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Small carrots, little influence > The neighbourhood is testing the EU's new foreign policy

The Arab uprisings have forced the European Union to undertake a profound re-assessment of its neighbourhood policy and place more emphasis on supporting democratic reform. With meagre incentives and fragmentation of its external action, the EU's influence on developments in the neighbourhood is likely to remain limited.

The EU presented a review of the European Neighbourhood Policy (ENP) on 25 May, after several delays. The ENP was launched in 2004 as an attempt to extend the EU system of governance beyond the Union's borders. Inspired by the success of enlargement in transforming East Central Europe, the EU's aim was to spread the European model further and make the neighbours more like us – stable, prosperous, governed by law and democratically elected leaders.

In practice, the ENP has had little to do with political developments in the neighbourhood. It has had some success in supporting political and economic reform in countries that have themselves chosen a reform path, such as Moldova and (to a more limited degree) Morocco but, on the whole, the neighbourhood has become neither more democratic nor more stable.

The review makes it clear that the EU reacts to events in the neighbourhood rather than sets their direction. The Union's main response to the "Arab spring" is that the ENP is now more openly and actively aiming to promote democracy in the neighbourhood. The essence of its offer is "more for more": more support and closer relations with countries

making progress towards democracy and the rule of law.

Stronger support for home-grown democratization is indeed an area where the EU is most likely to make a positive contribution. The problem with the "new approach" is that it is premised on the assumption that overall development in the neighbourhood is moving towards democracy. However, the majority of the neighbours are authoritarian or semi-authoritarian and have little or no interest in democratic reform. This reality will hardly change in the coming years, even if Tunisia, Egypt and possibly some other Arab neighbours succeed in moving towards democracy (which is far from certain).

The challenge for the EU is to avoid isolating countries that are not interested in the ENP offer. The Union will not increase its influence over the non-reformers by cutting or limiting ties with their countries – quite the contrary. For example, the ENP review promises greater mobility of people to partners that pursue democratic reform. This unfairly penalizes populations ruled by autocrats and will not make their countries more likely to democratize. The paper also states (for sure deliberately) vaguely that closer trade ties

will be conditional upon "sufficient progress towards common values and principles". Such a link between trade and democratization will hardly be implemented consistently and may do more harm than good to the EU's democracy agenda.

Another major problem is that the EU's incentives for the neighbours remain weak. The three main carrots – money, market access and mobility – are attractive, but the EU is offering too little of the "three Ms" to really make a difference. In times of financial austerity inside the EU, it is difficult to enhance resources for the ENP. The additional 1.2 billion that the Commission has put on the table is minor relative to the size of countries and challenges in the neighbourhood.

What is more worrying, though, is the EU's inward-looking and protectionist tendencies. Member states lack the political will to really increase openness to people and goods from the neighbourhood – indeed, even openness inside the EU has become challenged. Altogether, the EU is not able to meet the needs and expectations of the neighbours.

Even without the shockwave of changes in the Southern Mediterranean, the adjustment of the ENP to the EU's new foreign policy

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structures established by the Lisbon Treaty was bound to be a difficult task. Somewhat oddly, the ENP is not under the responsibility of the new external action service, but has been maintained as a Commission policy. It was an innovation of the second Barroso Commission to place the ENP in the same portfolio as enlargement – a logical choice insofar as the ENP largely copies the instruments of enlargement.

Yet the two policies are strictly separated politically, and many of the crises and challenges in the neighbourhood call for a diplomatic rather than a technocratic approach.

The EU can expect more political instability and mass protests as well as the continuation of unresolved conflicts in the neighbourhood, both East and South.

The ENP review, which is a joint contribution by the European Commission and the High Representative for Foreign Affairs, takes steps to marry the technocratic approach of the Commission with the more political and diplomatic work of the EEAS, aiming to address “the full range of issues in an integrated and more effective manner”. This requires close cooperation between the Commission and the EEAS, which has had a difficult start.

The Arab uprisings revived competition between advocates of East and South inside the EU, but the renewed ENP brings the two dimensions closer than ever. It maintains separate regional partnerships with East and South but, on the whole, the emphasis is on bilateral relations and differentiation based on the same criteria and incentives for all neighbours. This motivates the reforming partners to do more and helps to prevent the EU from being divided by the neighbourhood.