

Sebastian Schäffer, Dominik Tolksdorf (eds.)

The EU member states and the Eastern Neighbourhood – From composite to consistent EU foreign policy?

Contents

Introduction	4
<hr/>	
Euro-Atlantic Community and the South Caucasus: How to Face Russia in the Region? By Nasimi Aghayev	6
Turkish Foreign Policy: From “Surrounded by Enemies” to “Zero Problems” By Ekrem Eddy Güzeldere	14
EU-Russia relations after the Gas-conflict: What lessons we have learned By Dr. Stefan Meister	20
EU Membership ambitions: What alternative approaches exist and how is the European foreign policy perceived in Ukraine? By Kateryna Malyhina	24
<hr/>	
Final Conclusion and Policy Recommendations	29

Introduction

By Sebastian Schäffer and Dominik Tolksdorf

Through several events the Eastern neighbourhood of the European Union became a focus of the EU foreign policy during the last couple of months. Since the war in Georgia in August 2008, there has been increased international interest in the south Caucasus region. The request for NATO membership by Kiev and Tbilisi as well as the gas crisis between Russia and Ukraine in January 2009 have led to controversial debates in Europe, the USA and elsewhere. Observing closely the role of the Russian Federation towards its neighbouring countries and the tensions and/or frozen conflicts in Abkhazia, South Ossetia, Transnistria, and Nagorno-Karabakh, the EU sees itself in a position to become more actively involved in the region. Besides stability aspects, the EU has various interests in the Black Sea region, among them the goal to secure and establish old and new energy transport routes.

The major question, however, remains how the EU can become a more unified actor that is able to manage the future challenges in the region. The current EU policy towards the Eastern neighbourhood consists of various initiatives equipped with different instruments. Furthermore, the views among the EU member states of how to deal best with Russia and other states in the Black Sea region vary widely. In the future, the European Neighbourhood Policy (including complementary instruments like the Eastern Partnership) and the member states' policies towards the Russian Federation and the Black Sea region therefore have to be coordinated more effectively. Some questions arise in this respect: in which ways do the EU member states have to adjust their bilateral relations with the countries of the Eastern neighbourhood in order to achieve this goal? How can such a strategy be harmonized with the rather technical instruments of the European Commission? How can the composite EU foreign policy be transformed into a more unified and consistent policy towards the Eastern neighbourhood?

These questions were discussed during a workshop held at the Center for Applied Policy Research (C·A·P) in Munich on 25 and 26 June 2009. The C·A·P Policy Analysis consists of several papers that focus on specific topics related to the central questions of the workshop.

In his paper on the role of the Euro-Atlantic community in the south Caucasus, **Nasimi Aghayev**, editor-in-chief of the *Caucasian Review of International Affairs*, analyses how to effectively counter the risk of Russia reasserting control in the region. He claims that in the absence of stronger Euro-Atlantic engagement and commitments, the states of the south Caucasus will become disillusioned with the Euro-Atlantic community and consider Russian interests and positions more frequently and earnestly in their policies and interactions with the West. This would inevitably lead to increased dependence on Russia (both economically and in terms of security) and gradual alienation from the West, thus substantially endangering Euro-Atlantic interests (primarily those of energy and security) in the region, resulting in the "Finlandization" – i.e. forcing the region's states to seriously consider the "Russian" factor in all their interactions with the West – of the south Caucasus.

Ekrem Eddy Güzeldere is an analyst at the Istanbul office of the *European Stability Initiative (ESI)* and examines in his paper the shift of the Turkish foreign policy towards its neighbours, from the former perception of being surrounded by enemies to a "zero problem" policy. The author demonstrates how the Turkish government

aims to become a mediator in the conflicts of the south Caucasus, which includes the promotion of the *Caucasus Stability and Cooperation Platform (CSCP)* and even the improvement of the Turkish relations to Armenia. However, Ekrem Eddy Güzeldere concludes that immediate success appears unlikely because the interests of all participants diverge significantly. Furthermore, the lack of a common perspective like EU or NATO membership makes success more difficult to achieve.

Dr. Stefan Meister, research fellow at the Centre Russia/Eurasia of the *German Council on Foreign Relations (DGAP)*, examines in his paper the lessons learned from the Ukrainian-Russian gas conflict of January 2009 for the EU-Russia relations. Although both partners have a mutual dependence in the energy sector, energy policy on both sides is still highly ideologized. The EU as well as Russia both recognise the importance of energy security but only moderate progress towards this goal has been achieved in recent negotiations. The author therefore concludes that the time is ripe for a common energy policy of the EU that can be turned into a pillar of the strategic relations between both partners.

Kateryna Malyhina, freelancer at the editorial staff of the *Ukraine-Analysen* of the research centre on Eastern Europe of the University of Bremen, discusses in her contribution alternative concepts for EU membership and the perception of European foreign policy, using Ukraine as an example. She presents the strategic goals of cooperation from the EU's perspective, as implemented by the Association Agreement and the Eastern Partnership. The main problem within this framework becomes obvious if Belarus and the Ukraine are compared according to their level of integration with the EU. While Belarus is only at the beginning of the process to develop deeper relations with the EU, Ukraine is far more advanced in several policy areas such as economic cooperation and visa policies. It therefore perceives the Eastern partnership only as an additional instrument of cooperation and not as a viable alternative for EU membership. The author concludes that if no further incentives are presented from the EU side, the aspiration of membership will no longer be relevant in the Ukrainian foreign policy.

The final conclusion of the C·A·P Policy Analysis summarizes the outcomes of the workshop and provides answers to the questions mentioned above. Furthermore, the final conclusion includes policy recommendations for a consistent EU foreign policy towards the Eastern Neighbourhood, which were discussed during the workshop.

Euro-Atlantic Community and the South Caucasus: How to Face Russia in the Region?

By Nasimi Aghayev

Introduction

The Georgia-Russia war of August 2008, the subsequent invasion of large parts of Georgia, and the recognition of independence of the Georgian breakaway regions by Russia have once again increased international attention to this unstable but important region sandwiched between Iran and Russia, concurrently rich in energy resources and conflicts. Although Georgian President Saakashvili's hot temper also largely contributed to the escalation of the conflict, the Russian reaction was excessive and manipulative. The war has easily swept away the post-Cold War era's "liberal" myths about the unlikelihood of Russia's resort to massive military actions in the South Caucasus (SC) and elsewhere in the former Soviet Union, thus surpassing the mere military rhetoric it had been utilizing for the last few years. The self-confident Russian military actions – going beyond the territories of the breakaway regions in Georgia, and possibly having in mind the overthrow of the elected government of an independent state – clearly indicated ever more nationalistic Russia's preparedness to maintain its influence in its so-called "Near Abroad" by all means. In view of these more clearly perceived Russian neo-imperialist ambitions and the current inability of the West to firmly and cohesively counter Russia in the SC, most of the ruling elites and general publics in the SC, as in other parts of the CIS, are now much more conscious of the national security risks posed by their northern neighbor.

The insufficient engagement of the Euro-Atlantic community¹ in the region, often driven by internal divergence as well as poor perception of its own interests in the SC, is also one of the factors with the potential to influence strategic decision-making on the part of the region's states. Such circumstances could in the medium term potentially force these states, in the absence of a stronger Euro-Atlantic engagement and commitments, to become disillusioned with the Euro-Atlantic community and consider Russian interests and positions more frequently and effectively in their policies and interactions with the West, which would inevitably lead to increasing their security and economic dependence on Russia and gradual alienation from the West, thus substantially endangering Euro-Atlantic interests (primarily energy and security ones) in the region. This paper will attempt to answer the question of how to effectively counter the challenges imposed by Russia in the SC in order to prevent it from reasserting control over the region.

Russia and the West in the South Caucasus

After the collapse of the former Soviet Union, Russia saw its influence in the South Caucasus gradually dwindle. This was due to many factors, including primarily the SC states' post-colonial drive for sovereignty, independent exploitation of own natural resources, huge demands for foreign capital, Russia's inability to offer reliable mechanisms of equal post-Soviet cooperation, and perceived threats emanating from Moscow. On the other hand, the Euro-Atlantic community's presence in the region, especially in political, economic, and security spheres, became ever stronger and has therefore been regarded by Russia as a threat to its national security and as part of a strategy of the US to geopolitically contain it.²

After the collapse of the Soviet Union, Russia saw its influence in the South Caucasus gradually dwindle

Despite the hopes that emerged after the end of the highly chaotic and incoherent SC policy of the Yeltsin era of a more cooperative, pragmatic, and economy-based Russian SC policy – which incidentally proved to be true more or less during President Putin’s first term – Putin’s second term was characterized by a more aggressive, neo-imperialist, revisionist, and comparatively goal-oriented strategy vis-à-vis the region which seems to remain still in force under President Medvedev.

Regarding the South Caucasus still as its exclusive sphere of influence, and its presence in the region as an important factor for its national security, Russia appears to pursue a policy of strengthening its political, economic, and military influence in the region, and of weakening the Euro-Atlantic community’s presence there by all means. Some methods applied by Russia for achieving this goal include: first and foremost, the instrumentalization of the region’s protracted conflicts; warning the SC states against deepening their cooperation with NATO and EU³; mobilizing its efforts to overthrow the existing government in Georgia; deploying more troops in Georgia’s secessionist regions and continuing to directly threaten Georgia; increasing its economic and military presence in Armenia by taking over its indebted economic infrastructure (assets-for-debt swaps) and, most recently, providing a multi-million dollar loan to it⁴; transferring more free weaponry to the Armenian army⁵ and strengthening its military base in Armenia through relocating the military equipment from its former bases in Georgia there; attempting to strengthen the Russian-led Collective Security Treaty Organization (established as counterweight to NATO) of which Armenia is a member⁶; periodically threatening to expel the hundreds of thousands of South Caucasian “guest workers” from Russia and toughen the visa and immigration regime; offering Azerbaijan to buy its entire export gas volume, thus hoping to undermine the chances for the Nabucco gas pipeline project and gaining even greater control over energy supplies to the EU; pressurizing Azerbaijan to avoid providing Georgia with natural gas; trying to increase its direct investments in Azerbaijan’s energy sector; and pressing the West to eventually consider the region as its *domaine réservé* and to regularly consult its policy steps in the region with Russia.

Russia regards its presence in the South Caucasus as an important factor for its national security

The most optimistic (for Russia) outcome of such policies should be the eventual regaining of total control over the region. The realistic outcome, however, in view of the current improbability of a total “de-Westernization” of the region,⁷ should be a kind of “Finlandization”⁸ of the South Caucasus, i.e. forcing the region’s states to seriously consider the “Russian” factor in all their interactions with the West, and especially to reject any effective military and security cooperation with the Euro-Atlantic community. Whether this desired outcome will become reality will be determined above all by the capability of the West to face this challenge and pursue a more assertive and cohesive SC policy.

“Finlandization” of the South Caucasus

The protracted conflicts in the SC, such as the conflicts of Abkhazia, South Ossetia, and Nagorno-Karabakh, are the major obstacles on the way to peace and stability in the region and are still skillfully manipulated by Russia to preserve its influence. These unresolved conflicts do not only hinder regional cooperation and integration but also obstruct the region’s more intensive integration into the Euro-Atlantic structures. The policies pursued by Russia along the whole post-Cold War period with regard to the settlement of these conflicts clearly indicated its willingness to drag out as much as possible the *status quo* as leverage against pro-Western Azerbaijan and Georgia, and to keep its only SC ally, Armenia, under control. Although these policies could not stop the cooperation of said countries with the

West, the damage inflicted by the conflicts in decelerating this cooperation, especially in the political, security, and military fields, has always been visible. The existence of the separatist conflicts, as well as their manipulation by Russia, has been the major rationale behind the careful approach to the Euro-Atlantic integration in said fields among the ruling elites of the region, especially in Armenia and Azerbaijan, but also in Georgia until the Rose Revolution of 2004. On the other hand, out of fear of importing instability and enraging Russia, the endurance of the conflicts has always been regarded as a pretext for protracting the region's full integration into the Euro-Atlantic structures, particularly amongst European political circles highly skeptical of the expansion of NATO and the EU further to the east.

The most probable scenario for the Georgian conflicts seems to be a continuation of the current status quo

The Georgia-Russia war of August 2008 and the recognition of Georgia's breakaway regions by Russia brought about a new situation around the resolution of these conflicts. The unexpected recognition of both secessionist "republics" seems to have pursued primarily a strategy of reinforcing the long-term military presence of Russia in the South Caucasus, diminishing chances of Georgia to a NATO membership, scaring away foreign investments, and of holding secessionist "republics" as a Sword of Damocles over any far-reaching Western engagement in Georgia. The most probable scenario for the Georgian conflicts, at least in the short and medium term, seems to be a continuation of the current status quo. Derecognizing Abkhazia and South Ossetia as demanded by the West is completely out of the question for Moscow due to obvious reasons. And no government in Georgia could politically afford any renunciation of both breakaway regions for the sake of the country's membership in NATO and EU.

Russia's officials pointed out the difference of the Nagorno-Karabakh conflict to the conflicts in Georgia

The war itself and the recognition also played a significant role in the initial decline in military rhetoric in the third SC conflict – Nagorno-Karabakh (NK). It also strengthened the conviction in Armenia that in the case of any military action of Azerbaijan to liberate its occupied territories Russia would come to help the Armenian army. In the aftermath of the war it seemed that certain prospects were emerging for the resolution of this long-lasting conflict. Apparently, for the purpose of polishing its damaged image, demonstrating its good will in the SC, strengthening its influence over Armenia and Azerbaijan, and also possibly of seeking an alternative land corridor to Armenia via Azerbaijan, thus compensating the one that passed through Georgia, Russia intensified its efforts to find a negotiated solution to the NK conflict. Russia's officials pointed out the difference of the NK conflict to the conflicts in Georgia, and clearly emphasized the territorial integrity of Azerbaijan. This new Russian behavior resulted in a joint declaration on the NK conflict, signed by the presidents of Armenia, Azerbaijan, and Russia in November 2008 in Moscow, which was the first of its kind on such a level. But the positive atmosphere was quickly spoiled after the January 2009 reports of Russia's new weapon transfers to Armenia, worth \$800 million, became public. Meanwhile, Azerbaijan seems to have managed the crisis for the sake of a desired breakthrough in the peace process. However, whether hopes of a resolution will materialize soon is yet to be seen, particularly given such a contradictory policy of Russia.

As seen above, the challenges imposed by Russia on Western engagement in the SC are immense. The main question now is how to effectively face these challenges for the sake of preventing the SC from turning back into a backyard of Russia, thus endangering the West's strategic interests and the interests of the region's states?

How to face Russia in the South Caucasus?

The West has multiple long-term interests of paramount importance in the SC. These include primarily the existence of vast energy resources in Azerbaijan and the favorable geographical location of the South Caucasus for the alternative transit (bypassing Russia and Iran) of Central Asian hydrocarbons to the West, thus helping decrease the West's, especially Europe's, dependence on Russian and Middle Eastern oil and gas; second, the anti-terrorism engagements in Afghanistan in the aftermath of 9/11 and the operational assistance Azerbaijan and Georgia have been rendering to them; and third, given the two aforementioned factors, the importance of the existence of independent and stable South Caucasian states.

The internal divergences within the Euro-Atlantic community, especially concerning a stronger political and security engagement in the SC, have increased in the aftermath of the Georgia-Russia war and created an impression of the West gradually giving in to the pressure of Russia and slowing down its engagement in the SC, thus fulfilling the major Russian demand of recognizing the SC as its exclusive sphere of influence. The election of a more pragmatic Barack Obama to the US presidency and his conciliatory rhetoric has only helped to strengthen this impression. Meanwhile, there have been many calls⁹ in the West, especially in the US, for a "serious consideration" by the US of Russian positions in its "Near Abroad" for the sake of having its cooperation, particularly on the nuclear program of Iran, but also that of North Korea, in the war on terror in Afghanistan, or the fight against global warming and other questions of global concern. As a result, these have all created the sense that the supporters of the "Russia first" policy would be gradually gaining an upper hand in Washington, DC, as was the case under President Clinton¹⁰ during the majority of his first term. Even if such a first impression might be misleading, particularly in terms of an immediate conversion into a practical policy, the concerns do not seem to be completely ungrounded.

In general, if these prospects were indeed to materialize in the foreseeable future, it would be a serious blow to the West's strategic interests in the South Caucasus. Leaving the field to Russia in the SC would dramatically undermine the already diminished faith of the region's states in the West's reliability and slow down the region's integration into the Euro-Atlantic structures. On the other hand, the West might find itself in a situation of offering a lot more to Russia without getting much in return. Despite the whole anti-Western, especially anti-American, rhetoric and energy-blackmailing fueled by petrodollars during the last few years Russia remains vastly dependent on its cooperation with the West, primarily in the economic field. The global financial crisis has clearly demonstrated the huge vulnerabilities of the Russian economy, notorious for its enormous dependency on energy revenues. Therefore, Russia has no choice but to cooperate with the West on many issues of global concern, since they affect in one way or another Russia's national security as well. The signs of Russia's cooperation can already be observed.¹¹ Retreating before Russia now would only strengthen the neo-imperialist self-confidence of the political forces in Moscow, and embolden them to seek out more and more "privileged interests"¹² in Russia's "Near Abroad".

Within this context, it is essential for Western interests and the interests of the region's states that the West helps strengthen their sovereignty and independence, countering the growth of Russian influence in the SC – but in a more effective and cohesive way. What should be done in concrete terms?

Internal divergences within the Euro-Atlantic community concerning a stronger political and security engagement

Russia remains vastly dependent on its cooperation with the West

First, it is important to send a clear message to Moscow that the West is not going to accept Russia's reassertion of an exclusive sphere of influence or "privileged interests" in the SC and other parts of the former USSR that deny its neighbors the freedom to make their own decisions or to define their own foreign policies. It would also be counterproductive to let Russia feel that its pressure tactics have easily produced favorable results. Isolating Russia should be, of course, out of the question. However, its engagement in the region, undermining the sovereignty and independence of the region's countries, should be similarly rejected.

Nagorno-Karabakh conflict remains the greatest impediment for the regional cooperation and integration

Second, the West should increase its efforts to achieve a peaceful solution to the Nagorno-Karabakh conflict, which remains the greatest impediment for the regional cooperation and integration in the SC, and the region's effective integration into Euro-Atlantic structures. A resolution envisaging a broad self-rule for the Nagorno-Karabakh region within the Republic of Azerbaijan with peaceful co-existence of both Armenian and Azerbaijani communities, guaranteed by international peace-keeping forces from countries impartial with regards to the region and conflict, withdrawal of Armenian forces from the occupied territories, return of displaced persons to their homes in the regions in and around Nagorno-Karabakh, demilitarization of the conflict zone, and re-establishment of trade and communications between Armenia and Azerbaijan appears to be the most sustainable and just option that is best suited for the interests of both countries. The current basis for peace talks, the so-called Madrid Principles, under the aegis of the OSCE Minsk Group, apparently envisages a similar scenario.¹³ The resolution of the conflict will not only result in the restoration of good-neighborly relations between Armenia and Azerbaijan and Armenia's full participation in the regional projects, but will also inevitably lead to the reopening of borders and normalization of relations between Armenia and Turkey – which in turn will substantially weaken Russia's dominance over Armenia and, in general, decrease the region's vulnerabilities with regard to Russia. As far as the conflicts in Georgia are concerned, in view of the unlikelihood of any "derecognizing" of the separatist "republics" by Russia, at least in the short and medium term, and their subsequent reintegration into Georgia, the only viable option remains to continue to vigorously support the democratic and economic development of Georgia and its integration into the Euro-Atlantic structures.

Integration of the region into the Euro-Atlantic institutions should be strengthened

Third, the mechanisms applied to promote the integration of the region into the Euro-Atlantic institutions should be strengthened. Most importantly, the Individual Partnership Action Plans signed by the region's states with NATO and the recent Eastern Partnership Initiative (EPI) of the EU could be the most important tools in bringing the region closer to the Euro-Atlantic Community and promoting the region's multifaceted development. Of course, the political will of the region's states for a deeper integration into the Euro-Atlantic space is of great importance for the future success of these instruments. Here it is noteworthy that the internal divergences within the Euro-Atlantic community, concerning the broader engagement in the region, which stem from the worries of some continental European powers such as Germany and France not to infuriate Russia, only increase feelings of insecurity of the region's states vis-à-vis Western objectives, or the speculations around the trade-offs of the region for the sake of cooperating with Russia, and inevitably leave the region's states more vulnerable to the pressures from the north. That said, the West should demonstrate its willingness more clearly to strengthen its engagement in the region and strenuously back the sovereignty and independence of the region's states, thus destroying any such feelings of uncertainty. For long-term stability and security in the SC it is essential for the West, besides increasing efforts for conflict

resolution, to step up cooperation with the region's states in the security and military fields, bringing their armies in line with NATO standards and creating favorable conditions for future military alliance when the time is right. At the same time, it is worth mentioning that the success of the EU's Eastern Partnership Initiative in the SC will be highly conditional, not only on the tangible results achieved by the participant countries in implementing the required reforms, but also on offering the SC states the prospect of eventual EU membership in a reasonable time frame. As in the case of the Balkans, such a prospect would be a crucial incentive for the resolution of many problems and the steady implementation of much needed reforms. The EU has come a long way in terms of its uncertainty about the SC: from not willing even to include the region in its "Wider Europe" framework some years ago to offering individually tailored partnerships to the region's states. Now more resolution and action is required.

Fourth, the West should continue its unwavering support for the oil and gas pipelines traversing the SC transit corridor, bypassing Russia and Iran, which are indispensable, not only for the region's independence and economic development but also for decreasing Europe's energy dependence on Russia, especially in the field of natural gas imports. This dependence clearly encourages Moscow to dictate its own terms to Europe. Therefore, it is of great importance for the EU to steadily implement its declared policy of providing strong political support and concrete commitments for the development of the Southern Corridor for energy and transport (most notably, the Nabucco gas pipeline), including the Trans-Caspian interconnection.

Fifth, it is also important to continue to support the state-building processes in the region by means of permanent dialogue, encompassing various spheres. However, in this process the West should be extremely careful to avoid giving the impression of wishing to change the existing governments in pursuit of installing more western-minded ruling elites. Such an impression can be extremely harmful, especially in terms of gradually alienating the region's states from the West and pushing them back into Russia's arms. Further, an equal-footing dialogue is preferable, and the West should avoid creating a sense of lecturing its dialogue partners. Finally, it should be understood that the region, which formed part of a totalitarian system until less than two decades ago, needs time to establish full-fledged democracy, rule of law, and good governance. The resolution of conflicts, stability, steady economic development, and increased partnership with the Euro-Atlantic structures, particularly in economic, military, and security fields, will inevitably help to promote these processes.

Of course, the ideal option for ensuring a sustainable peace and stability in the SC would be the creation of a security and stability zone in the region, completely free of great power rivalry, foreign troops, military engagements or commitments from external powers, be it Russian or NATO ones. Proponents of such an approach implied that it would allow Russia to give up its imperialistic ambitions towards the SC and respect the agreement.¹⁴ However, given the realities on the ground, it is predestined to remain only an idealist vision of the region's future. Such a scenario would require first and foremost the rise to power of a completely new ruling elite in Moscow with strong democratic credentials and without imperial thinking and revisionism, which appears to be unrealistic, at least for the foreseeable future. Under the current circumstances, Russia would only agree to a stability initiative for the South Caucasus that would recognize the region as its exclusive sphere of influence, leave the West out of the region, and establish the region's subordination towards

The West should continue its unwavering support for the oil and gas pipelines traversing the South Caucasus transit corridor

Support to state-building processes in the region

Moscow. Such a scenario would obviously be rejected, above all, by the region's states. This is, by the way, one of the major reasons, apart from the existence of separatist conflicts, behind the gradual fiasco of the latest Turkish proposal of the Caucasus Stability and Cooperation Platform¹⁵ despite the initial supportive rhetoric from the region and beyond.

Conclusion

If the South Caucasus is gone, Central Asia will be gone as well

Given the whole range of Western long-term energy, security, and other interests in the region, it is of utmost importance for the Euro-Atlantic community to have a stable, secure, independent, prospering, democratic, and westward-oriented SC. Today more than ever a stronger engagement of the Euro-Atlantic community in the SC is of utmost importance for guaranteeing the independent and democratic development of the regional states by integrating them more intensively into Euro-Atlantic structures, and decreasing as far as possible their dependence on Russia, thus ensuring long-term Euro-Atlantic strategic interests in this key region. In order to ensure this, it is essential for the Euro-Atlantic community to firmly withstand the Russian assertive strategy of "Finlandizing" the SC. Moreover, in view of the strategic location of the SC and its bridge function between Europe and Central Asia, it shouldn't be overlooked that if the SC is gone, Central Asia will be gone as well.

Last but not least, Russia cannot be allowed to reassert control over the South Caucasus, as was negligently done by the inaction of the *Entente vis-à-vis* Soviet Russia's re-expansion into the region some 90 years ago.

Notes

- 1) The terms "Euro-Atlantic community" and "West" are used synonymously in this paper.
- 2) Eugene B. Rumer, "Why 'Contain' Russia?," *Washington Post*, 17 December 2004, <http://www.washingtonpost.com/wp-dyn/articles/A6397-2004Dec16.html>, Accessed 5 May 2009.
- 3) Previously, Russia vociferously opposed only NATO's engagement in the SC. Moscow's attitude to EU initiatives, such as Partnership and Cooperation Agreements or European Neighbourhood Policy aimed at the former USSR, has usually been almost that of indifference. The last few months, however, have seen a salient Russian opposition to increased EU engagement in the region. The Russian Foreign Minister even called the latest EU initiative "Eastern Partnership," encompassing inter alia the SC, an attempt of the EU to seek an eastern "sphere of influence". See in this regard an insightful paper published by SWP in Berlin: Susan Stewart, "Russia and the Eastern Partnership," SWP Comments, No. 7, May 2009, http://www.swp-berlin.org/common/get_document.php?asset_id=6000, Accessed 14 June 2009.
- 4) Emil Danielyan, "Russian Loan To Reach Armenia 'This Week'," RFE/RL's Armenian Service, 4 June 2009, <http://www.azatutyun.am/content/article/1747100.html>, Accessed 14 June 2009.
- 5) "Russian huge weapon supply to Armenian army becomes public," ANS Press, 9 January 2009, <http://anspress.com/nid99598.html>, Accessed 10 June 2009.
- 6) "Collective Security Treaty Organization to establish united army," APA News Agency, 4 February 2009, <http://en.apa.az/news.php?id=96498>, Accessed 6 June 2009.
- 7) To totally exclude the West from the region under the current circumstances, Russia would need, above all, the political will of the ruling elites of the region's states. However, even in Armenia, its most important ally in the region, Russia would face staunch opposition for such a perspective, let alone in Azerbaijan and Georgia. Keeping the West in the region allows the governments, apart from economic gains, to preserve the sovereignty and independence of action of their respective states as much as possible. Also, the political forces favouring the West's exclusion from the region do not enjoy much public support in the SC.
- 8) As a geopolitical term used in political and academic literature, it originated in West German political debate of the late 1960s and 1970s. As the term was used in Germany and other NATO countries, it meant the process of turning into a country which, although maintaining national sovereignty, in foreign politics resolves not to challenge a more powerful neighbour. It was used commonly in reference to Finland's policies vis-à-vis the Soviet Union during the Cold War. Although Finland was a democracy, and its economy largely capitalist, it was never part of NATO, maintained strict neutrality in international affairs, and was always extremely careful not to enrage the USSR.
- 9) For some of these views expressed by Congressmen and Washington-based pundits, see Mark N. Katz, "Will Russia help the United States with Iran," *Policy Watch*, No. 1516, The Washington Institute for Near East Policy, 13 May 2009, <http://www.washingtoninstitute.org/templateC05.php?CID=3053>, Accessed 20 May 2009, and Lilia Shevtsova, et al., "False Choices For Russia", *Washington Post*, 9 June 2009, <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=23252&prog=zru>, Accessed 10 June 2009.

- 10) Gennadi? Illarionovich Chufirin, *The Security of the Caspian Sea Region* (Oxford: Oxford University Press, 2001), 19.
- 11) Among the most recent signs of Russia's willingness to collaborate is the decision of Moscow not to sell the S-300 anti-aircraft missile system to Iran; its voting for resolutions at the UN Security Council condemning North Korea's recent missile tests, an underground test of a nuclear device, and imposing new sanctions on Pyongyang; and Russia's consent to allow the US and other NATO allies to use its territory to transport logistic supplies to the international forces in Afghanistan.
- 12) The term was used by President Dmitry Medvedev with regard to Russia's "Near Abroad" during his several interviews and speeches in the aftermath of the Georgia-Russia war.
- 13) "Madrid proposals on Nagorno-Karabakh conflict constitute best framework for peaceful resolution: Crisis Group," TREND News Agency, 29 January 2009, <http://news-en.trend.az/karabakh/1411390.html>, Accessed 10 February 2009.
- 14) See, for example, Sergiu Celac and Michael Emerson, "A Stability Pact for the Caucasus," (Brussels: Centre for European Policy Studies, 2000) or Brenda Shaffer, "Measured U.S. Support Remains Key to Caucasus," *Los Angeles Times*, 23 January 2000, <http://articles.latimes.com/2000/jan/23/opinion/op-56683?pg=1>, Accessed 15 March 2009.
- 15) Hasan Kanbolat, "Ankara will host Caucasus Stability and Cooperation Platform," *Today's Zaman*, 13 January 2009, <http://www.todayszaman.com/tz-web/yazarDetay.do?haberno=163936>, Accessed March 15, 2009.

Turkish Foreign Policy: From “Surrounded by Enemies” to “Zero Problems”

By Ekrem Eddy Güzeldere

To a large extent, Turkey was economically and politically isolated until the 1980s – poorly integrated into the world market and inactive on the international stage, despite being part of Western security policy. According to the state ideology, which was born from the experiences of the perishing Ottoman Empire, Turkey saw herself surrounded by enemies which strove to weaken her and, if possible, would also claim territory. An old proverb expresses this mentality: “Turks have no friends other than Turks”. Kemal Kirisci, professor at Bosphorus University until 2008, described this Turkish way of thinking as Hobbesian: “The international environment has traditionally been seen as anarchical and therefore creating the imperative need to be militarily strong and to be prepared to use military force for ‘win-lose’ outcomes.”¹ Graham Fuller confirms this in his book “The New Turkish Republic” (2008): “While the republic did face genuine external enemies, Kemalist ideology tended to incorporate a fear of external powers and conspiracies as a key element in its world outlook. This paranoia toward the outside world helped both to preserve Turkey’s domestic power and to justify an authoritarian approach to guarding the nation against external threats.”²

Normalization with
İsmail Cem in the 1990s

From the mid-1980s onwards this view slowly started to be challenged under Prime Minister Turgut Özal, who opened the Turkish economy. However, the political relations to most of the neighboring countries remained tense until the late 1990s. This changed slowly with the improving of the relations with Greece under foreign minister İsmail Cem, who described his feelings when he got into office: “When I came to the Ministry I realized that our relations with many of our neighbors were not good, and I thought that at least some of the blame must lay with us. We adopted a principle where, for every positive step towards Turkey, we would respond with two positive steps.”³

Ahmet Davutoğlu’s Strategic
Depth and the AKP

This policy change was consequently continued during the AKP government (Justice and Development Party), which has been ruling with an absolute majority since 2002. Ahmet Davutoğlu, who has been the foreign minister since May 1st, 2009, wrote, during his time as professor at the private Beykent University in 2001, an at the time little noticed book about foreign policy entitled “Strategic Depth”. In his book Davutoğlu proposed a new relationship with the immediate neighbors, corresponding to the historic and geopolitical dimension of Turkey, who should admit its Ottoman past. After the end of the cold war Turkey should re-interpret her role and broaden regional influence step by step to reach a global one.

About the relations to the neighboring countries he wrote:

“It is impossible for a country experiencing constant crises with neighboring states to produce a regional and global foreign policy [...] A comprehensive peace plan and a package to develop economic and cultural relations have to be put into place simultaneously to overcome security crises with the closest neighbors.”⁴

In the same year the newly founded AKP passed its first party program with numerous parallels to Davutoğlu’s doctrine, e.g. Turkey “shall take more initiative in the spots of crisis in regions neighboring Turkey and try to make a more concrete contribution to the solution of the crises.” Finally, the geographical position of Turkey demanded “a foreign policy that is forward-looking, proactive, innovative, and, ultimately, multifaceted.”⁵

Later, this came to mean in the AKP jargon “zero problems with the neighbors”. Davutoglu used this catchword himself in an article in 2007 that a zero problem policy toward Turkey’s neighbors” has been successfully implemented for the past four years. Turkey’s relations with its neighbors now follow the right track in comparison to previous years. The most striking examples of Turkey’s success in the region are its relations with Syria and Georgia.⁶

“Zero Problems with the neighbors”

And Davutoglu repeated his foreign policy doctrine in an interview with the German weekly *Der Spiegel* in June 2009: “We want to have a relation without problems with all our neighbors – and we have exactly achieved that. [...] We don’t believe in polarization or isolation. We believe that problems can be solved in dialogue.”⁷

Turkey’s foreign policy situation changed significantly after the end of the Cold War. From an outpost of the West located directly along the Iron Curtain, the country suddenly shared borders with states that didn’t exist in the 1980s and furthermore belonged to the same linguistic group, which produced a certain cultural and emotional closeness. Marlène Laruelle described this new policy approach as follows: “After the declarations of independence in the latter half of 1991, the Turkish authorities decided to place their policies toward the Central Asian states and Azerbaijan on a cultural footing.”⁸ The relations to the turkophone Central Asian states never reached the expected level and even serious political discrepancies occurred in the 1990s: “Eager for independence, these nations did not want to be patronized and Turkey was ill-prepared in terms of understanding power dynamics and social affinities in these countries.”⁹ Close relations developed only with Azerbaijan.

Turkey in the South Caucasus

The new approach to more regional cooperation towards the Caucasus emanated from the new foreign-policy logic to establish more balanced relations towards the neighboring regions. Thereby, economic considerations play an important role. The Turkish exports to the Caucasus, Russia, and Central Asia increased from 1.6 billion USD in 2000 to more than 8.4 billion USD in 2007. Exports to these countries already make up about 10 percent of Turkey’s total exports, which means clearly less than to the EU (46%), but already twice as much as to North America (4.6%).

Azerbaijan holds an exceptional position in Turkey’s Caucasus policy. The bilateral relations are often labeled “Two states – one people”. Also Davutoglu emphasized this particular position in “Strategic Depth”: “Azerbaijan is for Turkey – in the Caucasus in general and in the Southern Caucasus especially – the most important strategic ally.”¹⁰ Already in 1992, the two countries passed agreements on economic and trade relations (January 2nd) and on friendship, cooperation, and good neighborhood (January 24th). Also, the military cooperation developed in the 1990s, when Turkey’s goal was to bring Azerbaijan closer to the Atlantic organizations. In the bilateral conflict between Azerbaijan and Armenia, Turkey has always sided with Azerbaijan, and because of Armenia’s occupation of Nagorno-Karabakh closed the border with Armenia in 1993.

Relations between Turkey and Azerbaijan

The most commonly cited uniting factors between the two societies are language and ethnicity. Language matters for practical reasons. Azerbaijanis watch Turkish TV channels, enjoy Turkish pop songs, and travel relatively comfortably in Turkey without a language barrier. Despite these affinities, the two societies, estranged for decades during the Soviet era, have failed to build up meaningful links since Azerbaijan’s independence. News coverage of Azerbaijan’s internal dynamics in mainstream Turkish press is extremely limited and there is very little work done

Little known about Azerbaijan and few contacts

involving Azerbaijan in Turkey's NGO community. Experts on Azerbaijan are hard to come by in academia or the think tank world. This stands in contrast to the steep rise of joint projects between Armenian and Turkish activists and academics since 2000.¹¹

During much of the 1990s Turkey was a confusing partner to deal with. The coalition governments in Turkey changed on a yearly basis, each with a different vision for the region. A Turkish nationalist party representative would travel to the region with a pan-Turkic agenda while a member of parliament from an Islamic party would advocate religious unity.

Bilateral tensions because of rapprochement with Armenia

However, relations were close and strong until the cautious rapprochement between Turkey and Armenia since September 2008 resulted in serious tensions between Turkey and Azerbaijan, which was especially angered by the fact that Turkey considered opening the border to Armenia although the Karabakh problem remains unsolved. In Turkey, some accused President Ilham Aliyev of "hijacking Turkey's Caucasus policy and striking a blow to its regional interests. Liberals argued that ethnicity should not be a defining pillar of Turkish identity or affinity. [...] Hard questions that would once have been politically incorrect were raised in the Turkish mainstream debate."¹² However, nationalists accused the Justice and Development Party (AKP) government of betraying Azerbaijan, where the disappointment with Turkey's position was voiced throughout the country and political spectrum. Azerbaijan's displeasure with the developments was highlighted in early April, when Aliyev refused to join the Alliance of Civilizations summit in Istanbul. Due to Azerbaijani and domestic pressure, Prime Minister Erdogan had to ensure the Azeris in Baku on May 13th, 2009: "It is not possible that Turkey opens its border to Armenia before the Nagorno-Karabakh conflict is solved."¹³

Relations between Turkey and Georgia

Turkey was the first country to recognize Georgia's independence on December 16th, 1991. In May 1992, diplomatic relations were established and president Demirel was the first foreign guest to visit Georgia, in June 1992. The bilateral relations developed in the 1990s, mainly driven by the idea of establishing transport routes for Caspian energy resources. The oil-pipeline Baku-Tblisi-Ceyhan (BTC, the first oil arrived in Ceyhan on May 28th, 2006) and the natural gas pipeline Baku-Tblisi-Erzurum (BTE, the first deliveries started on December 15th, 2006) are the central pillars of this cooperation. That is why Turkey has an interest in a stable and secure Georgia: not to endanger these important energy supplies. What kinds of negative consequences military conflicts can have on energy supply became evident when BP closed the BTE pipeline on August 12, 2008, for two days for safety reasons.

Not only gas and oil can move freely between the two countries, but also free movement of persons for citizens of both countries was facilitated in February 2006. Turkish and Georgian citizens can stay in the respective other country for up to 90 days without a visa. Furthermore, the Georgian airport in Batumi is run by the Turkish TAV and operates as an almost domestic airport with a bus connection to Hopa. And to further increase the flow of persons and capital, Turkey, Azerbaijan, and Georgia started with the construction of the "new silk road", a high-speed train connection between Kars via Tblisi to Baku, on October 21st, 2007.¹⁴

Increasing economic relations

Trade and economic contacts play an ever-growing role. During most of the Cold War period there was no open border between the two countries, the first border post was opened in 1988, and in 1994 a second one was added in Türközü. The increased trade flow via the border and the ports led Turkey to overtake Russia as Georgia's most

important economic partner in 2006. In 2007, 14 % of Georgia's exports went to Turkey and 15 percent of the imports came from Turkey. For Turkey, Georgia is economically rather unimportant with only about 1 % of the foreign trade.¹⁵

Turkey has special relations to the region of Adjara, whose international guarantor is Turkey, according to the Treaty of Kars (1921). The Georgian population in Turkey emigrated mostly from this region. The Georgian fear of increased Turkish interference in domestic affairs proved causeless, Turkey was rather aimed at settling separatist tensions in Adjara.¹⁶

In principle, a policy focused on active engagement with all neighboring states would also have dictated the normalization of relations with Armenia. However, it has not. "Turkey wants to see peace, stability, security, and prosperity in its region," as Ali Babacan once put it, "but as you know our relations with Armenia do not fit into that formula."¹⁷ The reasons for this situation are both historic and stemming from recent history. Both countries disagree on the labeling of certain historic events that occurred during World War I. For Armenia and most of the rest of the world they constituted genocide, whereas Turkey speaks of deportations because of security reasons. Even if there are "cracks in the wall", the official Turkish position has not changed. However, Armenia does also say that the recognition of the genocide is not a precondition for diplomatic relations.

Relations between
Turkey and Armenia

Although Turkey recognized Armenia in December 1991 as an independent state no diplomatic relations have been established. Because of the Karabakh conflict between Armenia and Azerbaijan the land borders between Turkey and Armenia remain closed since 1993. For the last fifteen years the unresolved conflict between Azerbaijan and Armenia has developed into an obstacle to Turkish-Armenian reconciliation. Turkey's closing the border with Armenia has done little to help resolve the problem of Nagorno-Karabakh. It has not helped Azerbaijan and has diminished Turkey's role in the region. The standoff between the two countries remains damaging for both – for the landlocked Armenian Republic as well as for the impoverished eastern provinces of Turkey.¹⁸

In the course of president Gül's journey to Erivan to watch the football World Cup qualification match on September 6th, 2008, the climate started to improve.¹⁹ This historic meeting was followed by numerous encounters of the foreign ministers (Babacan and Nalbadian met seven times between September 2008 and April 2009) and high-ranking diplomats, but concerning the opening of the border no breakthrough could be achieved. Since Erdogan made the solution of the Karabakh conflict a precondition for the opening of the border, a solution in the near future can not be expected.

Football diplomacy

Because of the closed borders trade does hardly play a role, since it has to be made via Georgia. According to Armenia's National Statistical Service 2007's exports to Turkey amounted to a paltry 3 million USD and imports to 131 million USD (4 percent of Armenian imports).²⁰ Currently the only possibility to travel directly from Turkey to Armenia is by plane with Armenian Airways. It is estimated that around 40,000 Armenian citizens live and work in Turkey illegally. In the past years several initiatives on the civil society level were initiated, where both the more critical treatment by parts of the Turkish NGO sector and the more visible actions of the Turkey Armenians play an important role.

Despite closed border,
NGO contacts increase

Relations between
Turkey and Russia

After the disintegration of the Soviet Union, new political rivalries in the bilateral relations between Turkey and Russia evolved because Turkey wanted to expand its influence to regions where Moscow has strong interests and historical relations. These tensions were camouflaged in recent years through the intensive growth of bilateral economic relations with an annual increase of 15 to 20 percent. Russia is, after Germany, Turkey's second biggest trade partner and Turkish construction holdings are active in the Russian market. Turkey receives about two thirds of its gas and about 10% of its oil imports from Russia, which carries out about 40% of its oil exports through the Turkish straits.

To weaken the Russian influence in the Caucasus, Turkey emphasized political and economic pluralism in the Southern Caucasus. Politically this meant the strengthening of the sovereignty of the new states and their inclusion into the Euro-Atlantic Organizations. Economically this meant to develop alternative energy routes to be able to transport Caspian oil to Europe without using Russian territory.

Relations between cooperation and competition

Therefore the Russian-Turkish relations are to be seen within an area of tension, between cooperation and competition, whereas on the energy questions these interests are diametrically opposed. Russia wants to increase Turkish dependence of its gas supply, whereas Turkey is trying to establish alternative gas deliveries to reduce this dependency.

During the Russian-Georgian military confrontations in August 2008 Ahmet Davutoglu described the complicated relations to Russia as follows:

"Any other European country can follow certain isolationist policies against Russia. Can Turkey do this? I ask you to understand the geographical conditions of Turkey. If you isolate Russia, economically, can Turkey afford this? ... Unfortunately, we have to admit this fact. Turkey is almost 75-80 percent dependent on Russia [for energy]. We don't want to see a Russian-American or Russian-NATO confrontation. ... We don't want to pay the bill of strategic mistakes or miscalculation by Russia, or by Georgia."²¹

Turkey is not in the position to isolate Russia or head to confrontation, due to this dependency of energy supply.

The Caucasus Stability Pact
of August 2008

A topical example of active Turkish foreign policy is the initiative to found the Caucasus Stability and Cooperation Platform (CSCP). On August 11, 2008, still during the military confrontations between Georgia and Russia, Prime Minister Erdogan voiced the idea to initiate a Pact for the Stability and Security in the Caucasus, following the example of the Balkan Stability Pact. Shuttle diplomacy followed, which started in Moscow (August 13th), followed by Tbilisi (August 14th) and Baku (August 20th). The Turkish approach is directed solely to the three Caucasian states. So far it is not envisioned to invite representatives of the secessionist provinces South Ossetia, Abkhazia, or Nagorno-Karabakh, nor the extra-regional actors EU or USA. With this initiative, which the current economy minister Babacan calls "dialogue forum", the Turkish government aims to tackle two strategic problems. First, Ankara wants to clear out possible security problems that could emerge due to an instable situation where a regional forum could promote discussion and therefore could at least build confidence. Secondly, Turkey has painfully experienced that instability is bad for business. When Turkey wants to become an energy hub through which oil and gas will be transported from East to West, it has to strive for a stable situation along the energy routes. In the words of president Gül: "we are very active in trying to achieve an atmosphere of dialogue, so there is the right climate to resolve the problems. If there is instability in the Caucasus, it would be sort of like a wall between the East and West; if you have stability in the region, it could be a gate."²²

While Ankara can act as a rather neutral mediator between Georgia and Russia it is directly involved in the conflict between Azerbaijan and Armenia. This will be one of the central challenges for Turkish diplomacy and the road to the CSCP. In the past years Turkey gained some experience in the mediation of conflicts: between Israel and Syria, in Lebanon, Iraq, and between Pakistan and Afghanistan. To what extent these experiences will help to overcome deeply rooted conflicts in the Caucasus remains to be seen. So far the reactions from the region are overall positive. Turkey also seems to try to develop its rapprochement to Armenia through this pact and to therefore use the Russian influence on Erivan.

Turkey's difficult role
as mediator

However, immediate success of such an initiative seems more than difficult because the interests of the participants diverge significantly. Some profit from the status quo, others suffer from it, Russia is seen by some as an aggressor, by others as the security guarantor, etc. Furthermore, there does not seem to be a common perspective like with the Balkan Stability Pact, where NATO or EU membership were a special incentive.²³ However, should it be possible to establish a dialogue platform and to meet regularly, this could be an important step towards the solution of conflicts and serve the economic interests of all participants.

A dialogue platform

Through this initiative Turkey will have closer and more regular contacts with the Caucasian neighbors. This complies with the doctrine of Strategic Depth, meets the geostrategic and historical dimension of Turkey, and therefore fully fits to the foreign policy orientation of the past years.

Notes

- 1) Kemal Kirilci, "Turkey's foreign policy in turbulent times," European Union Institute for Security Studies (EUISS), Chaillot Paper No. 92, September 2006.
- 2) Graham Fuller, *The New Turkish Republic: Turkey as a Pivotal State in the Muslim World*, (Washington: United States Institute of Peace Press: 2008).
- 3) Ismail Cem, *Türkiye, Avrupa, Avrasya*, (Istanbul: Kültür Yayınları, 2009).
- 4) Ahmet Davutoglu, *Stratejik Derinlik*, (Istanbul: Kültür Yayınları, 2001), 144-145.
- 5) AKP-Party Programme, AKP-Party, <http://eng.akparti.org.tr/english/partyprogramme.html>.
- 6) Ahmet Davutoglu, "Turkey's Foreign Policy Vision: An Assessment of 2007," *Insight Turkey*, http://www.insightturkey.com/Insight_Turkey_10_1_A_Davutoglu.pdf.
- 7) "Wir wollen Ordnung," *Der Spiegel*, 22 June 2009, 110-112.
- 8) Marlène Laruelle, "Russo-Turkish Rapprochement: Alexander Dugin's Networks in Turkey," *The Jamestown Foundation*, April 2008.
- 9) Nigar Göksel, "Turkey and Azerbaijan: Passion, Principle, or Pragmatism?" *GMF On Turkey*, 4 June 2009.
- 10) Ahmet Davutoglu, 127.
- 11) See Nigar Göksel, "Turkey and Azerbaijan: Passion, Principle, or Pragmatism?" *GMF On Turkey*, 4 June 2009.
- 12) Nigar Göksel, "Turkey and Armenia: Adjusting Expectations," *GMF On Turkey*, 18 May 2009.
- 13) "Erdo an besucht Polen," *TITAAngte*, 15 May 2009, http://gte.business-on.de/erdogan-besucht-polen_id1022.html.
- 14) Dietrich Alexander, "Der Kaukasus und die Türkei – Nachbarschaftspolitik in schwierigem Terrain," *Konrad-Adenauer-Stiftung*, <http://www.konrad.org.tr/Journalismus%20dt/Alexander-alm.pdf>.
- 15) See Jerzy Rohozifski, et al., "Turcja after the start of negotiations with the European Union – foreign relations and the domestic situation," *Centre for Eastern Studies*, http://osw.waw.pl/files/raport_turcja_II_ang.pdf, 36.
- 16) *Ibid.*, 33-3.
- 17) "Turkish FM invites Armenia for renewed dialogue," *Hurriyet Daily News*, 21 April 2008.
- 18) See "Noah's Dove Returns: Armenia, Turkey and the Debate on Genocide," *European Stability Initiative*, 21 April 2009, http://www.esiweb.org/pdf/esi_document_id_108.pdf, 13.
- 19) *Ibid.*
- 20) 2008 Statistical Yearbook of Armenia, National Statistical Service of the Republic of Armenia, 2008, <http://www.arm-stat.am/file/doc/99456368.pdf>.
- 21) Igor Torbakov, "The Georgia Crisis and Russia-Turkey Relations," *Jamestown Foundation*, <http://www.jamestown.org/uploads/media/GeorgiaCrisisTorbakov.pdf>, 39.
- 22) *Ibid.*, 40.
- 23) Erhard Busek, "More than declarations' needed in Caucasus," *EurActive.com*, 19 August 2008, <http://www.euractiv.com/en/enlargement/erhard-busek-declarations-needed-caucasus/article-174777>

EU-Russia relations after the Gas-conflict: What lessons we have learned

By Dr. Stefan Meister

The Ukrainian-Russian gas conflict of early 2009 has inflicted sustained damage on the trust between Russia and the EU. Whereas the Russian side criticizes Brussels for not exerting sufficient pressure on Kiev and for putting the same amount of blame for the escalation of the conflict on Gazprom and on Kiev, the critics within the EU feel confirmed in their warning of too great a dependence on Russian energy. Both the Russian suggestion of a new energy framework agreement and a Eurasian energy forum were met with little support within the EU. On the other hand, the Russian Premier Putin has called into question, as a matter of principle, the Russian signature under the existing Energy Charta Treaty. At the same time, Russia is continuing to develop its bilateral energy relations with individual EU member states concerning the Nord Stream and South Stream projects. Despite the high degree of mutual dependence and the serious effects of the financial crisis on the entire energy sector, neither side is ready for compromise at the moment. Russia and the EU should reconsider their energy policy and demonstrate more readiness for conciliation. It remains the supreme goal to de-ideologize energy policy and to turn it into an important pillar of strategic bilateral relations.

The EU-Russia summit in Khabarovsk on 21/22 May 2009 was determined mainly by the subject of energy security, but yielded more or less no result. The EU-Russia relationship seems to have arrived at a new low, as there are different positions on quite a number of issues. The Russian proposal for a new security architecture has so far been met with little agreement within the EU. On the other hand, the new EU project of an Eastern partnership is regarded by Russia as a project competing for the post-Soviet space. However, it is the issue of energy that has made the two sides to adopt a course of confrontation since the gas conflict at the beginning of the year 2009. The nearly two-weeks interruption of Europe's supply has once more fanned the debate within the EU on the diversification of energy supply and has reinforced the trend towards promoting alternative energy sources and pipeline projects. This has put the gas industry in Europe under even more political pressure, especially as it has been under growing scrutiny by the European regulatory bodies for years anyway.

The EU Commission has been driving its unbundling and liberalization policy, especially in the gas sector, for years, aimed at breaking up the influence of a few large groups and introducing more competition for the benefit of the customers. At the same time, energy policy within the Union is still very much determined by national views; a situation the Commission aims to change with its policy of liberalization. The Third Energy Package, adopted by the European Parliament on 22 April 2009, envisages the separation of grid operation and generation of energy. The originally planned complete ownership unbundling of the energy companies and their electricity and gas transmission networks had been weakened by compromise. Meanwhile, the member states are able to choose from among three possible options in which there lies not only complete separation but also the possibility of the energy groups remaining the owners of the grids and having them operated by independent companies. In contrast to this policy of unbundling, the aim of Russia and especially of Gazprom is to be able to also offer the entire value-creation chain on the European energy market in the future. This is what the Russian government wants to achieve through a new legal framework agreement on energy cooperation. This includes long-term agreements with the purchasers, guarantees for investments, and access to the attractive European end-customer market.

Also as a reaction to the gas crisis of January 2009, the Russian side has presented two concepts that are to replace the Energy Charta and consider more strongly the interests of Russian companies. At the Russian-German Forum on Fossil Raw Materials in St. Petersburg on 27 March 2009, the President of the Russian gas company, Valerij Yazev, presented the concept of a Eurasian energy forum to an international audience for the first time. This forum is to consist of all the major energy producers of the Euro-Asian region, to act independently of the respective national governments, and to place the transit of raw materials under international control. Apart from this concept hailing from the Russian gas industry, the Russian presidential administration published proposals for a new Energy Charta on 21 April. These call for a new universal international energy document that is to replace the existing Energy Charta. The fundamental principles of this agreement are the equal responsibility of recipients, suppliers, and transit states of energy resources for energy security, the maintenance of state sovereignty concerning national resources, the unimpeded access to international energy markets, and the protection of existing and future investments in this area. Furthermore, guarantees are demanded for the transit of energy resources and products, which strengthens particularly the rights of the producing countries.

Russian reform proposals as a reaction of the gas crisis

It is especially the transit protocol of the existing international Energy Charta Treaty that is being criticized by Russia, as this would mean the loss of the monopoly over the pipelines held by Gazprom in Russia. With its new proposals for an international energy treaty, Russia is attempting to strengthen its own position and to play a more active role in the energy debate with the EU. Fundamentally, the existing structures, and thus the monopoly position of Gazprom for the delivery of raw materials from the post-Soviet space, are to be protected. Russia wants to leave the current supply contracts untouched and distribute the risk of supply failures evenly among the exporters, transit countries, and recipients. The Russian side finds fault in the EU for setting up rules with its energy policy without having included supplying countries, such as Russia, sufficiently in the negotiations on drawing up these very rules. Furthermore, Russia feels treated unfairly by the energy policy of the EU. The Vice Chairman of Gazprom, Alexander Medvedev, criticizes that, on the one hand, Russia is held responsible for the interruptions in supply of 2006 and 2009 and that, on the other hand, projects for diversifying energy supplies to Europe such as Nord Stream and South Stream are being criticized within Europe as increasing the dependence of Europe on Russia. It is a fact, however, that the EU only depends on gas supplies from Russia in a share of 25 percent. Russia, in contrast, exports more than 80 percent of its energy to Europe.

EU energy policy contrary to Russian interests

A major contentious issue between Russia and the EU is that of how to treat Ukraine. The declaration signed between Brussels and Kiev on 23 March on the modernization of the Ukrainian pipeline system faced harsh criticism from Moscow as it did not include Russia. Representatives of the Russian government and Gazprom raised the point that it is not possible to modernize the Ukrainian pipeline system that channelled 80 percent of Russian gas supplies to Europe without the participation of Gazprom. Gazprom stressed that this pipeline infrastructure manufactured in the Soviet Union was synchronized completely with the Russian system, and that neither could function independently from one another. The cost for the modernization amounts to US \$5.5 billion, according to the Ukrainian government, a sum that is to be supplied by international financiers. Indeed, it seems to make sense that a consortium consisting of European, Russian, and Ukrainian companies should modernize, maintain, and further develop the Ukrainian installations. It has to be considered that the Ukrainian side does not want to put this infrastructure under Russian control and that a consortium should also comprise several non-Russian companies.

Ukraine as object of dispute between Russia and the EU

The Russian leadership and Gazprom have been warning of a renewed gas crisis with Ukraine for weeks. On the one hand, this line of argument is aimed at stressing the importance of their own projects (Nord Stream, South Stream) for European energy security, and at meeting the criticism from the EU member states concerning the too heavy dependence on Russian supplies. On the other hand, there are indications that Ukraine is really facing insurmountable payment difficulties. The Ukrainian gas monopolist Naftogas has used up all of its own gas reserves due to a lack of funds over the past months and has not been able to re-fill the stores again. In the first quarter of 2009, Naftogas only purchased 2.5 billion m³ of the 35 billion m³ of gas ordered. In addition, Naftogas has to repay US \$500 million of foreign loans by September 2009. During a meeting of the prime ministers of Ukraine, Yulia Timoshenko, and Russia, Vladimir Putin, no agreement was achieved on financing the debts and the necessary reserves for the winter season. Prime Minister Timoshenko had already enquired about a US \$5 billion loan in Moscow in February in order to restore the solvency of Naftogas. It emerged that, despite excluding the intermediate agent Rosukrenergo, there was still no clarity established on the amount of the debts, the handling of ordered but not accepted deliveries, and payment modalities. Naftogas is at the moment paying its gas bills on a monthly basis, and nobody knows if the company will be able to pay the next month. As the Ukrainian position is going to remain solid until the elections that are scheduled for January 2010, interruptions in the supply cannot be ruled out even before the impending winter.

The EU should develop more active its energy policy

What should the EU do? The EU cannot step aside and stay out of the energy relationship between Russia and Ukraine, as its member states are the ones who are going to bear the brunt of any renewed interruptions in the supplies. Ukraine is in a precarious economic and political situation, which it will not be able to maneuver out of on its own. In order to secure long-term supplies through Ukraine, the solvency of Ukraine itself needs to be restored. This requires at least a partial privatization of the Ukrainian energy industry (Naftogas is 100 percent owned by the state), as well as higher domestic prices for energy, the promotion of energy efficiency and renewable energies. Per capita, Ukrainians consume twice as much gas than the Germans, by a much lower economic power. It remains to be seen whether the planned presidential elections will really lead to a stabilization of the domestic political situation. However, the EU should put forward long-term offers to Ukrainian politics, e.g. joint projects in the area of energy efficiency, and thus promote the modernization of Ukrainian economic and energy structures. The new EU-Eastern partnership policy can be used to offer Kiev modernization projects and to give incentives for reforms. At the same time it is not very promising to exclude Russia from such important strategic projects as the modernization of the Ukrainian pipeline system. With the participation of Russian companies in the modernization of the Ukrainian infrastructure, these could have a part in the responsibility. Thus a lighthouse project could be created, serving the improvement of the energy relationship between Russia and the EU as a whole.

Russia, Norway and Algeria will remain the major gas suppliers of the EU for a long period of time. According to more or less all-scientific forecasts, gas consumption will rise in the EU. Russia, with the greatest gas reserves worldwide, is a supplier there is no alternative to in the medium term. It is important to drive on the diversification of routes and the development of LNG terminals. Furthermore, the relations with the supplier countries should be developed in the long run in order to create greater security. The secure delivery of gas and oil should also be guaranteed through legal treaties that the supplier countries enter and which would need to be financed through a higher gas price. They should be held liable for any interruptions in the supply.

The gas crisis has made it clear that a review is necessary of the European, and in some countries also of the national, security systems for energy. There is a need to develop an interconnected European pipeline network and strategic storages in order to help those European countries that depend on one supplier in the event of supply interruption. Energy should play a greater role in the EU's foreign relations. Brussels should adopt this subject more, in order to be able to act as a more influential player. This would add authority to projects such as Nabucco and open up new scope for negotiation vis-à-vis the Central Asian countries. First of all the EU and its member states have to make their homework, to liberalize and de-nationalize energy policy in order to be able to speak with one voice towards important partners like Russia in the energy relations. To blame Russia and Gazprom for advocating its interest policy with bilateral relations and pipeline projects is the wrong way and only diverts from the failure of a "common European energy policy".

The global financial crisis has once more underlined the mutual dependence of Russia and the EU in the energy sector. The decline in European economic output, connected with a lower consumption in raw materials and a drop in prices, hurts the Russian energy industry and thus the income of the Russian state directly. Over the first three months of the year 2009 Gazprom's gas deliveries to Europe declined by just under 40 percent as compared to the same period last year. At the same time, the share in the European gas market has temporarily dropped from 25 to 18 percent. This development also has something to do with the rigid pricing policy pursued by Gazprom as compared to other competitors. Thus, the group has secured the monopoly concerning Central Asian deliveries with high price agreements, which are difficult to re-limit now.

Russia and the EU are interdependent in the energy sphere

According to information put forward by the company, Gazprom expects its income to collapse by at least 45 percent as compared to the previous year in 2009. However, the group requires enormous financial funds in order to conduct its large-scale investment projects. At the moment, Gazprom confirms the continuation especially of its strategically important projects such as Nord Stream, South Stream, and the development of the Shtokman gas field in the Barents Sea. That means there is a big interest to invest in pipeline projects with Europe. The planned investments for 2009 amount to US \$30 billion. At the same time, Gazprom has foreign debt of just under US \$50 billion. The estimated cost for the first leg of Nord Stream stands at EUR 7.4 billion. Apart from the German Hermes guarantee amounting to EUR 2 billion, Gazprom enquired with the Italian exporting agency SACE about a surety ship of up to EUR 2.14 billion in May 2009, due to problems on the international lending market. The cost for South Stream will increase massively with the planned doubling (from 31 bn. to 63 bn. m³) of the capacity. Whereas Gazprom quotes a price of EUR 8.6 billion, Western experts expect the cost to be in the range of EUR 22 to 25 billion.

It becomes clear that the Russian gas monopolist does not only require cooperation and technical know-how, but even more urgently western loans and investments. Only close cooperation and a further integration of the Russian and European gas industries are able to guarantee European energy security in the long run. Furthermore the diversification of transport routes, the support of energy efficiency and renewable energy in the EU and its Eastern neighborhood will pave the right path for the future. It seems to be all the more important to not put forward ideological arguments on the subject of energy, but rather to develop joint projects. The modernization of the energy infrastructure and supply of Ukraine is a logical suggestion for such a joint strategic project.

EU Membership ambitions: What alternative approaches exist and how is the European foreign policy perceived in Ukraine?

By Kateryna Malyhina

Introduction

Ukraine proclaimed European integration as its strategic goal already in the second half of the 1990s. However, due to the multi-vector foreign policy of the Ukrainian president Leonid Kuchma the strategy was not taken seriously in Europe. The EU started its European Neighborhood Policy (ENP) towards its eastern neighbors, including Ukraine, in spring 2004. Just a couple of months later Kuchma removed provisions about Ukraine's entry into the EU and NATO from the country's military doctrine. Kuchma's intentions seemed indeed to be insincere.

Since the Orange Revolution at the end of 2004, however, no one doubts Ukraine's ambitions for European integration. As a result of the revolution the new Ukrainian political leaders were fully confident that the EU would appraise the democratic transformation of the country and its European choice properly and would immediately reward Ukraine with the prospect of membership. However, the latter demand was not satisfied.

Very unhappy with the ENP, Ukraine got an opportunity to bring bilateral relations with the EU to a new quality level only some years later. Negotiations on signing a new contract have started in March 2007, a year before the expiration date of the Partnership and Co-operation Agreement. The new EU-Ukraine agreement will foresee political association and economic integration of Ukraine into the EU. Nevertheless, just as five years ago, the EU strongly declines the demands of Ukraine to secure the prospect of its EU membership in the new document. What is the EU offering in return? How is this EU policy perceived in Ukraine?

The strategic objectives of EU-cooperation with Ukraine

Before taking into consideration the proposed alternatives to EU membership it is necessary to determine what objectives the EU pursues towards its eastern partner. In the Country Strategy Paper for 2007-2013 the European Commission identified the following strategic objectives of cooperation between the EU and Ukraine:

- Establishing a mutually beneficial partnership and promoting Ukraine's transition to a fully-fledged democracy and market economy,
- Implementing the European Neighborhood Policy (ENP) and the EU-Ukraine Action Plan. The objective of the ENP, in turn, is "to share the EU's stability, security, and prosperity with neighboring countries, including Ukraine, in a way that is distinct from EU membership".¹

EU tries to export its model of development to Ukraine

Thus, the EU is trying to export its model of development to Ukraine, using the same methods as it applied within the Enlargement Policy, not offering, however, a clear prospect of membership. Such a foreign policy of the EU is often called a "Half-open door policy". The question is whether such an approach is effective enough to achieve the goals described above. Indeed, the success story of the Eastern European countries that became EU members is largely due to the fact that a prospect of EU membership was the main incentive for reforms in these countries.² The reforms, in turn, gained substantial financial support from the EU. As to Ukraine, there are basically two points of view: it is said that, on the one hand, depriving the country of a

“reward” in the form of EU membership, Ukraine would have no incentive for carrying out the reforms; others say, on the other hand, that the possibility of EU accession does not influence reform implementation.

Significant in this matter is the evaluation of the Ukraine-EU Action Plans (AP) implementation. Thus, over three years of their implementation, it was agreed that a good progress had been achieved in Ukraine’s European integration process, although the ongoing political crisis slowed down the pace of reforms. Such a conclusion was made in the Joint Evaluation Report, which both parties agreed to in Brussels on March 11th, 2008. According to the report, major achievements are democratic parliamentary elections, the signing of agreements on visa facilitation and readmission, Ukraine’s accession into the WTO, etc.³ These achievements, though important, are yet local. Practically no progress has been achieved in institutional reforms; little effort has been made to fight corruption. Thus, the ENP instruments turned out to be not sufficiently effective in achieving its objective of promoting transformation and reform. In addition, as it was said above, Ukraine continues to demand the prospect of EU membership. The EU is then challenged to modify its bilateral relations with Ukraine in such a way that, on the one hand, they stay within the framework of neighborhood policy and, on the other hand, partly satisfy the ambitions of Ukraine. How does the EU solve this problem?

New alternative concepts: “Association Agreement” and “Eastern Partnership”

Within the last couple of years, the EU elaborated such new alternatives to EU membership as the “Association Agreement” and “Eastern Partnership”. Ukraine is the first to experience both of them.

The name of the new enhanced agreement - the “Association Agreement” - was agreed on during the EU-Ukraine summit in September 2008 in Evian. Its main points of negotiation are a perspective of establishing a visa free regime and the establishment of a deep and comprehensive free trade area between the EU and Ukraine.⁴ As the negotiations are still not finished, it’s too early to talk about the practical significance of the new document. It should be mentioned, however, that as early as in January 2007, when adopting negotiating directives for a new enhanced agreement, the Council of Ministers of Foreign Affairs of the EU decided that “a new enhanced Agreement shall not prejudice any possible future developments in EU-Ukraine relations.”⁵ This means that neither the possibility nor the impossibility of Ukraine’s EU membership will be included in the new basic agreement.

Yet another new initiative of the EU within the framework of the ENP, “Eastern Partnership”, doesn’t foresee EU membership for Ukraine. “Eastern Partnership” is aimed at strengthening cooperation with six eastern partner countries - Azerbaijan, Belarus, Ukraine, Armenia, Moldova, and Georgia. The program officially started on May 7th, 2009, at the inaugural summit in Prague. It should be mentioned that the “Eastern Partnership” does not provide new opportunities for Ukraine’s convergence to the EU. The project is rather aimed at establishing in the long term similar EU-relations with the participating countries as the EU is now trying to establish with Ukraine. This falls within the logic of the ENP - though based on the principle of differentiation, the ENP uses the same cooperation instruments with all its neighboring countries. The Joint Declaration of the Prague Eastern Partnership Summit⁶ states the following:

The “Eastern Partnership” does not provide new opportunities for Ukraine

“The main goal of the Eastern Partnership is to create the necessary conditions to accelerate political association and further economic integration between the European Union and interested partner countries. (...) Bilateral cooperation under the Eastern Partnership umbrella should provide the foundation for Association Agreements between the EU and those partner countries who are willing and able to comply with the resulting commitments”.⁷

In this context, Russia’s rather negative reaction to the “Eastern Partnership” is important to note. On March 21st, 2009, Russian foreign minister Sergei Lavrov expressed hope that the EU does not attempt to create a new sphere of influence with its “Eastern Partnership”.⁸ Assuming that Russia maintains its critical attitude towards the “Eastern Partnership” or starts blockading it, the new ENP instrument is threatened to become a piece of paper that offers practically no new opportunities for action. One should also bear in mind that institutionalization of the new program occurred largely under the influence of external factors, such as the Russian-Georgian war of August 2008 and the second gas conflict between Russia and Ukraine of January 2009. There is a possibility that without these events the EU would not have dared to take such a step. Furthermore, the intention of a French president Nicolas Sarkozy to establish a Union for the Mediterranean gave an additional impetus for the development of a specific Eastern dimension in the EU’s foreign policy.

Ukraine’s perception of the new concepts

While the Association Agreement is welcomed, the EaP is perceived rather skeptically.

In Ukraine, the new forms of cooperation with the EU are perceived in very different ways. While the Association Agreement is welcomed and seen as a major step towards European integration, “Eastern Partnership” is perceived rather skeptically. The reason for this is a different interpretation of these initiatives, which in fact have the same goal.

The earlier Euro-integration course of Ukraine could be described with the formula “first NATO, then the EU”. However, having given up all hopes of obtaining NATO membership in the short-term, Ukrainian authorities devised a new formula – “Partnership - Association – Membership”. As in the case of NATO, a similar logic is applied – just as the countries of Central and Eastern Europe had such milestones on their path to membership in the EU, Ukraine should take these steps as well. Thus, the facts that there are different forms of associations in the EU (e.g. Association for the EU to Chile or Morocco does not provide the entry of these countries in the EU) and that the EU is not intending to sign “membership association” with Ukraine are being completely ignored on the Ukrainian side. The only thing that matters for Ukrainian leaders is the name of a new agreement - Association. Its content, however, due to the EU “half-open door policy” is interpreted in favor of the EU membership; though it is understood to happen in a rather longer term.

The other difference in interpretation of the future “Association Agreement” by the Ukrainians and the EU is a complete alienation of the new form of cooperation with the EU from the old one. Ukraine has repeatedly expressed its dissatisfaction with the ENP as being the “wrong one by definition”.⁹ After signing the Ukraine-EU Association Agenda on June 19th, 2009, in Luxembourg, Deputy Foreign Minister of Ukraine Konstantin Eliseev said that “Ukraine practically quits the European Neighborhood Policy.”¹⁰ Association Agenda is a new practical tool with the European Union which will replace the Action Plans in the ENP currently in place, which, following EU logic, remain little more than a new instrument of the ENP.

Unlike the Association Agreement, the “Eastern Partnership” is unpopular in Ukraine. Initially, this proposal was met with enthusiasm. The very fact of elaborating the “Eastern Partnership” supports, in the Ukrainian view, the inadequacy of the ENP as such.¹¹ The Ukrainian politicians that were very dissatisfied with the fact that the EU has the same approach to Ukraine and North African countries within the framework of the ENP spotted deviation from this policy in the “Eastern Partnership”. The President of Ukraine, Viktor Yushchenko, said at a press conference in Budapest on April 29th, 2009: “We are pleased to say that the EU feels it is necessary to introduce a separate formula of relations with Eastern European countries that are not members of the European Union...”.¹² However, a critical opinion on “Eastern Partnership” is dominating lately, especially in the Ukrainian media, where the “Eastern Partnership” is called a “sanitary zone” of the EU. The main criticism of the new initiative is as follows:

Initially the “Eastern Partnership” was met in Ukraine with enthusiasm

First, the “added value” of the new cooperation instrument for Ukraine is put into question. It is believed that the “Eastern Partnership” in its present form does not give Ukraine new Euro-integration opportunities.¹³ Ukraine, in the meantime, does not refuse to participate in the project.

Secondly, it is argued that the strategic objectives and the level of bilateral relations with the EU vary significantly among participating countries: while Georgia, Moldova, and Ukraine have declared their desire to become members of the EU, Armenia and Azerbaijan do not show any interest in it. Moreover, Belarus is only starting to build up its relations with the EU. Ukraine is regarded as a regional leader in terms of depth of relations with the EU. Ukrainian politicians now fear the development of bilateral relations with the EU would be brought to the level of lowest common denominator because of the new initiative, and thus set them back. The Ukrainian side therefore insists on the primacy of the bilateral dimension of the “Eastern Partnership” above its multilateral dimension.

Thirdly, the concept of “Eastern Partnership”, according to Ukrainian politicians, was recently clearly devalued by the European Council. Yet in March 2009, the Ministry of Foreign Affairs of Ukraine expressed concern that the perspective of a visa-free regime as a long-term goal was replaced by its liberalization.¹⁴

Finally, Ukraine criticized the inadequate funding of the “Eastern Partnership”, as its budget for the next four years (2009-2013) is only some EUR 600 million for all six countries.

Outlook

Ukraine interprets the future Association Agreement on its own, as an agreement on the way to EU accession. Perhaps such an interpretation, although basically wrong, could be the necessary incentive for the implementation of reforms? In that case everything that the EU should do is to not dissuade Ukraine from it – in other words, to do nothing. At the same time Ukrainian officials have already understood that the EU membership perspective will not be included in the new treaty. That is why Ukraine insists on including the possibility of revising the Treaty in the short-term. Already the first ENP instrument Action Plans foresaw the adoption of the new Enhanced Agreement between Ukraine and the EU.¹⁵ Most likely the EU will have to include a similar provision in the new treaty. Otherwise, there is a risk that Ukraine loses its interest in European integration sooner or later, as did happen with the topic of NATO: since the rejection of a clear accession prospect for Ukraine there are now barely any talks about it at all.

Notes

- 1) European Neighbourhood and Partnership Instrument: Ukraine Country Strategy Paper 2007-2013 Available at http://ec.europa.eu/world/enp/pdf/country/enpi_csp_ukraine_en.pdf, Accessed 21.06.2009.
- 2) See, for instance, Frank Schimmelfennig, Stefan Engert, and Heiko Knobel: Europäisierung in Osteuropa: Reaktionen auf die demokratische Konditionalität, *Österreichische Zeitschrift für Politikwissenschaft*, 2003: 32, issue 3, p. 321-337.
- 3) Joint Evaluation Report EU-Ukraine Action Plan, March 2008 Available at http://ec.europa.eu/external_relations/ukraine/docs/ukraine_eu_joint_evaluation_2008_en.pdf Accessed 21.06.2009.
- 4) Joint Declaration on the EU-Ukraine Association Agreement, Paris, 9 September 2008 Available at http://www.eu2008.fr/webdav/site/PFUE/shared/import/09/0909_UE_Ukraine/UE_Ukraine_association_agreement_EN.pdf Accessed 17.06.2009.
- 5) 2776th Council meeting General Affairs and External Relations, PRESS RELEASE Brussels, 22 January 2007 Available at http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/92493.pdf Accessed 21.06.2009.
- 6) It is interesting to note that the intention to create Free Trade Areas was clearly stated in the first Polish-Swedish draft of the Eastern Partnership which contrasts now to the final version. See Polish-Swedish Proposal Eastern Partnership, June 2008 Available at <http://www.msz.gov.pl/Polish-Swedish,Proposal,19911.html> Accessed 16.06.2009.
- 7) Joint Declaration of the Prague Eastern Partnership Summit. 7 May 2009, Prague Available at <http://www.eu2009.cz/scripts/file.php?id=46526&down=yes> Accessed 17.06.2009.
- 8) EU's New Eastern Partnership Draws Ire From Russia, 21.03.2009 Available at <http://www.dw-world.de/dw/article/0,,4116554,00.html> Accessed 19.06.2009.
- 9) The phrase was used by the former foreign minister of Ukraine Borys Tarasyuk to describe Ukraine's dissatisfaction with the status of just a "neighbour" of the EU.
- 10) Posle podpisaniya povelstki dnja asociacii s ES Ukraina fakticheski vyshla iz Evropejskoj politiki sosledstva – zamministra inostrannyh del//Having signed the Association Agenda Ukraine quit the European Neighborhood Policy – Deputy Foreign Minister, 19.06.2009 Available at <http://www.interfax.com.ua/rus/main/15888/> Accessed 21.06.2009.
- 11) Commentary by the Ministry of Foreign Affairs of Ukraine on the European Commission Communication of 23 April 2009 "Implementation of the European Neighbourhood Policy in 2008" Available at <http://www.mfa.gov.ua/mfa/en/publication/content/30011.htm> Accessed 3.07.2009.
- 12) Victor Yushchenko: Eastern Partnership is no alternative to Ukraine's aspiration to join the EU, Press office of President Victor Yushchenko, 29.04.2009 Available at <http://www.president.gov.ua/en/news/13663.html> Accessed 22.06.2009.
- 13) MID prisoeidnitsja k kritike "Vostochnogo partnerstva", *Kommersant* ? 52, 26.03.2009 Available at <http://www.kommersant.ua/doc.html?DocID=1144390&IssueId=7000076> Accessed 22.06.2009.
- 14) Commentary by the Ministry of Foreign Affairs of Ukraine on the European Council decision concerning the Eastern Partnership of 19-20 March 2009, March 23 2009 Available at <http://www.mfa.gov.ua/mfa/en/publication/content/28656.htm> Accessed 22.06.2009.
- 15) See EU/Ukraine Action Plan Available at http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf Accessed 3.07.2009.

Final Conclusion and Policy Recommendations

By Sebastian Schäffer and Dominik Tolksdorf

The contributions of this round of papers have demonstrated that there are both challenges and opportunities for the EU foreign policy in the Black Sea region. The European Union addresses the region with a variety of instruments and initiatives, including the European Neighbourhood Policy (ENP), the Black Sea Synergy and different missions in the framework of the Common Foreign and Security Policy. These efforts were complemented by the Eastern Partnership (EaP), which was launched in May 2009. The programme resolved the structural deficit of the ENP, which did not yet consist of a dimension that specifically focused on the Eastern neighbourhood of the EU. Until the Prague summit, for instance Morocco and Ukraine were treated “in the same basket”.

Whereas there is clearly not a EU membership perspective for Morocco, one can not be completely ruled out for Ukraine and other target countries of the EaP, although this is not officially declared by the EU. In fact, the EaP is a rather innovative instrument – the first EU strategy to include concrete guidelines for the target countries in the region. It can be interpreted as an alternative approach of the enlargement policy of the EU: by sectoral cooperation and gradual harmonization with the *acquis communautaire*, the six partner countries of the EaP can be prepared for EU membership without explicitly referring to the traditional carrots and sticks approach. Instead of offering a clear membership perspective, the EU assists the EaP partners in specific policy areas to increase their capacities in order to more effectively address the needs of the people. For instance in the field of energy supply routes in Ukraine, the population would benefit not only because EU assistance improves the economy of the country but also because it reduces the dependence of the government in Kiev on Russian supply. Closer cooperation in the region and integration with the EU can ultimately lead to further democratisation of the region and its preparedness for eventual membership negotiations with the Union.

The fact that the EaP was initiated within a comparatively short amount of time is the result of the launch of the Union for the Mediterranean during the French Presidency in 2008 and the decreasing importance of transatlantic relations in the region in the last months: first, because of the change of the US administration in 2009, that has not yet developed a clear strategy for the Black Sea region, and, second, because of a shift of priorities in the case of Georgia and Ukraine from an approach to first integrate them into transatlantic structures to the strategy to increasingly deepen their cooperation with the European Union after the standstill of closer relations with NATO.

The EU can offer concrete economic benefits to the Black Sea region that become directly visible to the population. This in turn also pressurizes Russia to offer more attractive solutions to the region. So far, Moscow mostly remains caught up in geopolitics, but does not attempt to address problems inherent in the region. On the other hand, Russia needs to be involved in certain processes. This includes attempts by the EU to assure Russia that its aim is not to circumvent Russia, but that a stable and prosperous region is in both interests. Particularly with regards to energy supply, new forms of cooperation can be achieved if the whole debate is de-ideologized from both sides. This includes that the EU no longer allows itself to be taken hostage by energy transit countries that have in the past tried to politicize the issue. A stronger legal regulation of relations in the area of energy policies could in the end lead to a

win-win situation for all stakeholders. Also, Turkey must be involved in initiatives that are aimed at improving cooperation in the region. This requires that the Union respects to a certain extent the strategic interests of Turkey in the Black Sea region. On the other hand, the Union's engagement in conflict resolution might be helpful, for example, in the improvement of relations between Turkey and Armenia.

However, the EaP should not be burdened with excessively high expectations. The initiative has just been launched and it needs some time to develop its impact on the region. This is particularly true when considering its current financial resources. In the current framework, the total assistance for the six Eastern neighbours will gradually grow from currently 450 million Euros to 785 million Euros in 2013. 350 million Euros will be additionally allocated for the period 2010 to 2013 and 250 million Euros will be relocated from the ENP regional east programme. However, these 600 million Euros will not be sufficient to implement all the potential projects mentioned above and to meet the ambitious goals of the EaP.

Recommendations

- 1) In the case of the EaP, the EU has demonstrated for the first time leadership qualities in the region. It is obvious that it still has to be strengthened further. In this respect, much depends on the launch of specific projects. For Ukraine, for instance, the launch of projects in the sectors of energy efficiency and visa facilitation could lead to a fruitful improvement of relations with the EU.
- 2) In order to achieve the ambitious goals of the EaP, the programme needs additional funding. The financial framework as set out in the Commission's proposal will not be sufficient to implement a variety of necessary reform projects. However, the EaP has just been launched and additional funding should be provided in the new multi-annual financial framework of the EU from 2013 onwards.
- 3) Fostering economic prosperity in the region can assist the resolution of frozen conflicts in the region. Closer cooperation with the target countries of the EaP might lead to an increased political influence of the EU, which it should use to address those conflicts.
- 4) The EU should assure that it does not apply double standards with regards to the assessment of progress in the target countries. When it addresses, for example, democratic standards in the region, it should not shy away from openly criticizing regimes, irrespective of their strategic importance to the EU. The same conditionality should therefore apply to all countries in the Eastern neighbourhood, including, for instance, to the Russian Federation when it comes to visa liberalisation.
- 5) The EU should explicitly regard the EaP partners as potential EU member states. This would put an end to the debate on the European identity of the countries in the region and enable them to focus on necessary reforms. However, that does not mean that the EU should apply the traditional enlargement strategy towards the region. So far, membership has been the only option of EU integration. The EaP could function as a new integration approach, including initial integration in specific sectors without demanding progress in other policy areas before the EU leads the relations of the countries to a next stage of integration. This means also abandoning classifications such as the granting of candidate status or the opening

of membership negotiations. This approach should not be pursued at the expense of the EU membership aspirations of Turkey.

- 6) The EaP framework includes bilateral and multilateral dimensions, which the EU should take advantage of. Bilateral integration should be applied wherever possible in order to strengthen relations with the countries of the region. This particularly concerns Ukraine, which is rather sceptical towards the EaP because it offers no further advantages to the existing relations with the EU. In parallel, the multilateral dimension should be used on a case-by-case basis in order to include other relevant stakeholders in the Black Sea region such as Turkey and Russia.

It is clear that the EaP is a new initiative and a comprehensive evaluation can only be made after a couple of months after the first thematic platforms have been launched and are operating. The EaP has clear potential to be a more comprehensive EU foreign policy towards the countries in the Eastern neighbourhood of the Union, and to become a real “ENP plus”. Further improvements can be expected from the current Swedish Council Presidency and the Polish Presidency in 2011, since the EaP is based on a joint initiative of both countries.

About the authors

Nasimi Aghayev is editor-in-chief of the *Caucasian Review of International Affairs* (www.cria-online.org), an online academic journal. He holds master's degrees in international relations and European law respectively from universities in Azerbaijan and Germany, and is currently pursuing a PhD degree in political science at the University of Siegen, Germany. Previously, Aghayev held diplomatic positions in the embassies of Azerbaijan in Vienna and Berlin. His book "Humanitäre Intervention und Völkerrecht" was published in 2007 in Germany. His paper in this volume is based on a part of his research on the "Problems of Regional Security in the South Caucasus" as a Visiting Scholar at the Centre for European, Russian, and Eurasian Studies of the University of Toronto, Canada, from December 2008 to May 2009.

Ekrem Eddy Güzeldere is since April 2007 analyst at the Istanbul office of the European Stability Initiative (ESI). Ekrem Eddy Güzeldere holds a diploma in political science (FU Berlin) and completed the postgraduate studies "Euromasters" in Bath, Paris and Madrid. Before joining ESI he worked at the European Parliament in Brussels, as editor at the communications agency "Walueurope" in Rome and as project coordinator for the Heinrich Böll Foundation in Istanbul, where he was responsible for environment and human rights projects. At ESI he contributed to reports about the situation of women ("Sex and Power"), the deep state ("Turkey's Dark Side") and Turkish-Armenian relations ("Noah's Dove Returns"). Furthermore he was involved in the preparation and the shooting of the Documentary "Istanbul-Truth, Fear and Hope" that was produced for ORF und 3SAT in 2008. Currently he is preparing discussion papers about the situation of Christians in Turkey and the trial against members of the terror network Ergenekon as well as a broad report with background information for the debate about the integration of Turks and Turkey-EU relations in Germany.

Kateryna Malyhina is a freelancer at the editorial office of the Ukraine-Analysen at the Research Centre for East European Studies at the University of Bremen. She studied International Relations at the Chmelnitzky National University in Ukraine (B.A.) and as a DAAD/OSI scholarship holder at the Catholic University Eichstätt-Ingolstadt (M.A.).

Dr. Stefan Meister is since January 2008 research fellow at the Centre Russia/Eurasia of the German Council on Foreign Relations (DGAP) in Berlin. Prior to that he was research fellow and member of the project team at the chair for foreign policy and international relations at the Friedrich-Schiller-University Jena (2004-2007) as well as research assistant at the Center for International Relations in Warsaw (2003-2004). Key aspects of his activity are Russian foreign and security policy, Russian economic and energy policy, Central Asia and EU relations with Belorussia and Ukraine. Dr. Stefan Meister studied political science and East European history at the universities in Jena, Leipzig und Nischnij Novgorod and earned a doctorate with a dissertation on „Transformation des Hochschulwesens in Russland“ (2007).

Sebastian Schäffer works since November 2008 as a research fellow at the Center for Applied Policy Research (C·A·P) in Munich in the research group on European Affairs. Key aspects of his research are EU-Russia relations, the Black Sea region and the successor states of former Yugoslavia. Additionally, he is an assistant lecturer at the Institute for Political Science at the Ludwig-Maximilians-University Munich. Sebastian Schäffer has studied political science, Slavonic studies and European law

at the Ludwig-Maximilians-University Munich (2002-2007). Furthermore he studied law and East European history in the Master's programm "Elitestudiengang Osteuropastudien" at the University of Regensburg (2007-2009).

Dominik Tolksdorf works since June 2006 as a research fellow at the Center for Applied Policy Research (C·A·P) in Munich on South East Europe, the Black Sea Region and EU-Russia-Relations, and has also lectured at the University of Munich. Dominik Tolksdorf studied in Bochum (B.A.), Berlin and Turku (MSc in European Studies) and analyses in his PhD project "The Cooperation and Coordination of EU Actors in their Policies towards Bosnia and Herzegovina".

C·A·P
Centrum für angewandte
Politikforschung
© 2009

Maria-Theresia-Str. 21
81675 München
Telefon 089 · 2180 1300
Telefax 089 · 2180 1329
E-Mail redaktion@cap-lmu.de
www.cap-lmu.de
