 300 thousand euros. A total of nearly 70 small projects could be supported from the small project funds in the Hungarian-Slovakian border region. In the year 2003 there was exemplary co-operation in the form of a college student exchange programme where participants learnt the common history, customs and traditions, the artistic concepts of the two countries' artists and the concept of the local small area geopark listing natural and cultural values. The result of the Phare CBC Hungary–Slovakia Small Project Fund 2003 can be summarized as helping to merge with the European Union on both sides of the border by facilitating common thinking and action.[23]

PHARE CBC HUNGARY−SLOVAKIA 2003 SMALL PROJECTS FUND

During the period of 1995-2003, Phare CBC programmes facilitated the development of partnerships and economic accession of border regions with a grant scheme of 135 million Euros. On the one hand, these programmes included several, high-budgeted projects and, on the other hand, small-scale grant schemes, the so-called Small Project Fund. A project fund operated in a tendering system, designed for major development schemes, began to be introduced in 2002. Cross-border impact and crossborder co-operation were basic requirements in the cases of both high-budgeted and small-scale projects.

The small project fund was assigned a special role in the funding scheme area through a simplified tendering and application procedure which brought

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[23] Seven Borders Phare Programme for Cross-border Developments 2003/0004-628-02

achievements and resulted in the small region of the borderland in the fields of environmental protection, nature conservation, tourism, development of human resources, strengthening of cultural ties, economic development and regional planning and development.

The aim of the small project fund was to strengthen the cross-border integration process between the people living in the borderland region, serving the purpose of supporting the community and local development activities. Identical funding limits for each borderland were annually determined in amounts of EUR 200 thousand and EUR 1 million, from which amounts could generally be applied for to the tune of between 5 thousand and 50 thousand euros as non-reimbursable funding for any project.

The funding amount and the one to one-and-a-half year-long periods for project implementation as funding criteria to a great extent restricted the scope of eligible projects and primarily allowed those proposals and applications concerning the organisation of services, trainings, conferences, and cultural events as well as procurement of equipment. It was very typical of the programme that every now and then the framework of the small project fund was used for making the plans and preparatory, preliminary studies for large investment projects of key importance from the perspective of development in the borderland area.

The Phare CBC Hungary–Slovakia 2003 Small Projects Fund (SPF) was characterised by the strengthening of relations and exploration of co-operation possibilities and the development of new co-operation proposals.

The key results of the small projects fund are as follows:

- in order to develop the economy and improve the population retaining ability of the area, local produces and products were introduced into the regional tourist supply and popularised;
- a small area value map was made highlighting natural and cultural beauty spots, and the small area geopark concept was born;
- caring for cultural and ethnic relations, co-operation between schools, strengthening of identity and awareness of people on both sides of the border and preserving the value of traditions;
- maintaining cultural and ethnic ties, co-operation between schools, strengthening the cultural identity and awareness of the people living on both sides of the border and the conservation of traditional values.

The 5 projects, which were funded from a budget of 200 thousand euros, provide both individual and collective evidence that local initiatives have a paramount importance in the development of a region and the improvement of the living conditions and job opportunities of the people living there. The small project fund assists in the achievement of the European objective, which ensures the closing up process and a better quality of life for the citizens of the new and future Member States and the acquisition of an appropriate information and knowledge base.[24]

TOURISM AS A DEVELOPMENT AREA IN THE REGIONAL PROGRAMMES FUNDED BY THE EUROPEAN UNION

Hungary is endowed with an abundance of tourism sites and possesses ample natural and cultural heritage. However, tourist attractions are divided unevenly in regional terms, and seasonality is a determining feature in their exploitation. The development and marketing of tourism sites are independent of each other, and the bottleneck of their hosting capacity is narrow.

In Hungary, the first territorial development Phare programmes were launched with the support of the European Union at the beginning of the 1990s. These regional and cross-border programmes resulted—directly or indirectly—in the significant development of the tourism industry. Tourism elements were incorporated into the projects in several forms. Just to mention a few of the examples: creation and expansion of accommodation facilities, cultural events, organization of festivals in the border areas, construction of cycling routes either as a separate area, as in the "Thermal-ring in the Southern Great Plain", or within the "Development of Tourism in the Northern Hungarian Region" programmes.

The experience gained in the Phare programmes serves as a secure basis and useful aid in the implementation of the Operational Programme for Regional Development (OPRD), which was launched in 2004.

One of the accentuated areas of OPRD is the sustainable tourism-related utilization of natural assets and cultural heritage, including the development of tourist attractions and the improvement of tourism-hosting capacity. The following are eligible activities for funding related to the development of tourism:

The development of internationally competitive tourism attractions and products, which are based on the country's unique cultural heritage and natural

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[24] Seven Borders Phare Programme for Cross-border Developments 2003/0004-628-02

assets, reducing the regional concentration of tourism attractions and promotion of the marketing activities, is related to these developments.

Enhancing the standard and services of commercial accommodation and establishing new accommodation facilities, environmentally friendly operation of accommodation and expansion of the range of services related to tourist attractions.

One fourth of the 400 projects of the programme ending in 2008 serve tourist development purposes, and the available funding is more than 50 billion HUF. [25]

Figure 4: The main priorities of the Hungarian Tourism Development Strategy for the period of 2007-2013
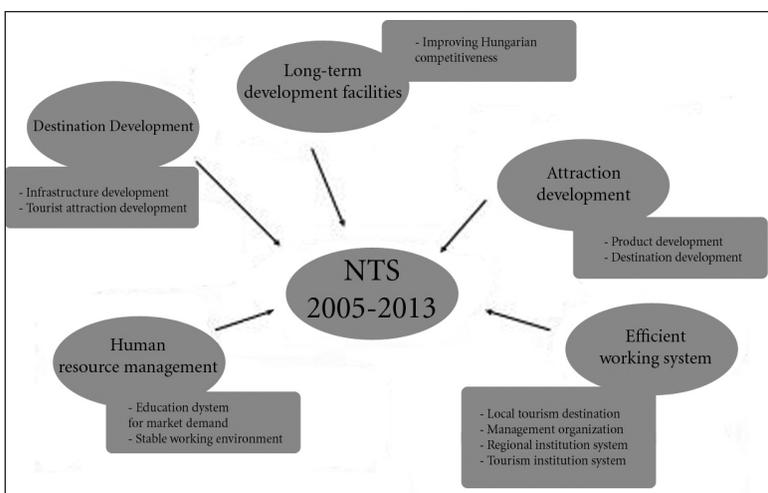
Source: Ministry of Local Goverment, Tourism Unit

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[25] Seven Borders Phare Programme for Cross-border Developments 2003/0004-628-02

Figure 5: Western and Northern Hungary

Source: edited by the author

HUNGARY-SLOVAKIA TERRITORIAL CO-OPERATION
PROGRAMME 2007–2013

The bilateral Hungarian-Slovakian programme was established in April 2006. On the Hungarian side, the National Development Agency and VÁTI (The Hungarian Public Non-profit Company for Regional Development and Town Planning in Hungary), and on the Slovakian side the Ministry of Construction and Regional Development of the Slovak Republic and the Ministry of the Enviornment of the Slovak Republic are responsible for the Hungary-Slovakia Territorial Co-operation Programme 2007–2013. The programme area covers 61 509 km, and includes Budapest and the counties of Győr-Moson-Sopron, Komárom-Esztergom, Pest, Heves, Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg in Hungary, and Bratislava, Trnava, Banska Bystrica and the counties of Nitra, and Kosice in Slovakia.

The programme contains the programme analysis, including population and settlement structure, economy, labour market, infrastructure, education and innovation, health, natural resources and environment, culture, science, civil society, Euroregions, lessons from the previous programming period, and a SWOT-analysis. Other important points of the programme are the common development strategy, the programme priorities, the implementing provisions and the legal basis, such as programme management structure and financial provisions.

The three priorities of the programme are economy and society; environment, nature protection and accessibility; and technical assistance. Among the list of interventions our matching point encourages common tourism development, but it is also connected with the other points such as the support of cross-border business

co-operation, partnership in the field of innovation and networking development. Cross-border tourism and common tourism products between the two participating countries mean potential economic development for both countries.

Across the border region, natural landscapes serve as the main attractions for tourism. Along the Danube and Tisza, water tourism is becoming popular, but is still underused. But in the programme region there are also tourist destinations with several significant cultural heritages, thermal and mineral water resources and wine regions.

Formerly, the border region was an industrial area. During the 1990s structural changes in the economy led to the decline of heavy industry, which was accompanied by the dynamic development of services. The level of cross-border economic co-operation is relatively low between the two countries. Currently the most popular co-operation areas are tourism networking and the common development of services.

The core element of the strategy is to strengthen the level of economic and social integration of the cross-border region.[26]

HUNGARIAN CASE STUDY FOR FUTURE CO-OPERATION BETWEEN HUNGARY AND SLOVAKIA IN THE FIELD OF HEALTH TOURISM

On the basis of the example of a previous successful international partnership among Hungary, Austria and Slovenia we will outline the connecting points of a possible co-operation by using the the Hungary-Slovakia Territorial Co-operation Programme 2007–2013 in health tourism, today the most developing type of tourism, between Hungary and Slovakia.

The directors of enterprises in the branch of health tourism have recognized the need for an alliance which supports bathing and related enterprises due to the increasing competition in the economy of the 21st century. In 2001, due to the growing number of renovated and newly-built spas and wellness baths, and the need for a common regional trade market and marketing, the Pannon Thermal Cluster was established in Bükfürdő to integrate economical supply in Central Europe and in the Pannon region.[27]

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[26] Hungary-Slovakia Territorial Co-operation Programme 2007-2013, Objective 3, Final draft, Version of 19 January 2007
[27] Németh,I. (2004) A klaszterek, mint az egészségturizmus fejlesztésének hálózatai; Balneológia, Gyógyfürdőügy, Gyógy-idegenforgalom, a Magyar Balneológiai Egyesület és a Magyar Fürdőszövetség folyóirata, ,XXII.évfolyam, 1.szám, 75.

The aim of the Pannon Thermal Cluster is to increase the comprehensiveness of the services, innovation and competitiveness, international marketing, categorization of supply and motivation of specific characters.[28]

Figure 6: Members of the Pannon Thermal Cluster
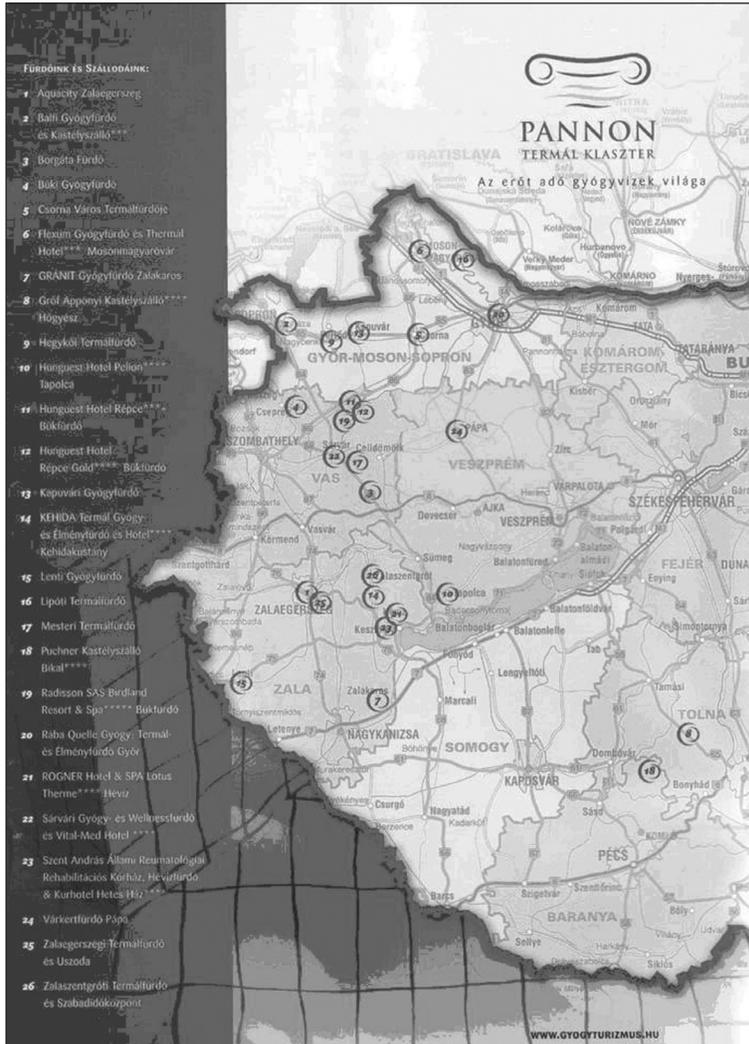
Source: Pannon Termál Magazin

[28] Németh, I. (2004) A klaszterek, mint az egészségturizmus fejlesztésének hálózatai; Balneológia, Gyógyfürdőügy, Gyógy-idegenforgalom, a Magyar Balneológiai Egyesület és a Magyar Fürdőszövetség folyóirata,,XXII.évfolyam, 1.szám, 77–78.

Between 2003–2006 one unique entreprise was the establishment of the European Spa World. The project was instigated by Slovenia, the western region of Hungary (Pannon Thermal Cluster), and Austria (Burgenland and Steiermark). Altogether 100 health tourism institutes were involved in the project from the three mentioned countries.[29]

The aim of the project is "to sell" under one brand name the European Wellness Region, ensuring a similar level in products and services, similar marketing and development with a brand name guaranteeing the quality and quantity of the various thermal waters.[30] The attraction of the Europen Spa World is its diversity. The project was sponsored by the European Funds for Regional Development. The participants of the partnership have published a common brochure which focuses on the superlatives:

- 105,798 m¸ relaxing thermal water,
- 341 saunas,
- 226 golf-courses,
- 13,338 careful hands,
- 21,715 sun beds,
- 3,459 m water-chutes,
- 11,970 km signposted bicycle routes.[31]

A map was published and also a short movie was created to introduce the superlatives and the region. The official home page of the project is www.european-spa-world.com, which includes a functioning DTA (Digital Tourism Assistant).

As a result of this excellent partnership, Hungary started another programme with Burgenland in Austria after the end of the ESW project. Thermenwelt Burgenland and the Pannon Thermal Cluster were involved after Autumn 2007 in an Interreg III/A project focusing on co-operation in the field of health tourism and financed by the European Union.

[29] Gyurácz, G. J. (2005) Szakdolgozat, A Büki Gyógyfürdő Rt. részvétele a European Spa World nemzetközi együttműködésben, 29-30.
[30] Sugataghy, A. (2004) A Pannon Termál Klaszter uniós szövetsége, 2 heti turizmus, 2004.január 19., 18.
[31] Brochure of the European Spa World (2006)

*Table 2: SWOT analysis for Hungary as regards participation
in the European Spa World*

STRENGTHS	WEAKNESSES
Cooperation among the countries of the European Union	
Supported by the European Union	
Supported by the Hungarian government	Low financial support by the Hungarian government
Europe's biggest health- and wellness cooperation	
	Decreasing financial sources
Cooperation abroad	
Cooperation of 3 different regions	
Thinking in superlatives	
Know-how transfer	
Natural environment	
Common spa heritage	
Dynamically growing performance in tourism	
OPPORTUNITIES	THREATS
Competition in the European Union	Competing institutes
Taking part in different exhibitions abroad	
Development of clusters	Growing market needs
Development of trans-border tourism	Decreasing financial resources affects low marketing
High economic potential in tourism	Lack of communication and further missing co-operation

Source: Personal collection, 2008.

HUNGARY-SLOVAKIA TERRITORIAL CO-OPERATION PROGRAMME 2007–2013. PARTNERSHIP IN THE FIELD OF HEALTH TOURISM

In our opinion and on the basis of the example of the Pannon Thermal Cluster and the European Spa World it would be advantageous for the Slovak Republic and Hungary to appear in the tourism market together. According to present trends, they could operate under the brand name "Medical-wellness". "Medical-wellness" would represent a mixed service of traditional spa treatments and wellness. This co-operation would result in innovation and know-how transfer, as well as focusing on the trend emphasising the priority of the harmony between soul and body.

The background to this partnership would be the Hungary-Slovakia Territorial Co-operation Programme 2007–2013.

The aim of the Hungary-Slovakia Territorial Co-operation Programme 2007–2013 is to generate developments to strengthen the social and economical opportunities of the cross-border areas. The 216 million Euro programme will be

financed by the European Regional Found (85%), the governments of the countries (10%) and the beneficiary of the projects (5%).

The Hungary-Slovakia border region comprises large agglomerations, but a wide area of rural countryside as well. It offers the basis for a wide range of economic and social activities. The agglomerations of Budapest and Bratislava are modern dynamic core centres with a great potential future development. The strategy focuses on the further increase of integration of the border region through different programme priorities like economy and society, environment, nature protection and accessibility and technical assistance. The programme priorities emphasize the elaboration of common tourism products.[32]

CONCLUSIONS

Co-operation facilities between Hungary and Slovakia in line with the Cross-border co-operation Programme 2007–2013 in the field of tourism

As a result of our research work we see the following potential matching points in the co-operation between Hungary and Slovakia.

To establish common tourism packages, such as:

- heritage tourism: world heritage site of Aggtelek and ancient castles route,
- festivals,
- hunting on both sides of the border,
- water-related tourism near the rivers Sajó, Hernád and Bodrog,
- rural tourism,
- health tourism with spa network.

It is also important to develop the information system through cooperated attractions and harmonized promotion and marketing work.

In our opinion, co-operation between Hungary and Slovakia would result in the expansion of the economy and would reach the public eye as a positive partnership example and would give an impressive appearance in the tourism market.

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[32] Hungary-Slovakia Territorial Co-operation Programme 2007-2013, Objective 3, Final draft, Version of 19 January 2007

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**"Changing Dynamics of the Danubian Region –
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PROGRAMME

29 June, Sunday

Arrival at Kolping Haus, Campus Krems

16.00-17.00	*Registration*
17.00	*Introduction, First meeting*
18.15	*Dinner at Heuriger "Hamböck"*
	(Krems-Stein Kellergasse 31., Tel.: +43/ (0)2732 84568)

30 June, Monday

8.15-9.15	*Registration*
9.15-9.30	*Rector's address*
	Heinrich KERN, Danube University Krems
9.30-9.45	*Opening*
	Susan MILFORD; István TARRÓSY; Attila PAUSITS, Head of the Center for University Continuing Education and Educational Management, Danube University Krems
9.45-10.30	*Keynote speech*
	Prospects and challenges of the European Neighbourhood Policy
	Robert SOLTYK, Policy Officer, External Relations Directorate-General, European Commission, Brussels
10.30-10.45	*Break*
10.45-12.15	*Plenary lectures*
10.45-11.30	*Co-operation strategies between the EU and the Black Sea region*
	Ioannis STRIBIS, Legal Advisor, International Centre for Black Sea Studies, Athens
11.30-12.15	*Prospects and challenges of the ENP crisis management from the point of view of the OSCE*
	Alice ACKERMANN, Officer, Conflict Prevention Centre, OSCE Vienna
12.15-13.15	*Lunch*
13.30-14.15	*Reasons and prospects for EU crisis management undertakings in the "Eastern neighbourhood" of the Union*
	Csaba TÖRŐ, Head of Section, EU Department, Office for Foreign Relations, National Assembly, Budapest

14.30-16.00	*Workshop sessions*
17.30-19.30	*Sightseeing in Krems*
20.00	*Dinner at „Brauhof"*
	(Corner: Utzstraße - Südtirolerplatz, Tel.: +43/ (0)2732 70 540)

1 July, Tuesday

9.15-12.30	*Plenary lectures*
9.15-10.00	*The internal dynamics and the external impact of the ENP: does the neighbourhood policy make a difference?*
	Vladimir BILČÍK, Slovak Foreign Policy Association, Bratislava
10.00-10.45	*Economic and social conditions and perspectives of the ENP in relation with the Ukraine*
	Tibor SZENTANDRÁSI, Assistant, Department of Political Science and European Studies, Constantine the Philosopher University, Nitra
10.45-11.00	Break
11.00-11.45	*Dimensions of civil society in the ENP*
	Nóra SASVÁRI, Ph.D., Budapest Corvinus University (BCE) - Institute for International Studies
11.45-12.30	*Widening the European Research Area to the neighbouring countries of the EU*
	Manfred HORVAT, Former Director in the Austrian Research Promotion Agency (FFG), Vienna
12.30-13.30	*Lunch*
13.30-18.00	*Workshop sessions*
19.00	*Dinner (Filmbar)*

2 July, Wednesday

10.00-16.00	*Excursion*
	Boat trip to Melk (back by train)
19.00	*Dinner (Filmbar)*

Summer School on Regional Co-operation
5th edition: 29 June – 6 July 2008, Krems, Austria

**"Changing Dynamics of the Danubian Region –
New Neighbourhood Policy in the EU"**

D A N U B E
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3 July, Thursday

9.15-12.30	*Plenary lectures*
9.15-10.00	*The social and economic dimensions of the ENP*
	Zoltán CSÉFALVAY, Professor, Andrássy University, Budapest
10.00-10.45	*Civil Society in the Caucasus – A European policy challenge*
	Daniela MUSSNIG, Project Coordinator, Intercultural Center, Vienna
10.45-11.00	*Break*
11.00-11.45	*Direct neighbourhood – A new Eastern policy for the EU?*
	Daniel GROTZKY, Research Fellow, Center for Applied Policy Research, Munich
11.45-12.30	*ENP in the context of the 'frozen conflicts' in Southern Caucasus: with special consideration of Georgia*
	Martin MALEK, Researcher, Institute for Peace-keeping and Conflict Management, Academy of National Defence, Vienna
12.30-13.30	*Lunch*
13.30-18.00	*Workshop sessions*
19.00	*Dinner (Filmbar)*

4 July, Friday

Gartenhotel Altmannsdorf (Hotel 1): Hoffingergasse 26, A-1120 Vienna, Klausurzimmer

10.00-10.30	*The EU-debate as a challenge for the Renner-Institut in the Austrian context*
	Brigitte MARCHER, Head of Unit for European Politics, Renner-Institut
10.30-11.15	*ERSTE Foundation: Bee-ing good?*
	Robin GOSEJOHANN, Project manager, ERSTE Foundation
11.15-12.30	*EU Neighbourhood Policy in the public opinion of the EU*
	Wolfgang STREITENBERGER, Advisor to the Director General, Information Society and Media Directorate-General, European Commission, Brussels
12.30-13.30	*Lunch*
13.30-16.30	*Sightseeing in Vienna*

16.30-18.00	*Free programme*
20.00	*Dinner (Filmbar)*

5 July, Saturday

10.15-13.00	*European Forum Wachau, Göttweig*
	"New Impetus for Europe"
13.00-15.00	*Lunch*
15.00-16.30	*Participation in the workshop "Europe and its values" of the European Forum Wachau*
17.00-18.30	*Closing session: Presentations and discussion of the workshop results*
18.30-19.00	*Closing ceremony*
20.00	*Dinner and farewell party*

6 July, Sunday

Departure

WORKSHOPS

1. **European Neighbourhood Policy as Efficient Tool for Conflict Management?**
2. **Economic and Social Perspectives of the European Neighbourhood Policy**
3. **Potentials for Civil Society in the European Neighbourhood Policy**
4. **Relations of the European Union to the Black Sea Region**

WORKSHOP LEADERS

Ádám KÉGLER - Project manager, Hungarian Academy of Sciences, EU researches, Hungary - Workshops 2 and 3

Sergiy GLEBOV - Associate Professor, Department of International Relations, Institute of Social Sciences, Odessa Mechnikov National University, Ukraine - Workshops 1 and 4

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As a gateway and a facilitator institution the IDM makes an important contribution to co-operation in the fields of research, culture, politics, economics and administration. At the same time the IDM sees itself as a clearinghouse for concerns of the Danube region and Central and South East Europe, supporting the work of embassies, trade missions, cultural institutes and national tourist offices of the countries of the Danube region and Central and South East Europe in Austria, as well as the work of Austrian missions to these countries.

Since 1995 the chairman of the Institute for the Danube Region and Central Europe (IDM) is the former Austrian vice-chancellor Dr. Erhard Busek.

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Groundwork

As a think tank the IDM performs basic groundwork for government agencies and institutions in the fields of politics, education, research, culture and business and supports efforts in the Danube region and Central and Southeast Europe.

PR work

The IDM performs PR work and serves as a lobbyist for the region.

Research

The IDM carries out research projects dealing with current political, sociological, social, economic, cultural and ethnic issues of the countries of the Danube region and Central Europe. The results are publicised by means of events and publications.

Next generation support

The IDM supports recent graduates and young professionals in research and practice.

Educational activities and events

In seminars, symposiums, summer schools and the post-graduate programme "Interdisciplinary Balkan Studies Vienna", all with international participation, the IDM also serves as an institute of learning and training. In addition, the IDM organises expert meetings, conferences, workshops and lectures. In this context, cooperation with institutions that share the IDM's goals is of particular significance.

Corporate services

On request the IDM will organise custom-tailored introductory and advanced seminars for companies (executive briefings).

Publications

- "Der Donauraum" ("The Danube Region") – scientific journal of the Institute (quarterly/price per copy: € 9.60/subscription: € 34.50) – Böhlau publishing house, Sachsenplatz 4-6, A-1201 Vienna)

- "Buchreihe des Instituts für den Donauraum und Mitteleuropa" ("Book Series of the Institute for the Danube Region and Central Europe") – Böhlau publishing house
- "Das Magazin für den Donauraum und Mitteleuropa" ("The Magazine for the Danube Region and Central Europe") – issues on individual countries
- "IDM-Studien" ("IDM Studies") – on topical issues
- "Info Europa" – journal on the enlarged EU (5 issues per year, subscription: € 40, reduced price € 15) with topical supplements
- "IDM-Info" – newsletter of the Institute including the programme of events (5 issues per year/subscription: € 15/free of charge for members of the Institute)

Documentation

The IDM maintains a documentation centre and a magazine reading room with specialised publications on current developments in the countries of the Danube region and Central and Southeast Europe. Documentation is supplemented by regular reports provided by country correspondents working for the Institute on a voluntary basis.

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ID in the name of our enterprise indicates first the significance of possible research and co-operation between different disciplines (InterDisciplinary) in today's globalising world; second, refers to the ability of developing creative ideas (Idea+Development) and third, covers Innovative power and Dedicated aspect of the enterprise.

Since 1997, a team of young researchers, students and Ph.D. aspirants from the University of Pécs have been organising various national and international symposia, conferences, seminars and summer schools about different aspects of social and political changes in Central and Eastern Europe (ranging from regional co-operation, the place and role of the V4 countries to security dilemmas of our global world). IDResearch is a young company based on the experiences and achievements of the past years, with a special intention of generating and shaping collaborations among young researchers in Central Europe. The aim of the company is to become a well-known generator of co-operations between national and international actors in the field of human sciences and research, project development and training. IDResearch Ltd. is interested in strengthening a new generation of social scientists who can search for and interpret affects of global processes appearing on the local level, and contribute to expressing social demand by establishing a new co-operation culture. For this aim the company plans to develop accredited trainings for young scientists to help them obtain complementary and pragmatic skills useful for their future work.

Current projects include

- the DRC (Danube Rectors' Conference) Summer School series on
  Regional Co-operation (www.d-r-c.org; www.drc2008.idresearch.hu);
- Cultural Development Strategy - for the city of Kaposvár;
- the Publikon project (portal for social science research (www.publikon.hu);
  own development);
- spin-off agency for the University of Pécs (innovating summer school
  development strategies, promoting international student recrutation,
  comprehensive surveys);
- consulting agency for the Hungarian Tourism Board Regional
  Marketing Directorate (regional strategies for youth tourism);
- publisher of African Studies (Afrika Tanulmányok) periodical and
  initiator of several researches, conferences and workshops on
  African issues - www.afrikatanulmanyok.hu;
- Collaborator in the International Cultural Week in Pécs series (www.icwip.hu).

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