



The "EUROPEAN INTEGRATION: WAYS AND MEANS TOWARDS INTEGRATED AND PEACEFUL NEIGHBORHOOD" international conference was organized in Yerevan, Armenia on July 27-30, 2006 by the International Center of Human Development (ICHD), one of the leading think-tanks in Armenia in partnership with Armenian Center for Transatlantic Initiatives (ACTI), European Integration NGO, Five Stars Travel Ltd. and with the support of Delegation of the European Commission to Armenia and the OSCE.

The conference was attended by more than 25 foreign and 75 local participants, representing government agencies and non-governmental organizations, as well as a number of foreign missions in Armenia and leading international institutions.

This publication includes the speeches made and papers presented at the conference.

EUROPEAN INTEGRATION:
WAYS AND MEANS
TOWARDS INTEGRATED
AND PEACEFUL NEIGHBORHOOD



A Collection of
Seminar Speeches





**European Integration: Ways and Means
Towards Integrated and Peaceful Neighborhood**

International Conference

July 27-30, Yerevan

**A Collection of
Conference Speeches**



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The conference brought together representatives of various interested organizations from Armenia, Georgia, Ukraine, Turkey, Russia, Lithuania, Italy, the UK, Belgium, Bulgaria and Romania as well as major European institutions such as the EU, NATO, OSCE, CoE. The main objectives of the Conference were to promote European values, principles and commitments as the basis for security and co-operation in the area, discuss the current situation and possibilities of further cooperation in the area.

The conference was attended by more than 25 foreign and 75 local participants, representing government agencies and non-governmental organizations, as well as a number of foreign missions in Armenia and leading international institutions.

This publication includes the speeches made and papers presented at the conference.

*Chairman of the Board of Trustees,
International Center for Human Development,
Armenia*

Welcome Address

Dear friends,

I would also like to welcome the conference participants. I think there are certain values to which the nation or the state should adhere regardless of the summer heat and the winter cold. In this case, these are the European values, which Armenia should adopt, and there are no other alternatives either for Armenia or its people.

I should note that the 20th century was a controversial time for Europe, for the European history and perception of Europe in general. The conflicts and world wars which happened in the 20th century, as well as the competition between the nation states and transnational associations/companies allowed Shpengler to fix the sunset of Europe. In the same line, Samuel Huntington called the 20th century a time characterized with the crash of civilizations, or a century of conflicts. This, of course, can be taken into account, but by no means should it sound as an axiom. Finally, Francis Fukuyama, considering the developments in the world, when the end of it seemed so close, proclaimed about the victory of liberalism and said that perhaps with it the world history comes to its end.

In general, it is accepted to think that in the 20th century Europe lost also its role as a world leader. There is an attempt to prove this thesis and these proofs stem from certain political or economic interests. However, all this, as well as the mentioned quotes can never be regarded as axioms, since first of all, Europe was, is and definitely will be a donor to the world thought, and no one can take this role away from this continent.

Second, European civilization has a leading role to play within the current world order and within the blocs of states which have a decisive role in the world today, and in this regard, I am certain that in the 21st century - which is the time of logic and ideology - European values and Europe as a devel-

oped structure and a carrier of these values will undoubtedly be in the leading role.

As to the issue of integration, I have never been an advocate of a faceless integration policy, but have always believed that one needs to integrate with Europe with its own system of values. The European value system should be enriched with the introduction of the civilizations of other nation state and nations, with the experiences of countries, such as Armenia.

Once again welcome to the conference! Let me wish all of us fruitful work.

Thank you!

*Assistant to the President
of the Republic of Armenia*

Keynote Address

Dear friends, distinguished guests,

Ladies and Gentlemen:

First of all, I would like to welcome all of our out-of-town guests to Armenia. While this is not the best climate season for Yerevan, and it is quite hot, I hope you will make up for that with delicious seasonal fruits. I also hope this weather motivates you to stay in this air-conditioned facility. I know that there is a plan for short trips outside of Yerevan to enjoy the sights and nature of this Biblical land.

I would like to thank the International Center for Human Development for initiating and organizing this event, as well as the representation of the European Commission in the Republic of Armenia for supporting it. We are approaching the very important stage of building new relations between our country and the European Union. I am confident that the time is ripe for this type of discussions and exchanges which greatly contribute towards building up public opinion and support.

In Armenia we pay a major attention to the issues of cooperation with the European structures. The Government has lately adopted the Action Plan for implementation of the Partnership and Cooperation Agreement, and right now we are in the process of forming relevant implementing bodies. We are encouraged by the effective work of AEPLAC and solid expertise they have cumulated and are delivering to the government in the decision-making process. A few weeks ago by a Presidential decree a special committee was established, which is called to coordinate at the highest political level cooperation of Armenia with the European structures. The committee is chaired by the President and brings together the high-level policy-makers.

I will try to present main approaches and stands of the Republic of Armenia on issues of European integration and evaluate prospective influences

of that process on the future of this region. Three main points I will make are:

First: Countries in transition, which have only lately obtained their independence, shall make their best to build friendly relations in their respective regions, calm down existing controversies, rather than try to benefit from them. Grand diplomacy of small countries shall be aimed at solving problems and finding compromises. It shall refrain from the temptation of following emotions and inflaming existing hardships and contradictions. Only such foreign policy can contribute towards stability and prosperity.

Second: Cooperation and development of interdependent economic interests is the only sustainable way towards peace and security. Regional cooperation in the countries surrounding the European Union is the single most important guarantee of predictable neighborhood for Europe.

Third: European aspirations can become the most sensible motivation for adopting a common vector of development for the countries of the region. Choosing such a single vector can make each of our countries more predictable, transparent, and understandable for each other.

I will start with addressing issues of foreign policy at the time of statecraft. There is a stereotype that the art of diplomacy is art of lying. Only those of us, who have diplomacy as a profession, know that true efficient diplomacy is the art of telling the truth. While there are many cases of lie being used as the tactics of diplomacy, it always proves a short life as the strategy of a foreign policy.

Euphorically spontaneous political choices seem to be outspoken, while in reality are short-sighted. True expectations of the wider public are often sacrificed to the self-serving prophecies of pre-determined political choices. My first argument is that in its foreign policy of complementarity the Republic of Armenia has achieved the most important objective of moving the country in the way of what is more beneficial for its prosperity, advancement and security.

Armenia has been developing efficient and far-going cooperation with all countries involved and having influence in our region, without trying to direct one of them against the other. As a result, we today continue to build up our strategic partnership with Russia, participate in the Millennium Chal-

lenge Corporation project of the United States of America and have efficient military to military collaboration with both those countries. We have full-scale economic ties with Iran, particularly in the energy sector, and at the same time do our best to extend our political, economic and socio-cultural ties with the European Union. Armenia is an active member of the Collective Security Treaty Organization, and at the same time has an advanced Individual Partnership Action Plan with NATO, increases the scope of its participation in the Partnership for Peace projects, has hosted number of PfP military exercises in last few years.

One of the most obvious examples of Armenia's readiness to sacrifice emotions to the benefits of full-scale economic cooperation in the region is our pending offer to Turkey to start relations without any preconditions. While the historic memory of our people has a deep wound of the rejected crime of genocide, we still believe that the most important condition for effective environment to address that issue is the situation of a dialogue, open borders and extensive ties between Armenia and Turkey. I believe Turkey has lost a lot due to its inability to overcome emotional hardships and in rejecting our offer to start diplomatic relations and open the borders before addressing the questions of past history.

At the initial stage, immediately after independence, Armenia has been often accused by domestic analysts, in staying beyond other countries of the region (meaning Georgia and Azerbaijan) in terms of stating its European aspirations. There was a common feeling that the South Caucasus regional wagon of the European train is on the move, and we have forgotten to book our seat. Today, fifteen years into independence, in terms of practical effectiveness of cooperation with the Euro-Atlantic structures we are in no respect behind our neighbors. We have been efficient in fulfilling all of our accession obligations in the Council of Europe and today look forward towards final approval of the European Neighborhood Policy Action plan. We watch it as our new roadmap for continuing the reforms at a wider scale.

Now I would like to turn to the issue of regional cooperation. The history of the World has many times proved that no political arrangement, no military alliance can talk to the hearts of the public at the same level of success as obvious economic benefit and interest. I therefore will concentrate on the issue of regional economic cooperation.

Let me first briefly outline the current situation in Armenia's economy. Armenia, with no reserves of oil and gas, has announced liberalization of economy and improvement in management efficiency as determining steps towards

essential economic growth and development. Moreover, it is a well-established policy line of this Government that the main element essential for a democratic society is economic advancement of the middle class. This concept is not very new, since we all remember from the history that democracy in Europe started from bourgeois revolutions. That middle class of bourgeois is the one responsible for safeguarding democratic freedoms. It needs freedom as bread to assure better conditions for competitive environment.

That is exactly why Armenia is proud of its performance in the field of economic reforms, praised by the international financial institutions. We consider crucial the statistics witnessing to the sustainable increase in the number of small and medium enterprises. Today they compose over 40% of Armenia's GDP. The GDP growth for consecutive five years is over 12% annually.

It is therefore natural, that Armenia believes in free and open markets. We strongly believe in the force of comparative advantages. Meanwhile, we live in a region where two out of four our borders are locked. It is true that during these years Armenia's economy has adjusted itself and has achieved major successes in the field of import substitutions. IT, jewelry, diamond-cutting, knowledge-based services are only some of the rapidly developing fields of our economy. They are the least depend on transportation roots. Still, we believe that situation with closed borders is a barbaric one, which absolutely does not fit the realities of the 21st century. It is even more sarcastic that the borders are being blocked by countries knocking the doors of Europe.

We have many times offered Azerbaijan and Turkey to separate issues of existing conflicts and rejected historic past from those of nowadays economic benefits. We believe that regional cooperation can be a cure and in no way a curse for solving existing disagreements. As President Kocharyan offered in his speech at the Summit of the Black Sea Forum in Bucharest "today only lazy people do not speak about benefits of the regional cooperation." However, it is very important to ask ourselves: are we taking real steps to boost such cooperation?

It is our deep belief that efficient economic cooperation has an essential precondition: the similarity of motivations. There is no need to remind in this audience that the effective start to the pan-European cooperation was given by identifying common economic interests. The Marshall Plan and the Coal and Steel Union were at the heart, at the soul of the idea of the European Community. It is important to understand whether countries of our region indeed have a common vision for the future of their economies.

Armenia has always asked international organizations to provide special assistance to the programs of regional cooperation. We have been offering economic projects of significant mutual benefit both to Turkey and Azerbaijan. All those proposals were rejected and it has been continuous policy of those countries to exclude Armenia from regional projects. Unfortunately, we think this has been a lost time for all of us. My second argument, therefore, is that there can be no benefit for a country with liberal economy from keeping the borders closed.

A few days ago with some guests from France we approached the Armenian-Turkish border, and were standing at the bank of Arax river. My friends were extremely depressed, and when I asked them why, they said that they have never seen a river, which is in fact an iron curtain. I have never thought of Arax in those terms before.

I now want to cite a portion from a speech, delivered by a prominent politician in Strasbourg, at the Council of Europe: "We cannot have a common house by just juxtaposition of different rooms. We should all be able to move freely from one room to another. For that to be achieved we have to start by strolling the same garden. In other words, the members of the common house should share common ideals and values. They should be able to communicate with each other so that disputes are resolved by peaceful means. They should all have common aspirations and objectives for the future of Europe." End of citation. Now the irony is that the citation is from the speech of late Turgut Ozal, President and former Prime Minister of Turkey, at whose time the border with Armenia was closed shut. I want to echo his words about communication being the tool for resolving disputes. I praise his vision on the necessity of having open borders. I hope that at least now Turkey will be able to implement what President Ozal dreamed of.

The issue of closed borders was also actively discussed when European Union was debating offering Turkey an accession negotiations process. Armenia at that time addressed all the leaders of the EU member states with one request. We recognized the possible benefits for Armenia of having Turkey in the European Union. We hope that Turkey, ready for EU accession will be a better neighbor. Meanwhile, we found deep paradox in the fact that a country blockading its neighbor can be offered accession talks. As a matter of fact, this was an unprecedented situation for Europe to negotiate accession with such a country. To me it is an issue of a serious concern in terms of preserving the integrity of the European system of values.

I finally want to touch upon the issues of forming a common European development vector for the countries of the region as the key towards peace and security. To address this issue in depth, one needs to conduct analysis of the level of motivation in each of the countries.

For Armenia, the first country in the world to adopt Christianity as state religion in 301, the European values – moral virtues forming the very idea of the European civilization are not foreign. We have the strong feeling of belonging to that civilization. As President Kocharyan put it in his speech for Armenia’s accession to the Council of Europe “we are here to make our own sense of being European.” End of citation. We know that we will greatly benefit from the achievements and advancements of the European continent, while we are proud to bring our own share of diversity, composing the beauty of the European palette. In Armenia we also watch approximation of our legislation to the European standard as a key towards developing effective economic ties with that significant market.

The question is, therefore, how much that vision coincides with the vision and beliefs of our neighbors. Existing in one region is not by itself enough to establish a common development vector. The Middle East region is a bloody example of the opposite. For many years now we hear at all the levels of Azerbaijani political establishment that once the country receives its shares of oil revenues it will become easier to re-start the war and give “final solution” to the Karabagh issue. They keep on assuring their society that time benefits them. Unfortunately, my analysis leads me to believe it is not an exact sign of the European vector of development. A country dreaming of closer ties with the European Union shall learn the rules of game adopted by Europe. And the lesson to be learnt first and the one which will compose my third and last argument is that democracies do not go to war, at least with each other. Luckily, Europe has already overcome the time of “final solutions.”

With regards to Turkey, it appears as it is a long and painful process which Turkey will have to undergo in negotiating its accession to the EU. I hope they will as soon as possible approach the European standards and criteria. We hope that request for Turkey to open its borders with all of its neighbors and to come to terms with own history will become important and principal parts of that dialogue.

Ladies and Gentlemen:

The three points I tried to emphasize in this speech are:

1. Foreign policy of the new neighbors of the European Union shall be constructive and open-ended, rather than short-term benefit-taking. Current pallet of international relations does not need to be black and white and it can offer many other colors. Each of our states shall think what we can bring to the Common European home, and where we can benefit the most from being part of that family. By our presence we shall try to solve problems, ease tensions, and not to create new ones.

2. Regional cooperation shall be inclusive, and economy-based. There is no such thing as liberal economy in a country which keeps its borders closed. Closed borders contradict the very idea of liberalism, and make the regional cooperation a fiction. The time to speak has run out, it is time to act now.

3. Development of a common vector of reforms can significantly influence situation in the European neighborhood, since it would make countries at the borders of EU more predictable and stable. Meanwhile, to develop a common vector these countries shall have a comparable level of motivation with regards to their European aspirations.

Ladies and Gentlemen:

I hope that the three points I have raised and the three key arguments I have put forward will stimulate a hot discussion. I hope that this conference will help us find answers to at least some of the complicated questions of relations within the region of South Caucasus and with regards to relations between the European Union and its new neighbors in general.

I want to conclude by once again thanking the organizers. It is right time for the civil society to get on board with these discussions in the ENP-included countries. I wish everyone rewarding work and interesting networking.

Thank you.

**From National to European Dynamics: can ENP become a
change catalyst: Lessons learned of passed 2 years**

*Armenian Director,
Armenian-European Policy and Legal Advice Centre,
Armenia*

Armenia's Reforms on the Way to Europe

The Government of Armenia has recently adopted the National Programme for implementation of the EU-Armenia Partnership and Cooperation Agreement. The National Programme was elaborated on the basis of a government decree dated 29 April 2004. And now, 2 years later, thanks to the hard work of hundreds of specialists in various spheres, the Government has at last discussed and approved the mentioned 700-page document, which aims at bringing our country closer to the European standards.

To elaborate the National Programme, important structures were set up: a Coordination Council, headed by the Prime Minister of Armenia, and 24 working groups with involvement of the heads of relevant departments of ministries and state agencies. About 150 specialists worked on the materials, including about 50 experts that elaborated the Programme itself. The Programme is based on the best practice and techniques widely applied by EU accession countries. I'll mention at once that this Programme does not pursue political goals. As to its essence and structure, the document is based on the principles of the European secondary legislation.

The National Programme is divided into 5 basic parts. The first part was elaborated by the Ministry of Foreign Affairs and concerns the reforms that the country's political institutions should undergo within the framework of the requirements set by the Council of Europe. The second part provides a thorough analysis of the social-economic differences existing between the EU Member-States and Armenia. It also presents the state of affairs characteristic to newly accessed EU Member States at the moment of applying for membership and to the countries in the process of accession. In this context, the economic forecasts for Armenia, according to the indicators provided by the Poverty Reduction Strategy Programme, compare how close Armenia will be to the EU membership criteria in 2008 and 2015. The analysis is based

on the so-called Copenhagen Criteria i.e. criteria established by the Copenhagen Treaty of EU Member States.

The economic part is one of the pillars of the Programme. By 2009 the Programme aims to achieve the conditions necessary for initiating free trade agreement negotiations with the EU. The European New Neighbourhood Policy provides for such an opportunity. The policy implies that based on the progress made by a country, the status of the latter may be upgraded to that of a participant of free trade agreement. On the whole, the economic part identifies the key directions the government should focus on to bring Armenia's economic indicators in line with the EU requirements.

However, the largest part of the National Programme is its third part. It presents the legislative and institutional reforms the country needs to carry out by the second half of 2009. This part is divided into 23 chapters instead of 31 defined by the European secondary legislation. Three chapters covering issues relating to defence, common foreign and security policy and fishery were removed, while some of the chapters were united.

As to the fourth part, it is about structures to be formed, their interaction system and the functions of each of these structures. New subdivisions will be established within the relevant ministries and state agencies, which will be responsible for the implementation of the National Programme. A National Council on European Integration will be formed within the Prime Minister's Office, which will be a policy-making and coordinating body. The Council will also be responsible for the course of the implementation of the Programme, for undertaking of regular monitoring activities and for further amendments of the National Programme.

The fifth part of the Programme is about the resources necessary for implementation of reforms. It is highly important to establish a Legal Translation Centre. The Centre will play a key role during the implementation of the Programme: it will solve the problem of language barrier as one of the key requirements of the EU is that by the time of accession the EU legislation should be translated into the national language of the acceding country. Given that the Centre shall be established under the Ministry of Justice, the translations performed by the Centre will be considered as official translations. Furthermore, the government will set up a European Integration Information Centre which will be a non-profit state organization and will have the mandate of managing the public awareness process. This is very important as the public should understand and support the reforms.

We have calculated the required financial resources by analyzing similar Programmes of other countries. We used certain indices, for example, GDP per capita, budget/GDP ratio, and real population. As a result, we estimated a preliminary amount of 40-50 million EUR, which will be further specified. Today, the EU provides Armenia with overall 25-30 million EUR assistance per year. I think this amount will be enough. Still, as the basis of institutional reforms in Armenia, this Programme will certainly attract other donors too, including donors from the US. As of today, the EU has spent about 800,000 EUR as assistance for the elaboration of the National Programme.

It seems a lot, but the good thing is that the EU has declared its readiness to support bilateral consultations under the New Neighbourhood Policy, and there is a willingness on the side of the Armenian Government to proceed with the implementation of reforms. We can also use the already tested models concerning, say, reporting, action plan, monitoring, i.e. the very mechanisms we apply for the implementation of the Programme.

However, it would be naive to think that as a result of these reforms, Armenia will join the EU in 2009, and we don't even set such a goal. The idea of the Programme is to bring Armenia as close as possible to the European standards, to make it a European country. Already today, during the elaboration of the National Programme, a considerable progress has been noticed in the sphere of public administration as to the understanding of what the EU is, how it is regulated, what administration schemes it applies. In this context, Armenia should set a specific and realistic goal which will be supported by our partners and will result in the Europeanization of our country. This does not mean we must obligatorily join the EU, moreover it is not an end in itself.

For example, Norway, Iceland and Switzerland are not members of the EU, but it does not imply that they are less European than, say, Austria or the Czech Republic. These countries are exactly as much developed in terms of governmental and public institutions, legislation, level of state-business relations as the EU members. I think that Armenia should, first of all, seek to become a European country with all characteristic instruments and elements and only then speak about attaining one more or another degree of integration into the EU. Perhaps, it will be fine as a first step for Armenia to be granted the customs union regime which Turkey got in 1996 or Armenia may join the general economic system like Iceland and Norway. As regards the political aspect of EU-Armenia relations, it will be adapted depending on the developments and progress in certain spheres.

We should finally stabilize our internal situation so that the development of our country will no longer depend on the activities of informal institutions. We must do it exactly now, while we are still in transition - or we can get into an institutional trap. Armenians are idealists, we believe in ideals, in virtual values and historical experience, and the experience of the recent past says that particularly this idea may unite us. I think the idea of transforming our country into an Armenian-European country may lead our society to consensus.

From the viewpoint of foreign policy, the closer we are to Europe, the more complicated it will be for the EU to ignore Armenia's demands on opening the borders with Turkey, actively involving Armenia in various regional infrastructure projects, such as TRACECA and INOGATE. Moreover, the developments in this direction will make Armenia more predictable not only for the western states. Our main partners, including Russia and Iran, would like to see Armenia as a predictable country which develops independently from informal relations and institutions dominating in the society. Any talks about our supposed Asian mentality are groundless. Our mentality is just about the same as that of Portugal and Romania. Turkey is also an Asian country with high level of corruption and development of informal institutions, but it managed to show great progress in the last few years and many experts believe that the modernization of institutional structures is the very force driving it towards Europe.

We are not "a less" country and our will and courage are no less than those of our neighbours. Moreover, Armenia is the first country that has drafted its National Programme on the basis of the principles of the European secondary legislation and, the European Commission is already applying our experience as an example for other countries in similar situation. All we need to do is to continue what we have initiated and to bring it to its logical end of transforming Armenia into a developed and prosperous European country.

Deputy Minister of Foreign Affairs of Armenia

First, I would like to thank the organizers for the invitation to speak to this conference, welcome all the participants and wish us all effective work.

I think it is not incidental that recently the majority of such events organized in Armenia deal with the issue of cooperation with Euro-Atlantic structures and some other ones associated with this process in one way or another. Nowadays Armenia goes through a reformation process, which is aimed at improving the economy of the country, innovating the state institutions and approximating the democratic standards and experience with the European ones. One question is often posed. "Why especially European?" The answer is clear: the contemporary Europe is a successful model of state building, social relations and economic development. With its historical background Armenia is rather interested in promoting those European values on which the welfare and security of its people is anchored.

Armenia's policy on European integration is based on this vision. It is also the one behind the political agenda of the country's foreign policy. Since Armenia's independence cooperation with European institutions has progressed. There has been a transition from general cooperation and technical assistance to the solution of more concrete issues, even to the point of gradual integration to the internal market of the European Union. Except the Action Plan for the EU Neighborhood Policy, Armenia has developed and is implementing the Action Plans for NATO's Individual Partnership and the Council of Europe. These documents mutually complement each other. If the ENP AP mostly refers to the approximation of economic standards, the NATO IPAP obliges Armenia to take up a commitment to reform the military sphere, and the commitments to the Council of Europe deal mainly with the human rights and the rule of law. In order to coordinate these three programs, a special committee has been formed under the supervision of the RA President, which will improve our cooperation with the mentioned institutions.

The past two years were marked with the involvement of the Southern Caucasus countries into the framework of the ENP and the development of Action Plans together with the EU. Without underestimating the significance of the current agreement on Partnership and Cooperation, it should be mentioned that in prospect we would like to build our relations with the EU on a higher political and legal level. I believe ENP is a conducive framework to call such an ambition to life. AP is the major political document which will

direct the EU-Armenia relations in the near future. Its goal is to initiate a number of primary reforms in various spheres, namely, democracy and human rights, trade and economy, justice and internal affairs, energy system, transportation, informed society, environment, research and innovation, social policy, public relations, etc.

The essence of the AP covers the vital interests of Armenia and corresponds to the general direction of the reforms currently being implemented in Armenia. Moreover, it is called to support this process. Considering the necessity of the sustaining the democratic reforms, Armenia accepts this sphere as priority and the success of the AP will be conditioned with the progress in democratic reforms. In addition to the democratic issues, the program emphasizes the importance of fight against corruption and the reduction of poverty. The economic and social reforms are viewed within the context of the mentioned issued. Naturally, one of the directions of the AP will be anti-corruption activities and poverty reduction, as well as the innovation of the state sector, which is in harmony with the respective strategies adopted by the RA government.

The development of that program started in June, 2005. Though the negotiation process was somewhat procrastinated and it should be noted that Armenia was not accountable for this, in November the two parties had very efficient meetings in Yerevan. The next phase was in March 2006 in Brussels, the results of which were also quite satisfactory. At the beginning of May the third and final phase took place in Yerevan. Currently, certain provisions in the document are being clarified and in the end, most probably by the end of the year, the documents will be ratified.

Next, I would like to point out a few factors regarding the development of the program.

First, I should gladly note that no question was asked regarding the priorities of cooperation. This is an important fact, which testifies about the mutual understanding between the parties and the existence of similar approaches towards the future development of Armenia within the Euro-integration context. I believe this should contribute to the successful implementation of the AP.

The next factor has to do with the principles of the program. Seriously heeding to Armenia's recommendation, the principle of differentiated approach to partner countries underlay the ENP. Time proved that our predictions were accurate. In our opinion, every country should be assessed against its own

merits. Whereas the latest developments within ENP showed that there can be a situation when the progress of one country is dependent on the challenges another country has with the EU. We tend to stick to the differentiated principle, especially in the implementation phase. This can also contribute to the development of healthy competition among the countries.

At the same time we clearly understand that ENP has a regional dimension and within this framework we will support cooperation and dialog if we see the good will of all our neighbors. It is difficult to imagine effective regional cooperation within ENP when a neighbor who is an EU membership candidate does not want to follow the basic European principles and values, and another simply excludes cooperation with Armenia in any sphere. I believe Brussels should attempt to find the answers to these questions as well.

Another important issue is the development of an AP draft which is based on prospects. The negotiations highlighted a few points connected with Armenia's expectations. In Armenia the Action Plan is first of all perceived as a holistic program of reforms, which will provide opportunities for establishing closer cooperation with the EU. Taking into account the fact that the Armenian government has committed to promote reforms in various spheres, we expect to define clear prospects and guidelines. Our ambitions are realistic and do not exceed the moderate approaches of the European Union regarding the future of Europe.

While speaking about the Action Plan, I cannot bypass such an important issue as the involvement of the civic society into the ENP process. Various NGOs have shown interest towards the process. The RA government welcomes such active interest and has made sure that the issue becomes more transparent and has involved the NGO representatives in the relevant discussions. As an agency responsible for the negotiation process, the RA Ministry of Foreign Affairs organizes regular meetings with the participation of NGOs, listens to their recommendations and informs them on the current developments of the process.

Within the ENP AP another important issue is the resolution of regional conflicts. There are certain provisions which are aimed at supporting the negotiation process within the OSCE Minsk Group. In this context we work with the special EU representative. Recently he has visited Armenia and held several comprehensive meetings with the political leadership.

I would like to inform the participants that in March, 2006 the RA government ratified the National Program for the implementation of Partnership for

Cooperation, which was worked out by the government itself with the support of AEPLAC. The implementation of this program will allow approximating the RA economic legislation to the EU standards. We expect EU to continue supporting this project during its implementation as well.

One of the essential components of full integration with European structures and institutions is Armenia's cooperation with the North-Atlantic Treaty and for this very reason I would like to briefly touch on the current phase of Armenia-NATO relations.

Armenia follows the principle of complementarity in its foreign policy and builds a comprehensive system of providing security. One of the significant components of this system is the cooperation with NATO within the framework of Peace for Partnership (PfP). Another important part is bilateral military cooperation with allied countries. In addition, the cooperation with NATO and participation in PfP is seen as one of the important components of the multi-layer security system of Armenia.

In the result of the two-phase expansion in the past years, NATO has become a military-political alliance uniting 26 countries of the Euro-Atlantic region and has a central role in the architecture of European security. After the end of the Cold War, which decreased the possibility of traditional threats to the minimum, as well as the actions prompted by the events of 9/11, i.e. the necessity to stand against and adequately respond to non-traditional threats and new challenges, the Treaty underwent certain transformation and acquired a new nature parallel to its expansion.

Today given the new geo-political situation NATO has fully adjusted to address the issue of ensuring security of the allies and to effectively respond to the new challenges. Considerably expanding its geography and spheres of influence, it is ready to act even outside its borders, actually in any region if need be. Currently, the vector of developing NATO's cooperation policy and spreading out its influence is directed towards the Southern Caucasus, Central Asia, Middle East and the Mediterranean region. In response to these movements, Armenia has initiated certain activities in order to raise the relations with the Treaty Organization to a qualitatively new level and to walk in pace with the current developments. In the result, Armenia is currently involved in all the spheres of cooperation which have been proclaimed as major objectives and priorities of the Partnership in the Istanbul Summit, i.e. 1) engaging in on-going dialog with the allies regarding foreign policy and security issues, 2) creating joint forces with the allies and 3) participating in NATO activities.

Today in relations with NATO a central role is played by the Individual Partnership Action Plan (IPAP) which is a comprehensive program addressing all the possible spheres of cooperation with the Treaty Organization. Participation in this program brings Armenia's relations with NATO to a new level. The program allows using the opportunities offered through the partnership and enjoy the benefits of cooperation to the maximum.

In order to work out and implement the program, according to the respective resolution of the RA Prime Minister an inter-ministerial committee was formed in 2004, which developed Armenia's IPAP Presentation Document in 2005. The latter defines all the objectives which Armenia would like to meet in cooperation with NATO. Later the work plan was worked out, which defines all the activities and steps necessary to initiate in order to meet Armenia-NATO IPAP objectives. Both documents were assessed quite high by NATO and were ratified by the Treaty.

The implementation of the program will assist Armenia in improving and innovating its defense system, raise its efficiency and ensure its compatibility with the defense systems of the developed countries, including the armed forces. Another goal of the program is to support the democratic reforms in Armenia and the establishment of a civic social order. At the same time the program is viewed as the most important mechanism for further development of political dialog with NATO.

I am certain that ENP, the Action Plans with NATO and the Council of Europe will create a conducive framework for addressing all the above-mentioned points and for enhancing cooperation. The RA government is ready to continue close cooperation with all the international institutions and other partners.

Thank you!

*European Policy Director,
Crisis Management Initiative,
Belgium*

**From ENP to Genuine
Partnership: What Prospects?**

Introduction

It is a special pleasure to speak today at this conference organized by the International Centre for Human Development. I would like to extend my gratitude to Tevan Pogoshyan for inviting me, and the European Commission for providing the funds for this timely initiative which allowed me to travel to Yerevan.

I work for the Crisis Management Initiative (CMI), an NGO with its headquarters in Helsinki. CMI's chairman, Martti Ahtisaari, founded this NGO with the objective to work towards sustainable peace. CMI's activities focus on mediation efforts, conflict prevention and crisis management as ways of building bridges between civil society, regional and international governments, and numerous other organizations. I head CMI's Brussels office, which is responsible for policy work for the European Union.

Regarding the topic of European integration: It would be wrong to assume that we are witnessing today a rebirth of nations – what we see is the ongoing evolution of nations and their identities¹. Armenia is no exception to this process, since the debate about its place in the European continent and its relationship with the European Union is ongoing. The fact that the European Union, itself, is also continuously evolving provides the basic premise of this brief presentation in which I will discuss the possible future prospects of a partnership between the EU and Armenia, or more broadly, between the EU and the South Caucasus, otherwise known as the Black Sea Region.

The ICHD suggested that my presentation cover the achievements of the last two years' European Neighbourhood Policy. As we all know, an action

1) Herrberg, Antje (1998). *Which Identity for which Europe? Language and Cultural Contact* 25. Aalborg University Press.

plan is not quite in place although it is expected to be very soon, therefore it would be premature to assess the policy's performance. However, the fact that the action plan is currently being negotiated, and that there has been intensive negotiation between EU and Armenian authorities with a European Neighbourhood Instrument scheduled to take effect in 2007, is a clear sign that much has happened since the EU issued an invitation of the South Caucasus to become an integral part of the European Neighbourhood. Another clear sign of this rapprochement and potential partnership between the countries of the South Caucasus and the EU is the numerous conferences, workshops, visits and increased interaction of policy makers, academics, analysts and NGO representatives devoted to the discussion and details of the potential ENP.

Elements of a partnership

It would be useful at this early stage in the conference, to look beyond the European Neighbourhood Policy and instead, define what potential a genuine partnership could bring.

In business terms, the word 'partnership' refers to two or more entities conducting business for mutual benefit. In more general terms, the word 'partnership' also has an emotional connotation which implies that the partners care for one another and are willing to help each other out.

The prime motive of the member states of the European Union to see ENP implemented is, to use the terminology of the former President of the European Commission, Romano Prodi, to create a 'ring of friends' and through it, a security belt around the EU. EMP would link in with the European Security Strategy, which is one of the overarching policy frameworks that guide the EU's relations with the rest of the world.

Obviously, successful conflict prevention and resolution in the South Caucasus is essential in motivating EU member states to forge a close relationship with this region. The European Neighbourhood Policy would provide a vital tool for such conflict prevention and resolution, (despite the fact that, at this stage, there may be some reluctance in addressing any specific areas of action in the so called frozen conflicts in the region). ENP and ENPI will provide the foundation for lasting conflict prevention and resolution. Specific actions in regards to frozen conflicts would be decided through the member states of the European Union, through the framework of the European Security and Defence Policy, of which we will hear later at this conference.

Differentiated integration

The parent of a child, who excels in school, would be unhappy and frustrated if that child was not allowed to develop to its full potential. A similar frustration is felt by the states of the South Caucasus which are part of the ENP, and are willing, if not ready, to implement elements of their action plans (including 'new levels' of cooperation beyond just fulfilling the 'basics'), but need the support of a non-differentiating ENP. It is important to acknowledge that the principal objective of the ENP is to strengthen stability, security and wellbeing for all concerned.

From a security point of view, the term 'region' refers to a set of states which, because of their geographic proximity to each other, are locked into a distinct and significant subsystem of security relations. According to these security terms, we can clearly define the South Caucasus as a region¹. It would follow that the remaining conflicts and relative instability of the Caucasus' countries has a profound impact to the stability of this region. Furthermore, the current lack of cooperation among its states--especially on the conflict resolution front--indicates that a differentiated approach to ENP could lead to furthering divisions between neighbouring states in the region, rather than drawing states nearer together. In other words, an overly differentiated approach toward ENP in the South Caucasus would actually decrease thrust in the EU to implement such a policy. Finally, any such conflict resolution efforts supported by the European Union could eventually suffer from the absence of a 'regional', as opposed to 'differential', approach.

What vision do the partners have?

There are several schools of thought on the future and present designs of the European Union. Of these, two might be of interest to the South Caucasus. One of them is the concept of a Europe à la Carte, the other, a Multi-layered Europe.

Europe à la carte (multi-speed Europe?)

The idea behind this vision is that the more members there are in the Union, the more difficult it will be to reach consensus on various topics, and the less likely it will be that all members would advance -- economically, socially, fiscally, militarily and politically-- at the same pace. The solution proposed by some is a supranational union with a nucleus of core existing members,

1) Barry Buzan. (1991) *People States and Fear. An Agenda for International Security Studies in the Post Cold War Era.* Harvester/Wheatsheaf.

along with some select other members wanting speedier integration, thus creating a type of federation, each with their own institutions contributing to the existence of the whole union. In other words, It could be described as a “federation”, or more precisely, a “confederation” since it would involve not only the unification of states and regions, but also, a greater Europe. The issue here is that this approach is an inside-out approach focusing on EU membership, which takes the *acquis communautaire* as a minimum common denominator for cooperation. It is questionable whether today, or even tomorrow, the countries of the Black Sea region can either, a) reach the complex and stringent standards imposed by *acquis communautaire*, or b) actually wish to do so.

Multi-layered Europe

Although somewhat similar to *Europe à la Carte*, the concept of a multi-layered Europe differs from the previous approach, in that it addresses the integration of geographical ‘spaces’. The premise of this approach is that different types of regional integration--between the existing EU member states and their neighbours within the European continent--would allow for a stronger network of relations at all levels, leading to fully integrated spaces of security, freedom, justice, and movement of people and goods. This approach favours regional integration across existing EU and non-EU spaces, and offers powerful alternatives in strengthening cooperation, without full, but as close as possible, EU membership. This model is attractive for the EU because it eliminates the additional burden of membership negotiation and evaluation discussions (which, in view of the present EU constitutional crisis and new member absorption efforts, would not be achievable). One can thus say that the multi-layered Europe approach endorses the primary regional approach consistently followed by the EU since 1996, and which has been applied to South Eastern Europe, the Baltics and CEE throughout the accession process.

A rationale for an EU regional approach to the Black Sea Region

Within the concept of a multi-layered Europe, the EU should shift its focus from the South Caucasus as a region, to the Black Sea; the Black Sea Region is clearly more in accordance with the definition above. Interestingly enough, by extending the region to include all countries in the Black Sea area, this would include the next round of future members of the European Union, who share a common interest and will take an active role in forging substantial regional cooperation mechanisms. (This reflects the Northern Dimension line of thought, spearheaded by the Finnish government in 1999.)

Furthermore, within the model of multi-layered integration, current 'high' performing countries under ENP would thus be more willing to cooperate alongside, for example, Turkey and/or Romania. However, the difficulty here is that an EU regional approach for the Black Sea Region could be overshadowed by other regional initiatives, as well as face difficulties in dealing fairly with both EU members and non-members. The trick would be to create co-owned institutional mechanisms, which could act as a 'clearing house' not only for ENP, but also, other elements of regional and EU cooperation.

These visions, however speculative, inspire the design of partnership strategies. They are important to the countries of the South Caucasus because they promote of stability on the European continent. They are also important in the European Union's own decisions regarding its future, i.e. where it sees itself in the next century.

Examples of 'upgrades' (region specific differentiated)

Increasingly we hear arguments that a model following the Stability Pact for South Eastern Europe would be an adequate mechanism to accompany ENP, as well as to address the main issues of the Black Sea Region. But would such a Stability Pact have all main stakeholders as part of their institutional framework-- such as non EU states, IFI's, IGO's and regional organizations? A major concern for some potential stakeholders is, of course, whether Russia would be willing to play a constructive (as opposed to overpowering) role in such an institutional mechanism.

The question of a constructive 'Russia-in' approach

The question of how to best include Russia in any regional mechanism is asked by many, and thus far lacks a good answer. The fact that Russia still considers many parts of the Black Sea Region to be within its sphere of influence (its 'near abroad'), the region is in fact also in Europe's neighbourhood because of recent expansion. This problem calls for constructive discussion through an institutional mechanism including Russia, small and effective enough, but not obstructive to, any progress in conflict resolution efforts nor to the effective implementation of action plans.

Preconditions for a multi-layered Europe approach

What would be the preconditions for a multi-layered approach as the one I suggested above?

1. Conflict resolution

The resolution of the frozen conflicts in the Black Sea Region is an important precondition to advancement in any of these visions. It is unlikely that the European Union will carry out plans for deeper integration if there are not serious signs of conflict resolution efforts.

2. (More) Effective multilateralism

The European Union can, and does, act as a partner in conflict resolution through effective multilateralism (increased cooperation with the UN, OSCE and Council of Europe). This coordinated approach to conflict resolution does contain some ineffective mechanisms, however, that should be replaced by more effective ones.

3. Improving its policy coherence¹

Full partnership with the EU also requires enhanced cooperation between and across different pillars of the European Union. In other words, closer cooperation with the European Commission and the European Council is crucial. It is encouraging to see that the European Commission actually does have offices in Tbilisi and Yerevan, and limited representation in Baku. In addition, the European Council's 2003 appointment of a Special Representative of the Secretary General (a post presently held by Peter Semneby, an experienced and dynamic Swedish diplomat), is an important signal of commitment of the EU. The Special Representative currently receives some support from a policy officer in Tbilisi, and it would be desirable to have a Council representative working together with Commission representatives in Yerevan and Baku. This would allow early policy coordination between the Commission and the European Council in the framework of CFSP and ESDP actions, thus improving conflict resolution efforts.

The above-mentioned improved coordination is important because the European Neighbourhood Policy and its corresponding action plans will not in themselves include substantial efforts in relation to conflict prevention or conflict resolution issues. While in principle, the European Neighbourhood Policy supports constructive resolution to conflicts in the South Caucasus, it will actually rely on the specific conflict resolution actions of the Council

1) *The basis of this approach is the Goteborg European Council June 2001, the Suggestions for procedures for coherent comprehensive EU crisis management, 3 July 2003; Council of the European Union, Draft EU concept for Comprehensive Planning 3 November 2005, and Communication from the Commission of June 2006' Europe in the World – Some Practical Suggestions for Greater Coherence, Effectiveness and Visibility, Doc COM (2006) 278 Final*

of the European Union. An example of how the effectiveness of this partnership can be drawn from the resolution of the Transnistria conflict, where the EU contributed to the border monitoring mission with the Ukraine, a non EU member.

An ESDP mission in the South Caucasus?

A genuine partnership could also involve actively assisting in the resolution of conflicts so as to enhance the stability of the region, and lift the level of cooperation to a different level.

The main types of ESDP missions fall into a number of categories which also shows what a wide range of instruments the EU has at its disposal to act. Some examples are:

1. Stabilization – which aims to separate or ensure the separation of warring factions, without imposing the maintenance of peace. An example of this would be Operation Althea and Artemis in the Republic of Congo.
2. Substitution – taking over direct management of a country during or immediately after a crisis. Activities here would focus on security but could also involve rule of law.
3. Strengthening or Reform - this is one of the most challenging tasks due to its less specific aim: to provide monitoring, mentoring and inspection as a means of contributing to, and actively encouraging, state reform , primarily in the area of security.
4. Monitoring - the main role of monitoring missions consists of supervising the implementation of a peace agreement, for example, the Aceh Monitoring Mission.
5. Assistance - Finally, providing assistance to other crisis management programs such as those led by the UN, OSCE, etc., can also be a positive way of supporting crisis management efforts. An example of this less direct assistance is seen in the EU support action to the African Union Mission in Darfur¹.

Needless to say, the implementation of any of these actions will require substantial political will from the member states of the European Union, who will have to carefully consider their own political priorities and resources.

1) See also Agnieszka Nowak. 2006 *Civilian crisis management: the EU way*. Chaillot Paper no 90.

Furthermore, and as mentioned earlier, any ESDP action in the region will require the European Commission's bilateral support in rehabilitation and reconciliation.

Civil society¹ - the vital partner

Finally, I would like to discuss Civil Society--a very important, yet often marginalized or underexploited element in partnerships. It is clear that non-governmental organizations alone are not able to change specific countries or regions, let alone the world. They can, however, identify key issues and problems and recommend and assist in actions towards change. It is ultimately up to governments to make the changes, create new laws and ensure their implementation. An integral element to the successful process and implementation of ENP will be the building of networks and relations between governments and civil society. In addition, it is a well known fact that civil society is a vehicle for transmitting information and possibly shaping public opinion. Civil society can provide populations with information on new visions, new perspectives and European practices and experiences, shifting the focus from their deeply rooted, quite often nationalistic identities that are frozen in conflict.

As a first step, a structured way to discuss the European Neighbourhood Policy, Action Plans and implementation must be formed. The creation of civil society expert councils--that would meet on a regular basis to discuss specific issues and make proposals to governments--would provide this structure. Such an approach has been supported in the Black Sea Region in the past, by the UK through DFID, with CMI, ICHD and other partners involved in its implementation.

The strengthening of links between local, national and regional (EU) civil society actors will provide a system of 'self help' and capacity building to partnerships. The Community of Democratic Choice offers interesting programs regarding such forms of capacity building, which should be further supported and strengthened.

An additional advantage of civil society partnership lies in their flexibility and independence from the government. Civil society actors can generate, support and complement conflict resolution efforts. Traditional diplomacy has to rely on governmental and intergovernmental actors to facilitate talks and mediate between conflicting parties. Civil society-led debates and medi-

1) *Civil society refers to the arena of uncoerced collective action around shared interests, purposes and values.*

ation efforts have the power to build trust and understanding at grassroots level, and can create an unofficial discussion forum and problem solving exercises for conflicting parties. In some cases leadership might even accept to invite civic actors to mediate formal negotiations, recognizing the importance of civil society in the partnership.

Examples of civil society's strengths are plentiful: At community level, NGO's can effectively provide objective information to various stakeholders. They can also effectively implement cross border initiatives that build confidence. Such efforts should be actively supported. At the international level, International NGOs can provide objectivity and impartiality in order to gain necessary funding from donors such as the EU. Of course, it is of interest to the NGO community that EU financial support be as non-bureaucratic and quick as possible. The planning process in programming and tendering of projects should consistently include CSO stakeholders from all sectors of society.

Conclusion

Although Armenia and the European Neighbourhood context is presently discussed in many forums on EU foreign policy, quite frankly, it is not treated as a priority issue.. Diplomats discuss missions in the Congo, they are concerned about how to resolve the catastrophic situation in Darfur, and they are focusing a lot of attention on the final status of Kosovo. How do we turn this attention toward Armenia, the South Caucasus, or the Black Sea Region? Displaying and highlighting positive performance and genuine progress through a multi-stakeholder approach in conflict resolution, will help enormously. Putting Armenia on the map, building the future together with its people,...and addressing not only the easy, but also the more difficult questions, would be the concrete signs that Armenia seeks to be recognized as a strong and reliable and partner for the European Union.

The rethinking of Europe is not only owned by its architects but by its inhabitants. I think a big challenge - and big opportunity - lie here. Thank you.

*Ambassador to the Political and Security Committee,
Lithuanian Permanent Representation
to the European Union,
Lithuania*

**“What could be learned from
the Baltic experience?”**

In my presentation I will look for similarities and differences in the Armenian and Baltic ways toward the EU and will seek for possible steps to be taken in order to facilitate the process.

To this end I will divide my remarks into three sets of dilemmas: first, status vs. standards, second - dilemma of formats, and third – enlargement vs. neighbourhood (ENP).

1. Status vs. standards

European perspective was offered to the Baltic States in 1995 (five years after regaining independence) by signing the European agreement (that would correspond to Stabilization and Association agreements that are concluded with the Western Balkan countries). In short, for Baltics first came the status, and then - standards.

Unfortunately, it is becoming more and more obvious, that every wave of European enlargement is and will be carried out by following a different pattern. It may look that each subsequent wave will be more difficult, and it may indeed be the case. Despite that, to my opinion, the Baltic experience may be useful. In addition, it is really worth looking at the Balkans, their experience is already different but it might be even more applicable.

There was a huge gap between the cautious European perception of reality and very ambitious Baltic expectations. The further we went along the integration path, the more this gap was closing. So, basically, the lesson would be as follows: there is no other way than to work on the domestic reforms towards the European *acquis* even without a clear European perspective. What should be done – is to turn the gap of perception the other way around

(turning the shabby Soviet reality into a booming new democracy, turning the lack of standards into applicability of standards and best practices).

Additionally, there are more questions left - how to convince EU that you are true “Europeans”? At the beginning the Baltics were hardly perceived as Europeans either. It could have only been achieved through working hard on standards and reclaiming the historic justice. I admit, this case might have been easier for us.

There is number of good reasons to encourage EU to be more forthcoming on status, but regardless of the response, there is no better way to convince the Europeans that you are one of them, that you share same values and live by the same rules than to work hard on implementing the standards, on harmonizing rules and practices. Eventually, you do it also – and primarily – for yourselves, for your people. Even in the most pessimistic scenario of the future of the European enlargement the practices and standards you will implement will firstly be beneficial to you and to your people.

At this point I would like to bring to your attention to a one good example – it concerns Moldova’s request for visa facilitation. This issue was thoroughly discussed, and besides political implications, it also concerned technical requirements: passport security, border security. The lesson that could learnt from this – it is necessary to be ready in order the technical issues (standards) could not be used against you and would not hold you back in the event of the opportunity for a political breakthrough.

2. Dilemma of formats

There is a question of choice of partners and different formats on the way to EU as it is rightly noted in the topic of the session (from national to European dynamics).

This choice clearly depends on the stage of the integration process and thus it changes accordingly. Now, looking back, it may seem that in the case of the Baltic countries this choice was an easy one, however, it was not. For Lithuania, the most natural partners were the other Baltic States, also the closest neighbors – Poland for Lithuania, Finland for Estonia, and also the Nordic states.

As surprising as it may seem today, there was a discussion on that. There were different concepts discussed, particularly in the earlier years – neutral-

ity, bridge between East and West, special associated status short of membership, special relationship with Russia – you name it.

But in the end – we maximally used all the bilateral / multilateral / regional formats available, even though some work was duplicated, even though it took a lot of efforts and time. We saw these cooperation structures as both means in achieving practical results, and also as vehicles to faster road to Europe.

Now, looking into the case of South Caucasus, I believe, there are lots of different factors, such as distance, perception, regional conflicts and others in addition to the internal excuses, such as absorption capacity. It is necessary to understand that there are things that you control, things that you may influence and things that you have no say. Looking into the particular Armenian situation, there are issues where you can make a difference. Fortunately for you, other big powers have minimal stakes in these issues, so they are largely in your hands.

There is also an issue of geopolitical choice. Since 2004, Black Sea is being increasingly discussed as a region and as a concept. Can it become “[internal] Sea of Europe” as the Baltic Sea once did? Can it unite rather than divide countries around it?

Black Sea is already present and visible for the NATO Allies. After having started negotiations with Turkey and after Romania’s and Bulgaria’s accession, the EU will come much closer to its shores. There is a wide array of initiatives, sometimes competing among each others, sometimes empty. Black Sea concept and cooperation way offer a very powerful potential for Armenia.

Black Sea concept has started to appear in European documents already, notably in the proposal last year in Justice and Home Affairs Strategy paper. Although it is a very practical expression of a Black Sea concept, there are no reasons for why not using it. There are other talks in the EU about closer relationships (and also bigger finances) for cross“-sea” projects.

In conclusion, cooperation within the region, and also inter-regional cooperation could open wide perspectives for exchange of experience and for consolidation of support to your aspirations. Cooperation between three Baltic and three South Caucasus countries (3+3) is a noteworthy example of such cooperation, which is to be further developed. Baltic – Black Sea coopera-

tion, merging the Baltic experience with aspirations of the Black Sea States, should be a valuable asset for Europe at large.

3. Enlargement vs. neighborhood (ENP)

Third dilemma is between enlargement and neighbourhood. Its essence is how to make sure that the neighbourhood policy would not become the permanent neighbourhood, that neighborhood would not be a substitute for membership in the event of “absorption capacity” becoming an additional membership criterion.

However, at this point, I would like to underline the importance of “bringing Europe” to your region, country, to the every home. If at this point you see Europe as yet reluctant to accept you, you could revert the process by trying to create as much Europe at home as possible. It would prove the seriousness of your aspirations and would make it difficult for Europe to decline your evident achievements.

So, the advice would be - hijack the processes and use them for your advantage, even though those processes are not meant for it. ENP is not perfect, but it sets sufficiently wide goals. It is necessary to be ambitious in setting your tasks and be champions in implementing them. It will not only steal arguments from the European interlocutors about insufficient progress, but, first of, it all will help domestically to feel the difference.

In the future, we believe, the ENP should be improved to become more focused on performance of partner countries, offering more incentives for closer cooperation for those partners that deliver better results in implementing of jointly agreed priorities. More attention should be given to trade issues, energy security issues, also to efforts of addressing the regional conflicts.

It took almost 10 years for Lithuania from go all the way from the membership perspective to the membership. On Lithuania’s way to EU membership there were no ENP or Action plans, other instruments were employed. Nonetheless, it does not mean that our way was “guaranteed”. As we look back at the processes that took place in our own country, we see that we also faced difficult situations when difficult choices had to be made. They, as it seems, are inevitable. We have succeeded taking the right road at decisive crossroads and we believe that you also will.

*Vice-president,
Institute for European Integration,
Ukraine*

**European Neighbourhood Policy:
First Summary for Ukraine**

Dear Colleagues,

I would like to commence my speech with a short remainder on the origins of European Neighbourhood Policy (ENP), after that to dwell on its basic ideas in order to analyze briefly whether these ideas work out against Ukrainian background and if it is so then how efficient they are.

European Neighbourhood Policy, likewise absolute majority of European Union initiatives, was the result of intricate compromise between member states and European institutions. Great Britain and Sweden should be considered as the founders of ENP owing to their April 2002 proposal of the new approach to European Union relations with new neighbours in the East (after enlargement being due in 2 years). This initiative related primarily to Ukraine and Moldova who at that time declared European Integration as one of the basic directions of their development. Belarus could have been a potential member of this initiative as well, but her participation was hampered by barefaced undemocratic regime of President Lukashenko.

Before long the initiative of Great Britain and Sweden was supported and developed by the former External Affairs Commissioner Patten and High Representative of the European Union for the Common Foreign and Security Policy Solana, who addressed with joint letter to the Council. The basic points of ENP at this stage were the following:

- To prevent creation of new division lines in Europe;
- To benefit from new co-operation opportunities arising after EU enlargement.

At this stage ENP had been offered by European leaders as the relations concept with Eastern neighbours for the medium-term perspective of 10 year

period. During that time European Union had to absorb new members, and post-Soviet countries of Eastern Europe had to determine themselves finally with their further development paradigm. I would like to remind, that both Ukrainian and Moldavian authorities at that time, despite all European Integration rhetoric, were demonstrating that kind of their countries' management which by no means could have been related to democratic and market standards of United Europe.

One should stress that at initial stage of its formation ENP was well in line with the paradigm of intentional uncertainty towards perspective of joining to the Union of countries that complied with European geographical criterion but were historically long time within the Russian influence grip. Within these countries, unlike ten new EU member states (candidates for the membership at that time), democratic and market reforms have been performing much more difficult and sluggish and European choice was not perceived unambiguously by population as the return to the common European house that had been lost due to the occupation of Eastern Europe by Soviet troops.

At the end of 2002 ENP concept was fundamentally revised. France and Italy, backed by European Commission that had been presided by the Italian politician Romano Prodi, could lobby the decision to expand ENP on all (old and new) neighbours of the Union, including non-European. Thus emerged the idea of 'EU ring of friends' well-defined in Communication from the Commission to the Council and the European Parliament «Wider Europe — Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours». Let me remind that the Communication declares clearly: "the EU should aim to develop a zone of prosperity and a friendly neighbourhood – a 'ring of friends' - with whom the EU enjoys close, peaceful and co-operative relations."

And at last, the final legalization of ENP was formalized at Communication from the Commission «European Neighbourhood Policy. Strategy Paper». In June 2004 the Council of already enlarged EU decided to expand ENP on three Caucasus countries. One year earlier Russia finally refused to build her relations with EU on the ENP basis, instead the parties had agreed to concentrate on the building of strategic partnership through creation of four 'common spaces'.

With the purpose of summarizing basic ideas, which after all defined the final ENP design, one should note three basic goals of this policy:

- To reinforce relations between the EU and partner countries, which is distinct from the possibilities available to European countries under Article 49 of the Treaty on European Union;
- To work with the partners to reduce poverty and create an area of shared prosperity and values based on deeper economic integration, intensified political and cultural relations, enhanced cross-border cooperation and shared responsibility for conflict prevention between the EU and its neighbours;
- To anchor the EU's offer of concrete benefits and preferential relations within a differentiated framework which responds to progress made by the partner countries in political and economic reform.

Thus, the basic slogans of ENP could be as follows: 'accession partnership alternative', 'common values' and 'differentiated approach'. Action Plans could have been the basic tool for the implementation of ENP – unique for each neighbour state. EU foresaw that Action Plans 'should be political documents – drawing together existing and future work in the full range of the EU's relations with its neighbours, in order to set out clearly the over-arching strategic policy targets and benchmarks by which progress can be judged over several years. They should be concise, complemented where necessary by more detailed plans for sector-specific cooperation.'

Action Plans should have been supplemented by agreements between EU and its neighbours already available at the time of their signing. The progress in Plans' implementation should have been encouraged by, firstly, the prospect of a stake in the EU's Internal Market and further integration and liberalisation to promote the free movement of – persons, goods, services and capital (four freedoms). Secondly, depending on the results of fulfilment of tasks' which were written in the Plans, the clauses of new agreements between EU and neighbours would have been dependant, which are called European Neighbourhood Agreements in 'European Neighbourhood Policy. Strategy Paper,'

Ukraine has commenced consultations on Action Plan at sufficiently difficult period. Firstly, from the time of notification of Communication from the Commission to the Council and the European Parliament 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', the active discussion has started in Kyiv. It related to the matter, whether it was worthwhile for Ukraine to agree for co-operation with EU in ENP format. Five years before Ukraine declared her full EU membership as her strategic goal.

After the first stage of consultations with EU concerning future Action Plan that lasted from February to May 2004, Mr Chaly resigned, the chief Ukrainian negotiator and the main inspirer of Eurointegration processes, First Deputy Foreign Minister of Ukraine. Thus, official Kyiv was forced to substitute the head of the delegation. Finally, in Summer-Autumn 2004 negotiations on Action Plan were stalled off, because both parties considered it pointless to sign the strategic document with EU due to the complete strategic uncertainty of the country's further development direction (at that time the dramatic presidential elections were in full swing in Ukraine).

Finally, after the fulfillment of presidential elections, in February 2005 our country signed EU/Ukraine Action Plan at the Council Meeting on Co-Operation, having approved it preliminarily by the Governmental Decree. Before that, in December 2004, this Plan had been unilaterally approved by EU Council. Thus new power team was faced with the choice: either 1) to sign the ready document, which has not been initialed preliminarily by Ukrainian official representatives, or 2) to demand preparation of the new version of the document with direct participation of Ukrainian party at all stages of its development and agreement, or 3) to refuse from participation in ENP and submit application for the EU membership, seizing the opportunity from the wave of likings to 'Orange Ukraine' in the West.

Ukrainian Government chose the simplest and apparently the least efficient way for Ukraine and simply approved document offered by EU party in full. It is indicative that Action Plan measures were apparently important for Brussels and almost impossible to fulfill in Ukrainian realities. A clause on the ratification of the International Criminal Court Statute (Rome Statute) can be a striking example of the abovementioned unrealistic tasks. The point is that Ukraine once had signed Rome Statute, but Constitutional Court admitted that the number of its clauses contradicts Ukrainian Constitution. And alteration of the Constitution in Ukrainian conditions means huge political earthquake, which was favoured by President only once – in the midst of Orange Revolution. Considering cumbersome and lengthy procedure of alteration of Ukrainian Constitution, as well as the fact that the half of the Action Plan term elapsed, one can assert with a high probability that this clause of the document will be only on paper.

Thorough analysis of EU/Ukraine Action Plan testifies great variety, fragmentariness and interests' imbalance of the parties in the document. Thus, those Articles that apparently were very interesting for European party had been presented better and more thoroughly, others were quite superficial. For instance, detailed and thorough were Articles Sanitary and phytosani-

tary issues, Standards, technical regulations and conformity assessment (EU harmonised areas), Customs, whereas Articles Regional development, Monetary, exchange rate and fiscal policies, Sustainable development, have only one paragraph with too general language. Sometimes, like in case of access of Ukrainian legal entities founded by non-residents, they say on the alteration of the specific Article of Land Code of Ukraine, sometimes the document limit itself with too general measures, like 'Strengthen the independence of the National Bank of Ukraine including, if necessary, by amending the 'Law on the National Bank' so as to bring it in line with EU standards.'

Today, when the half of the term elapsed for which EU/Ukraine Action Plan is designed, it would be correct to sum up neighbourhood policy. Primarily, the negative tendency in trade between Ukraine and European Union became evident. In 2004 one could see stable commodity turnover increase with slight excess of Ukrainian export over import with EU. In 2005 export of Ukrainian goods has dropped by 7% against 2004. At the same time, import increased almost by 30%, thus creating considerable negative balance in trade. Portion of commodity turnover with EU decreased in the general foreign trade turnover of Ukraine, instead increased portion of Commonwealth of Independent States and Single Economic Area countries. These negative tendencies last in this year as well. This testifies that one of the basic ENP ideas on the prospect of a stake in the EU's Internal Market for the neighbour countries does fails to function in relation to Ukraine. Instead, European goods actively squeeze out domestically produced goods from Ukrainian market.

Off course, one can not blame only Brussels and ENP in the stated tendencies: foreign trade balance of Ukraine in the whole 2005 has changed from the positive into negative. But if we consider the matter according to the regions, then export of Ukrainian goods during 2005 has decreased in the absolute measurement only in relation to Europe and America. Considering the fact, that both American continents together have less than 5% in Ukrainian foreign trade, and EU approximately 30%, it is clear enough why we are so concerned about negative tendency in trade with European Union.

Let me draw another example showing so-called economical achievements of Ukraine within ENP. In December 2005 European Union acknowledged Ukraine as a country with market economy. But in March 2005 European Commission has started antidumping investigation against import of seamless pipes into EU. This investigation has finished recently with an introduction of antidumping duties against Ukrainian pipe produce. Acting in this

way European Union released Ukrainian niche in the European pipe market for Russian and Chinese producers.

It is indicative that in the process of antidumping investigation one of the most affected Ukrainian producers analyzed the calculations made by European Commission representatives and found numerous technical and factual errors. He immediately informed Commission on this very fact and provided it with the precise description of each error, analysis of its effect on duty amount and correct calculations on the basis of the very data which had been calculated by EC. Following this 'correction of errors' it became apparent, that duty makes already not 26%, but only 9%. EC did not consider these data. Moreover, EC mockingly decreased duty to this producer – from 26% to 25%.

Similar situation exists in the matter of visa procedure liberalization for Ukrainian nationals (similar to the first year before realization of freedom of movement for persons). Despite the fact that official negotiations with EU on this matter last for over 6 months, there are no visible results yet. Moreover, recently Polish visas became more difficult to obtain for Ukrainian nationals, and one should apparently expect substantial price increase for the Schengen visas.

Two years of ENP realization concerning Ukraine and 18 months of Action Plan fulfillment have been 'celebrated' by Ukraine by creation of the most pro-Russian and the most left ruling coalition in the whole history of Ukrainian parliament, consisting of Party of Regions, Socialist Party and Communist Party. Off course, this is not the direct result of ENP, but one can not deny that European policy of 'intentional uncertainty' contributed in its own way in this framework of modern Ukrainian power. As reasonably marked Austrian newspaper *Der Standard* of 19 July, 'Ukrainians were faced with uncertainty called 'European Neighbourhood Policy', which had not given definite perspective and had not given step-by-step goals on a path of their country approaching EU. Thus, no wonder that Party of Regions headed by Putin's protégé and next Prime Minister Victor Yanukovych surpassed the remainder of political forces in the process of power formation'.

Does it mean that ENP will not work out? I don't think so. I am deeply convinced that ENP, in the situation when the further EU enlargement is not possible in short-term and perhaps in medium-term outlook due to the constitutional crisis, absorption problem of new member states (Romania and Bulgaria including), EU economy stagnation, gives to neighbouring countries the real chance to start gradually using the opportunities of Euro-

pean Economic Area. By the way, this ENP goal is proclaimed directly in Communication 'Wider Europe – Neighbourhood'. But will the neighbouring countries of EU use these potential opportunities? An if they will, then how they use and to what extent will depend directly from the governments and societies of these countries.

At this point let me fulfill my speech and wish our Armenian friends to use in full the perspectives being opened by European Neighbourhood Policy before your country.

The way towards Europe: European transformation and Regional integration: Latest Developments in the South Caucasus

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An European Perspective for the South Caucasus

The experience of EU relations with Central and Eastern European countries aspiring to join the Union used to follow a uniform model – agreement to establish relations, association agreement, application for membership, membership negotiations, accession agreement. This was the case with the so-called “fifth wave” of enlargement, which will finish with the accession of Bulgaria and Romania in 2007. Three years ago the European Union coined a new term - “European Perspective” - especially for the countries of the Western Balkans. This term reflected the special case (and stage) of relationship of these countries with the EU by avoiding both the explicit provision of an accession status as well as the explicit denial of such a status.

For the countries of the Southern Caucasus, currently involved in the European Neighborhood Policy, having an European prospect will mean probably less of the membership benefits (at least in the short-term) but more and deeper commitment of the EU than that of the Southern Mediterranean participants in the ENP – reflecting after all the European identity and aspirations of some of the South Caucasus nations. These prospects will also serve as ‘carrots’ for governments in the region on their way of pursuing unpopular reforms.

In the words of the Swedish diplomat Peter Semneby, the new EU Special Representative for the region, “what happens in the Southern Caucasus is no longer something abstract and distant. It is becoming an area of direct concern to the EU.”

It is promising that the EU has already started thinking about it and is engaged in the South Caucasus. The Special Representative and the Action Plans are a good beginning but it will need further efforts to be sustained and developed.

The ENP is a unique agreement aimed to intensify relations and promote progressive integration, through the offer of a stake in the EU internal market. The ENP offers additional economic and social benefits for the countries that border the EU, through co-operation in a range of areas from strengthening democracy, promoting rule of law, and upholding human rights, to trade liberalisation, energy, and transport development. Following the guidelines of the ENP, the Action Plans for Armenia, Azerbaijan and Georgia build on their existing Partnership and Cooperation Agreements with the EU. In fact, the EU is changing the resources and instruments at its disposal. When the European Neighborhood Policy starts to take effect with the new financial perspective of the European Union after 2007, there will be considerable and better targeted resources available for various activities.

However these activities do not seem to exhaust what the EU could do for Southern Caucasus. It needs to outgrow the discourse of mutual interest and to have more engagement in democratization, conflict resolution, support of development and rehabilitation of conflict areas, regional cooperation.

Having an European perspective will mean a more structured relationship with the EU. The more structured the engagement with the EU however, the more complicated it will be, bringing several challenges that have be anticipated:

The expectations gap: On the EU side – the enlargement fatigue, constitutional crisis, the issue of Turkish membership as a core issue of EU's future existence - are prompting caution in expectations. There could be a desperate gap between what the EU is capable to offer and what local societies are longing to receive, starting from the visa regime, to access to the common market and last but not least – to EU security engagement of some sort in building stability in the South Caucasus.

The conditionality gap: Indisputably, the EU has a proven record of its transformational power. The membership path provided the EU with the adequate balance between “sticks and carrots” in order to make the states and societies reform along “European lines”. However, in the Southern Caucasus the EU is lacking the membership path. Hence, it is pending issue for the EU how to sustain its transformational potential through conditionality while lacking the usual toolbox.

The negotiations gap: From CEE countries point of view, the negotiations with the EU were not really negotiations per se, but rather included the adoption of a set of non-negotiable set of rules. There is no doubt that the

ENP, especially for the countries that aspire to get more of the EU, will readily incorporate the lessons learned from the fifth enlargement and the Western Balkans. This means that the conditionality will be tougher and the relations between the EU and a given country – even more asymmetric. This may cause frictions, but countries from the region should expect that and should be ready to accept that fact, making short-term sacrifices for a long-term benefit.

The EU-Russia gap: Working on a new approach towards Southern Caucasus is impossible without relating it to Russia and to EU-Russia relations. Russia is a strategic partner of the EU and they are mutually dependent, especially in the energy supply and trade. However, deeper engagement in the South Caucasus of the EU will be perceived by Russia as violation of its field of interest and influence. Hence, the EU should carefully take Russia's considerations in the South Caucasus, without sacrificing neither its values neither the interests and aspirations of the South Caucasus nations.

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The European Project for the Caucasus region

Europe has come to the Caucasus region. Here I mean the European political and economic involvement in the processes of the Caucasus. In Head of “Russia and CIS” group of The German Institute for the International Policy and Security (highly influential German “think-tank” consulting the Federal Government of Germany) Roland Goetz’s opinion, «The Central Asia and Caucasus region has become basic topic for the future German Presidency in EU. The Caucasus is called “very specific region” which has been beyond focus of the Europeans’ attention”.

On the 18-th of April “Die Welt”, highly influential German edition (using references to the Federal Government officials) reported about new priorities of the German “East Policy”. Since 2007 Germany will chair in EU. By this time, - considers “Die Welt”, - The Foreign Ministry of Germany will have to announce two key problems which Germany will propose for Europe. First of all It’ll be problem of Power Engineering and Energy Security. But the 2-nd that will be “foreign policy offensive towards the Caucasus”. “The Federal Chancellor Angela Merkel is able to move the Caucasus closer to Europe”, - considers “Die Welt”.

The 1-st half of 2008 will be time of the Slovenian EU Presidency. But already now the Slovenian Foreign Ministry organizes Bled Strategic Forum entitled “Caspian Outlook 2008”. This Forum is aimed to discuss the geopolitical relevance of the South Caucasus and the Caspian region for the European Union. This event is considered as preparation (and presentation) of the Slovenian EU Presidency.

In this respect “the European penetration” in the Caucasus region represents an opportunity to reenergize the strategic dimension of this region. My paper will be concentrated on issues such as:

- the European evaluations of the Caucasus strategic potential,
- the EU political principles and values in “the Caucasus policy”,
- the EU- Russian and EU-US. political differences,
- the EU- Russian competition in this region.

But what do the Europeans think about the Caucasus dimension and relevance in the International affairs and global policy agenda? Contrary to general opinion in Russian expert community this region is attractive (and interesting) for EU due not to its rich resources. The Caucasus wealth is often overestimated. “The Caucasus with its limited resources is not key region for Europe”- Roland Goetz considers. For the USA this region is attractive as the instrument in big geopolitical game of this Super-Power (especially in the Middle East). The Caucasian region is considered by the U.S decision-makers as very important rear (the Middle East region, Iran as the front-line). Dislike the USA EU involved in the project of the neighbourhood- building is interested in the Caucasus for another reasons. Nowadays the Caucasus is considered as “political patient” who has got ill by serious illness. This illness may be identified as ethnic clashes and “frozen conflicts”. Just exactly conflicts-resolution, implications for stability in this region and spreading of the European values are two main priorities for the European policy-makers in the Caucasus.

But the process of “Europeanization” of the Caucasus has not begun this year. “Very specific region” found itself under EU attention in the 1990-s. The European Community (since 1993 the European Union- EU) became one of key actors in the Caucasus region. But dislike the USA the European Union emphasized not Military area but Social-economic sphere. The 1-st priority of EU became broader political stability and sustained economic prosperity of the Caucasus. Ensuring of human rights, stability and democratic values became the 2-nd priority of EU. EC recognized independence of Georgia, Armenia and Azerbaijan in 1991, December. In 1994 the Parliamentary Assembly of the European Council considered perspectives of relationship between EU and the South Caucasus States. In 1995 the Council of EU adopted project of the “Common Position” on the South Caucasus States. In this project necessity of multilateral aid to the South Caucasus States in the democratic institutes-building was underlined.

But since those times the European Union declaring Its adherence to universal democratic principles has not managed to take regional ethno-cultural peculiarities, informal institutions, and traditions into consideration. In fact I don't mean here reevaluation of “specific features” of Georgia, Armenia and Azerbaijan. But different States of this region need different criteria of meas-

urement of democracy effectiveness. The region exhibits different degrees of political maturity and also variety in expected economic performance. At the current stage, the future direction and strategic yield of the EU-Caucasus relationship remain poorly defined which suggests the relationship presently operates below potential.

In the highest degree Georgia has demonstrated “European” character of Its Foreign Policy. In 1997 the Georgian Parliament adopted the “Conception of strengthening of stability of social life, state sovereignty and territorial integrity of Georgia”. In this document the EU constructive role was opposed to the Russian “imperial foreign policy”. In 1999 President E. Shevardnadze proclaimed the “European direction” of the Georgian Foreign Policy as priority. In early 1999 Georgia was accepted in the Council of Europe. Thus democratic character of the Post-Soviet Georgia transformation was recognized. Joining the Council of Europe Georgia pledged some serious obligations. First of all Georgia signed a commitment to provide the Meskhetian Turks (punished and forcibly displaced by the Stalin regime in 1944) repatriation. Then Georgia committed to adopt the Law on the property restitution of the Georgian-Ossetian conflicts victims. Alas the Georgian State has not managed to provide both of those commitments. In 1999, October the Georgian President visited Germany. There this official visit was considered not only as the Foreign leader visit but that of “architect of the Unified Europe”. In a year G. Shroeder, Federal Chancellor of Germany visited Georgia. After the “Rose Revolution” the European trend“ has become strategic direction of the Georgian Foreign Policy. Though regardless of all Georgian official declarations EU has become very strict examiner for Georgia. In 2004 the Parliamentary Assembly of the European Council recognized Georgia had not provided Its commitments. The European Council has strongly recommended Georgia to adopt the Law on restitution. The Venetian Commission of the European Council has provided legal advice for the Law preparation. In EU-officials opinion the Georgian State will have to restore Ossetians rights on their property (lost in the 1990-s). But at the same time some points of the Bill on restitution concerning Its achievement are aimed to bring down the Russian influence on the conflict-resolution process. I mean here the formation of trilateral commissions on restitution (Georgians-Ossetians- international institutions).

The European trend has become one of the main priorities of the Armenian Foreign Policy. In 1994, January Head of the Armenian Parliament visited Strasbourg. In 1994, October the Armenian representatives took part in the session of the Venetian Commission of the European Council. In 1996 Armenia became the first Caucasian State which accepted status of “specially

invited country” in the Parliamentary Assembly of the European Council. Later Armenia was accused many times for Its “non-European tendencies” (strengthening of authoritarianism, strict position in the Karabakh conflict-resolution). In return Armenian politicians have marked EU-structures aspirations for imposing of extraneous values and principles to Armenian society (the tolerance to sexual minorities and non-traditional religious groups). France is the main European partner of Armenia. Just this country has undertaken considerable energies for the International recognition of the Armenian genocide (1915-1923). In 2005 Armenia undertook the the significant “break-through” towards Europe. Preparing the Constitutional referendum, President Robert Kocharyan managed to privatize all basic slogans of his opponents. It took him a half of year. Just official Erevan began changing the Armenian Constitution appealing to the European integration. For some months Robert Kocharyan adjusted Constitutional amendments with the EU-officials. In 2005, July the Venetian Commission of the European Council approved all amendments. Boyana Urumova, the European Council Secretary General Plenipotentiary declared the new Armenian Constitution would open the way to Europe for Armenia.

Azerbaijan has been often targeted by EU for violations of democracy. Recognizing facts of democratization of this State EU-officials criticized Azerbaijan on the whole. They have invariably marked numerous facts of violations of the National legislation. But regardless of this criticism the Azerbaijan leaders underline the “European character” of this state. In 1999 Safar Abiev, Minister of Defence said that Azerbaijan would identify itself as an element of New Europe. But Azerbaijan has received more profits in the area of economy. The Europeans were practically single critics of the Parliamentary elections in this country (2005, November). “The Azerbaijan Parliamentary elections has not satisfied international requirements”. This declaration was made by Alcee Hastings, the Parliamentary Assembly of OSCE (Organization for the Security and Cooperation in Europe) Chairman. This declaration demonstrated fundamental differences between the US. and EU. approach to the Post-Soviet democracy. The USA involved in the Middle East geopolitical games consider secular and authoritarian Azerbaijan as potential ally in Its rear. Thus the United States are ready to “close their eyes” on serious violations of democracy in Baku. EU deprived of geopolitical ambitions consider political situation from another point of view.

But Russia plays particular role in the Caucasus “Big Game”. First of all Russia itself is the Caucasian Power. Secondly, Russia provides very active policy in this region. It’s impossible to underestimate Its role in the “frozen conflicts” – resolution. Nowadays the European experts are ready to con-

sider the Caucasus region as integral one not separating issues of the South Caucasus independent States and problems of the Russian North Caucasus. Though this approach supported by most of the Russian political scientists in Europe has another understanding. The European experts and policy-makers aspire to the Russian refusal from Its exclusive political role in the South Caucasus (peacekeeping, etc.). Moreover they consider Russia would have to open Its borders for International peacekeeping in the North Caucasus. For Russia approval of this approach means demonstration of Its own political failure. But now It's very difficult to understand positive proposals of the European experts and decision-makers. Will Russia have to provide negotiations with separatists in Chechnya? After Beslan tragedy, death of Aslan Maskhadov and Shamil' Basaev the "Ichkerian movement" Itself has survived very deep crisis. Now It's exposed to fragmentation. Idea of self-determination for Chechnya and creation of independent national state is not proclaimed. Even for the Maskhadov Presidency idea of negotiations in fact was very beautiful European utopia. The Chechen reality demonstrated that nobody had non been common national leader. The current European view on the Russian Caucasus is mixture of outdated insights of the middle of 1990-s (i.e period of active armed clashes between the Federal Government and the separatists units).

At the same time the "Europeanization" of the whole Caucasus is the political reality. All political actors of this region need to build their strategy taking this fact into consideration. Firstly It's necessary to become familiar with the European "politicalesque" and to defend urgent national interests using the European political and legal cliché, symbols and values. Secondly Russia needs to initiate some progressive projects aimed on development. The Russian aspirations to secure only "conservative" stability are not sufficient. It's impossible to keep stability without any motions. Furthermore, just Russia could teach the EU-policy-makers to combine formal and legal schemes with "Realpolitik". It's impossible to imagine the Caucasus reconciliation without reasonable combination of two above-named approaches.

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**North Caucasus: the implications
of being backyard of Europe.**

North Caucasus is increasingly being isolated from the world and most interestingly from rest of Russian Federation of which it is a part. On one hand Russian federal authorities limit foreigners' access to the region on the other hand developments on the ground limit federal authorities' influence in the region as well. Recent example of Moscow's efforts to restrict foreigners' access to the region is Russian government's decree defining routes that can be used by foreigners traveling without special approval in North Ossetia. The same rules have been applied in other republics of North Caucasus also. It is officially justified by vicinity of the region to the state boundaries and need to guard them properly. In June this year in this manner a USAID group along with some others was prevented from visiting conflicting Prigorodny region of North Ossetia.

Measures adopted by Russia previously to isolate the North Caucasus included ban on crossing Russian-Georgian and Russian-Azeri borders by non-CIS citizens and well known problem of issuing Russian visas for journalists and diplomats wishing to visit the region.

Foreigners are perceived by the Russian government as not mere unwanted visitors in North Caucasus, but as spies and troublemakers. Thomas de Waal a well-known journalist and writer from UK has recently been refused Russian entrance visa. As many experts say for his criticism of Russian policies in Chechnya.

Russians' efforts to drive out foreigners from North Caucasus with the probably only exception for tourists have been especially evident in Chechnya as the West used to criticize Russians for excessive use of force and human rights abuses.

While discussions about Russians' distrust towards the West and their suspicions of western activities in Northern Caucasus have been in place since

long, relatively little is still known about the grip that Russia itself has over the region.

Of course after practically putting out Chechen separatism in a fairly vicious way there is no question of any other force openly and viably challenging Moscow's authority in the region, but there are other developments that widen up the divide between North Caucasus and rest of Russian Federation which are probably less evident.

Migration exchange between North Caucasus and Russia goes almost one way now, some Caucasians do migrate to the neighbouring Russian regions such as Stavropol, Krasnodar or Rostov regions and to inner Russia. But there is practically no migration flow from Russian Russia into the North Caucasus currently, due to lack of economic opportunities and safety concerns. If we take into account rise of Islam in the region especially evident in eastern part of North Caucasus, it can be clearly seen that the region increasingly becomes not only less Russian, but also in certain aspects less westernized, as there is no other available force currently who can replace Russia in its role of distributor of European values. Russia is isolating the North Caucasus from the world and at the same time it is not really able to play this role well itself.

Following president Putin's famous abolition of elections of the local governors in the regions in 2004, federal authorities in fact became an obstacle in democracy's development in North Caucasus while democracy is exactly the item that region lacks most and its scarcity ultimately lies under all violence and unrest we have had recently in the region and even beyond. As an expert from Kabardin-Balkaria commented on insurgency in Nalchik in October 2005: "There was no political force that could articulate these people's grievances, there was no party that could express what large number of people is worried of, so Islam took the lead and united these people and took them to the streets."

Democracy is not practised in North Caucasus not because people in the region are unprepared or unfit for democracy as number of Moscow politicians and experts say. This is the direct result of Moscow's policies in the region which has always preferred to have regional puppet governors that would be loyal to Moscow often at the expense of popularity on local level rather than real leaders. At first Moscow installs a puppet governor in a republic, then it supports him until the very last minute whatever he and his team does in the region and at the same time Moscow complains that Caucasians are cor-

rupt, have outdated clans' structure etc. Russians themselves in fact support the system in the region that they often so contemptuously criticize.

Lack of democracy in North Caucasus leads to lack of social reform and radicalization of youth. Radicalisation of Islam in the region is predominantly local phenomenon and therefore its links to international Islamic radicals could be described as supplemental. This is popular view of the people living in North Caucasus, despite continuous Russian propaganda trick about fighting international terrorism. If people's voice and burning issues of the region will continue to be ignored other monsters like Basayev and outbursts of violence are almost bound to appear in North Caucasus.

But how can one think of democracy in Northern Caucasus if democracy in Moscow is shrinking? According to some experts Russian democracy started its decline from the Caucasus, meaning the war in Chechnya. One can suggest that probably revival of Russian democracy might also have its source in the Caucasus. The West and in particular European Union could contribute to this process.

It already does of course. EU is going to invest substantial amounts of money into economic infrastructure building and social rehabilitation of Chechnya, Ingushetia and North Ossetia. But Europeans should take into account widespread corruption in local governments and therefore low effectiveness of practically any government investment. I understand it may have been Russians' request that EU be engaged in purely economic development of the region, but without investment into political infrastructure of North Caucasus other investments are almost bound to perish.

It is not easy to imagine that Moscow will allow EU to engage in political development activities in Northern Caucasus given current trends in Russia, such as virtual crackdown on NGOs, independent media and opposition and ongoing general anti-western rhetoric in Russia. However, Southern Caucasus states could probably become development models for the North Caucasus or even transmitters of democracy and good governance expertise. To achieve this borders within the Caucasus should gradually become more and more transparent. Ultimate solutions for conflicting issues in the whole region can only be found if the borders become quasi irrelevant. In its own turn this may happen only if the region has democratically elected governments or is united under strong hand's command. So in fact the dilemma for the Caucasus is very simple, either the region prospers as the region where its people have the casting vote to decide how they should live or else ultimately someone from the outside will take decisions about their lives.

If we take current North Caucasus administrative borders between the republics they are sometimes much stricter than many international boundaries. This is also another indicator of the fact that there is no responsible governments in the region and the situation is not really under control. This is not because there are so many radical groups in North Caucasus, rather as the government does not rely on wide popular support, as its citizens are discouraged from taking part in political life, even relatively small groups of radicals can stage substantially harmful attacks just about any time.

Interethnic conflicts in North Caucasus remained in the shadow of Islamic radicalism issue until recently, but they are still there. Tensions between Ossetians and Ingush are currently most worrying. In fact the situation can be described as clearly leading to the open conflict. The situation jeopardized following hostage taking in Beslan in 2004, which according to popular Ossetian belief was staged by the Ingush. Since then federal and local authorities have been eager to resolve conflicting issues between North Ossetia and Ingushetia. There is even a deadline for ending Ossetian-Ingush conflict set by president Putin – December 2006. But most recent developments show that local elites increasingly side with their respective nationalist agendas and so it is highly likely that region will again go through a period of outbreaks of violence.

Prior to Beslan hostage taking I asked international donors to support founding an Ossetian-Ingush youth centre. I could not get it as my British colleagues explained to me, because Ossetian-Ingush theme was not high enough on the top of agenda. After bloody hostage taking in Beslan happened in 2004 there was number of offers to support creation of this type of centre, but the conditions were not no good for it anymore. So I think it is important to make good use of peace periods we have. Even if they cannot be called exactly peace periods, literally on the next day it might get even worse, so it is crucial not to be late.

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Introduction

Southern Caucasus countries matter more to the EU today than they did in the past. They are now part of the EU's recognized neighbourhood, whose stability and development matter to the rest of Europe, and whose relations with Brussels are being strengthened in the context of the European neighbourhood policy (ENP). The region is also a transit route for oil and gas, whose access has gained in political significance of late.

The EU's objective for the region is to promote stability (including conflict resolution), democratic reform and development in the South Caucasus. Some degree of regional cooperation between the countries of the region will be needed to achieve these goals. Azerbaijan, Armenia and Georgia agreed as much with the EU Council of Ministers in declaring together back in 1999: "We emphasise the importance of regional cooperation for the creation of amicable relations between the states of the region and for the sustainable development of their economies"¹.

Regional cooperation is an issue in the Caucasus because the region is suffering from the consequences of unresolved conflicts. To this day, relations between neighbouring states remain dysfunctional, and the cooperation announced in 1999 has still not materialized.

The status-quo- separate development, closed borders and isolation- is not an option. Not only would separate development be contrary to the "shared European values" which the ENP intends to promote in the region; it is not in fact viable in a region with the total population of the Netherlands and an aggregated national income equal to 60% of Luxembourg's². Georgia, Armenia and Azerbaijan's territories are interlocked and each of them needs its neighbours to reach out to the rest of the world.

1) *Joint Declaration of the European Union and the Republics of Armenia, Azerbaijan and Georgia Luxembourg, 22 June 1999. Numerous subsequent documents elaborate on this theme.*

2) *In 2004: the figures were as follows. Populations: Armenia, 3 million, Azerbaijan 7.8, Georgia 4.5. GNI: Armenia 3.2 bn, Azerbaijan 7.8, Georgia 4.8. source: world bank data.*

Azerbaijan, Turkey and Armenia

Today, Armenia's two longest borders, with Turkey to the South and Azerbaijan to the East, are completely closed¹. Relations in most fields are virtually non-existent: Azerbaijan and Turkey entertain no diplomatic relations with Armenia, and prohibit official trade and other forms of economic relations with this country. Human contact is also difficult, as ethnic Armenians, furthermore, are not welcome in Azerbaijan, though they can freely travel to Turkey.

The current status quo has remained unchanged since the early 1990s and is connected to the Karabakh war that was fought from 1990 to 1994 between the secessionist leadership of Nagorno-Karabakh and the government of Azerbaijan. Azerbaijan, supported by Turkey, hoped to exert pressure on Nagorno-Karabakh Armenians by blockading Armenia.

The policy has produced no results other than entrenching a conflict but Turkey and Azerbaijan have now stepped it up regardless by investing to build regional infrastructure that specifically by-passes Armenia. The Baku-Ceyhan pipeline, completed this year, takes the long road from Baku to Turkey, via Georgia. An entirely new regional railway network is also being envisaged to replace, as the existing one passes through Armenia. If built, the new railway would entrench Armenia's isolation and make the prospect of regional cooperation in the future more remote still².

The EU's role

The EU has been cautious not to side with either party to the conflict: it has called for all to compromise in the interest of conflict resolution; it has warned against attempts to resolve the deadlock through military means; but it also stands for open borders and regional cooperation, and has stated this clearly. The core of its position has been to support the work of the OSCE's Minsk Group whose mission, since 1994, has been to help negotiate a peace deal.

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- 1) *Burcu Gültekin et Nicolas Tavitian. Les Relations arméno-turques: la porte close de l'Orient. GRIP, Bruxelles, Avril 2003. http://www.grip.org/pub/rapports/rg03-1_armenie.pdf*
 - 2) *The 1999 Joint declaration signed by the EU and the three states of the South Caucasus called for "the rehabilitation of transport, telecommunication and other relevant network infrastructure systems in the region, including the Baku-Nakhichevan and Yerevan-Julfa railways and North-South links between Russia and Georgia [which] is a very important confidence-building measure. We agree to create favourable conditions for the reopening of these communication links as soon as possible, and subsequently, as appropriate, of other links between the three states and their neighbours." But it came to nought.*

The International Crisis Group, an international NGO dedicated to analysis and policy advice on conflicts, contrasts the EU's interest in peace-making elsewhere with its lack of involvement in the Nagorno- Karabakh conflict: “[the EU] has done virtually nothing in or around Nagorno-Karabakh since the 1994 cease fire. This is partly because Baku has strongly discouraged it from funding similar projects”. Furthermore: “In the Nagorno-Karabakh conflict, it offers little more than verbal support to the OSCE Minsk Group process”.

Europe is thus faced with a dilemma: should it support cooperation even before a peace settlement is reached, and thus undermine Azerbaijan's and Turkey's tactics? That would be seen as siding with Armenia. Or should it wait until a settlement is reached before promoting cooperation? That would be tantamount to acknowledging the blockade as a legitimate policy instrument. Neutrality, in this case, does not seem to be an option.

In effect, the EU has so far chosen to stay the course of rhetorical action: call for, but not press for, open borders and cooperation; and warn that all parties will continue to suffer until the conflict is resolved.

Yet the EU would have considerable leverage on Turkey, Armenia and Azerbaijan to enforce a move towards normalized relations, if it chose to use it. Turkey is a candidate country and is already undergoing major changes in policy on other fronts under EU pressure and guidance. It will have to normalize relations with Armenia in due course, but the EU has not prioritized the issue. And Europe certainly has considerable influence on Azerbaijan and Armenia, two small and impoverished countries whose relations and trade with the EU are vital to their economies.

The dangers in the current situation

After 12 years of relative stability, the region's economies are growing fast-Georgia at 7%, Armenia at 14% and Azerbaijan at 26% in 2005- and governments are muddling through¹. Might time heal the wounds of war and pave the way to normal neighbourly relations?

Not necessarily: many observers now worry that the situation in the Caucasus is increasingly dangerous. Economies are growing again, fuelling a surge in military spending, particularly in now oil-rich Azerbaijan. The continued confrontation between Armenia and Azerbaijan is also undermining efforts

1) Figures for 2005. Source: the CIA World Factbook. <http://www.cia.gov/cia/publications/factbook/geos/aj.html#Econ>

towards democratization. Turkey's and Azerbaijan's strategy of redesigning regional infrastructure to exclude Armenia permanently, furthermore, is putting future cooperation and indeed prospects for peace in jeopardy.

The longer the status quo lasts, the more likely Europe is to be confronted with intractable problems or new tragedies on its doorstep. But what is there to do?

EU values and its current record in the SC

The EU professes a trinity of values which underlie its project: political values (human rights, democracy and the rule of law), economic values (a modern market economy) and values related to international cooperation. All three are fundamental to the European project, which would lose meaning and legitimacy without them. The notion of Europeanization refers to the propagation of all three, including aspects relating to cross-border cooperation, good neighbourly relations and regional cooperation.

The EU Commission's Communication spelling out the ENP, published in 2004, thus uses the word "cooperation" a total of 113 times, "neighbour" 39 times and "neighbourhood" 77 times in 29 pages. One of the headlines under which the ENP was promoted was "avoiding the creation of new dividing lines". I take this, and much similar concurring evidence as proof that international cooperation is viewed as very desirable, regardless of specific circumstances; and that the EU aspires to promoting good neighbourly relations in Europe and in its periphery.

So far, however, it has achieved little in the SC in this regard. The few regional or multi-country initiatives put together by the EU, such as Inogate, Traceca, the REC and the Caucasus drug programme have largely stumbled on political obstacles and in fact involve very few cross-border or joint activities.

But this year may be a turning point in the relationship between the EU and the South Caucasus. We can expect to see the ENP take concrete form with the adoption of Action Plans for each of the three countries in the months to come. The EU institutions are in the process of inventing those financial instruments which will fund their implementation- the ENPI (ENP Instrument, relevant to the South Caucasus and Russia) of course, but also the PAI (Instrument for Partnership and Accession, relevant to Turkey) as well as the thematic instruments for human rights and the SI (Stability Instrument). Simultaneously, various cross-border programmes are also taking shape. This

is also the first year of Turkey's accession process of course. And finally, we have a new EUSR for the South Caucasus, with an enlarged mandate and, quite possibly, with greater ambitions.

This concurrence provides opportunities to help initiate cooperation across borders in the region. Such a push would serve the interests of the EU, whose project is to "Europeanize" the area; it would be true to its values in doing so; cross-border cooperation would serve the interests of the region as whole; and it would certainly benefit Armenia in particular.

In the rest of this paper, I will outline some of the opportunities which the current context in the EU provides to help develop concrete co-operation and improve relations between neighbours in the Southern Caucasus.

Adapting the Policy-Making Framework

EU policy-making operates through standardized broad policy frameworks. Large countries are usually the object of sufficient political attention to ensure that these frameworks are adapted to the Union's objectives. That is not necessarily the case for smaller countries like Georgia, Azerbaijan and Armenia however, in whose case administrative or process-related constraints are known to hamper the Union's stated purpose.

EU institutions ought therefore to ensure that their decision-making process and policy instrument are compatible with their objectives. This requires no major breakthrough in negotiations, no major exertion of political will, and no new high-level political decision. Applied thoughtfully, the specific measures described below may already contribute to building confidence on the ground, to helping neighbours engage once again after 15 years' separation, and to opening the way to more decisive action later on.

1. The Policy-Making Fora

Those responsible for making EU policy for Armenia, Azerbaijan, Georgia, Turkey and Russia could meet occasionally to ensure that the policies they formulate are consistent, and that they promote cooperation between neighbours.

European-level policy-making involves a considerable number of actors; process, therefore, has an influence on decision-making. The institutions' worldview and administrative setup has unfortunately been known to contribute to missing opportunities to contribute to regional cooperation.

For instance, in the Commission, Parliament and Council, relations with Turkey are dealt with under the accession process; while relations with Armenia and Azerbaijan are dealt with in entirely different bodies, under external relations, and now the European Neighbourhood Policy. Contacts, formal or informal, between these bodies are usually minimal. The result is an inevitably fragmented approach, as EU policy-makers appear to ignore the Caucasus' neighbours when addressing the situation there, just as their colleagues tend to ignore the Caucasus when talking to its neighbours.

The European Parliament's delegations dealing with the Republics of the South Caucasus and the delegation dealing with Turkey could hold a joint meeting to examine EU contributions, actual and potential, to regional cooperation in the area¹.

The Council for its part should hold working meetings involving diplomats and officials dealing with Turkey, Russia and the South Caucasus in order to help promote consistency in its policies towards the region.

2. Operational Instruments

The New financial instruments

Ensure that the new financial instruments currently under preparation take into account the borders between Armenia, Azerbaijan and Turkey where relevant.

The EU's next financial perspective will cover the period 2007 to 2013, and a batch of regulations governing its financial instruments over this period is due to be adopted by the end of the year. Decisions taken now are likely to influence the Union's work for a full 7 years. By 2013, with Turkey probably on the threshold of actual accession; it will be late in the day to start new strategic initiatives for regional cooperation.

Cross-border programmes

Ensure the ENPI's cross border programme for the Black Sea basin allows or indeed encourages the funding of cross-border projects between Turkey and the South Caucasus

The European institutions and the countries surrounding the Black Sea (including Armenia and Azerbaijan) are currently negotiating a new "cross-

1) *It seems that only one such joint meeting has ever been held- between the European Parliament's delegations for the South Caucasus and for Russia..*

border” programme to be funded in part under the ENPI budget and in part under EU regional funds. This programme would fund projects to span the border between EU member states on the one hand, and Neighbourhood states around the Black Sea, on the other. But Turkey risks being left out: as a candidate country, it is covered neither by the ENPI nor by the regional funds.

Turkey does however benefit from a substantial aid package called the Pre-Accession Instrument (PAI). So the Commission, Member States and Turkey can ensure that part of the PAI’s funding is allocated to the cross-border programme so that Turkey, a candidate country, may be included in cross-border projects with Neighbourhood countries.

Pre-accession assistance to Turkey

The Commission should ensure EU budgets allocated to regional development in Turkey’s Eastern region promote cross-border cooperation as well.

The European Union is now making a major investment to prepare Turkey for EU accession, with a current yearly expenditure of 277 million (for 2005) due to increase sharply next year. A significant part of this goes towards regional development in Turkey’s poorest regions.

The Turkish border with Armenia spans from the town of Ardahan, to the West, to Iğdır, to the East, with Kars and Ağrı in between. This region, known as “Ağrı, Ardahan, Iğdır and Kars”, is also the country’s very poorest, at 8% of EU GNP- less than a third of the Turkish average. It will considerable a significant part of the EU’s cash.

The region’s problem is its distance from its markets: Ankara, the capital, is 500 kilometres away; the next closest city of any size is Erzerum, 400 000 inhabitants, 200 km away. Yerevan, Armenia’s capital, with a population of 1 million, is only 50 kilometres away, but it is off limits to those striving to develop Eastern Turkey as a result of the government’s decision to keep the border closed.

Turkey’s development cannot be achieved by through cash injections alone. Financial support for the development of these regions must go hand in hand with a sound development strategy- based on open borders and normal trading relations.

In the short term, the European Commission should therefore ensure that the Turkish authorities running the programme address the region's fundamental problem: the artificial obstacles between local producers and their market in Armenia and Azerbaijan. It might thus support exploratory contacts, or efforts to market local produce to Armenia via Georgia.

In due course, however, the EU would be well advised to ensure that opening the border is fully integrated in the region's development strategy.

The Instruments for Stability and Human rights

Ensure relevant EU financial instruments and subsequent implementing programmes allow the funding of cross-border cooperation and are formatted to promote cross-border projects. This would apply in particular to the EIHDR's successor human rights programme and to the EU's Stability Instrument (SI).

The EU is about to launch a number of funding instruments and programmes. Under the headline of promoting stability, the new Stability Instrument will support a wide range of activities such as conflict resolution and peace-building as well as tackling various threats to the international order such as terrorism and international crime. The EU may also propose a separate instrument dedicated to promoting democracy and human rights, a successor to the current European Initiative for Democracy and Human rights (EIDHR). The budget announced for the SI alone over the next 7 year period is in excess € 1 billion.

Neither the existing EIDHR programme nor existing conflict-resolution budgets, however, seem to have ever been used so far to promote cross-border relations or confidence-building between Armenia, Azerbaijan and Turkey. That must be considered an anomaly. The new financial instruments should therefore be designed to allow the Commission to initiate projects in this field.

Regional technical assistance programmes

Press for actual cooperation in existing regional programmes

Though it has not in fact invested much, if at all, in either confidence building measures or "people-to-people projects across the borders between Armenia and its neighbours, the EU has supported a number of regional Technical Assistance projects- including TRACECA and INOGATE, or such smaller ventures as the Regional Environmental Centre in Tbilissi. TRACECA pro-

motes the establishment of transcontinental transport corridors; INOGATE is dedicated to a similar purpose in the field of oil and gas transit.

But, despite the injection of EU cash, TRACECA and INOGATE have not been used as opportunities to push cross-border cooperation, at least as far as the Southern Caucasus is concerned. Turkey and Azerbaijan's insistence on keeping borders closed did not seem to be perceived in Brussels as irreconcilable with the programme's purpose- nor was pressure brought to bear on them for at least modest projects involving infrastructure linking them to Armenia.

They should be in the future: the EU should ensure that signed agreements involving regional programmes (such as the agreement TRACECA is based on) are fully implemented by all parties, and that declarations pledging "regional cooperation" are acted upon.

Other instruments and programmes

The EU should encourage other programmes to support cross-border projects in the region.

The EU runs a wide range of funding programmes, in the fields of culture and heritage, Youth, European citizenship, education, and so on. Some of these programmes already cover the Southern Caucasus, Russia and/or Turkey. Others are being extended to some or all of these countries.

These programmes tend to be relatively flexible, and have already funded a number of small projects in the Southern Caucasus. This can contribute to confidence building, even though that is not their primary objective. The agencies and committees in charge of these programmes' management should be briefed about the situation in the countries of the Southern Caucasus and about the EU's objectives there, so that they might support relevant projects, including cross-border projects.

Engaging Turkey

In introduction the list of opportunities for promoting regional cooperation mentioned above, I made the assumption that the EU's collective approach to the region would not change much compared to what it currently is. In practice, this means that the EU would continue to avoid making a decisive commitment to the South Caucasus; the EU, furthermore, would not wish to link up its policy for the South Caucasus with Turkey's accession process.

Turkey's accession process is in its early days, is a tremendous challenge for the EU, and is believed to be a long term project. That may help explain why the EU does not include cooperation with the SC in its overall accession strategy for Turkey. As the process makes progress however, it is likely that the EU will want to take on board the South Caucasian dimension.

As with other candidate countries, this will take two forms. The first is through the accession negotiations themselves. The EU acquis relating to External Political and Trade relations requires that Turkey share the same political and economic relations with Armenia as the rest of the EU. That does not leave any room for a unilateral embargo.

How this issue is likely to be tackled in the future is yet to be determined. It would be advisable however to avoid some of the mistakes made over Cyprus, and, in order to avoid a crisis, work well in advance of the steps Turkey and Armenia will have to secure a smooth reestablishment of relations which both countries will count as a success.

The second set of opportunities concerns cross-border cooperation. Independently of the calendar for reopening the border, the IPA should be used to establish cross-border cooperation programmes with Turkey's neighbours in the SC. I will say no more on this subject here, which will be taken up later on in this conference by Burcu Gultekin.

Bringing About Change

The EU' new interest in the South Caucasus thus appears to provide new opportunities to improve neighbourly relations in the South Caucasus. But who is to take them up, and how should they proceed?

Regional cooperation in the SC, as an objective in itself and as a means to resolve common problems, is in the EU's interest. The EU therefore should consider it its mission to convert all the states in the region to the European gospel of cooperation.

Failing an EU initiative, however, it is not beyond the resources of the Armenian government to trigger the process.

1. The government of Armenia might develop a project involving one of its neighbours which genuinely addresses interests on both sides. Georgia might be an obvious partner to start cross-border projects under EU programmes. But Turkey should be engaged too, and possibly also Azerbaijan. As long as

they are genuinely cross-border in nature, such projects not only provide a service, they also help rebuild the regional community and, crucially, engage the EU as a participant in the process.

Unlike previous nominally regional projects, such cross border projects should probably involve only two countries at first, thus concentrating ownership and reducing the likelihood of non-cooperation by one of the participants after the project has been launched. Linking up Turkish farmers along the border to the market in Yerevan for example; helping connect electricity grids for remote areas; and so on.

The development of concrete, if often modest cross-border projects is one way to help to kick start cooperation between neighbours. Another is rhetorical action.

Regional integration is as much the product of a collective, if gradual, construction of identity, as the result a gradual pooling of decisions-making powers. The momentum of regional cooperation would therefore be significantly increased by efforts to create a collective “project” for the region.

At the moment, the Southern Caucasus is in many ways a fiction initially created by the Russians and now recycled by European regionalist thinking. Right now, the SC is a region by default in whose future and identity no one wishes to invest. All three countries define themselves through their relationships with distant cosmopolitan capitals- Moscow, Ankara, Brussels and Washington, but not with one another. Yet their small size, by comparison with their giant neighbours, makes cooperation between them, and some form of economic integration unavoidable in due course.

Time might help representations of the SC to converge, and make cooperation possible. But to help move the South Caucasus along, and ensure that cooperation happens sooner rather than later, the EU should sponsor a process in which Georgia, Armenia and Azerbaijan as well as Turkey and Russia, try to invent a future, a common identity and a relationship to Europe.

Georgia is already a seasoned practitioner of rhetorical action; but its efforts to significantly separate its own relationship to the EU from its two SC partners’ have not, so far, paid off. Armenia would be well inspired to join in the conversation, more loudly demonstrating its European aspirations and beliefs in European values. It should furthermore, flesh out and offer the vision of a normalized, post-conflict Caucasus, involving some degree of regional integration.

Georgia and Armenia can engage, and if necessary challenge, Turkey on this count. Turkey's relationship to the EU is plagued by its own problems, most of them related precisely to representations and identity. Europeans and Turks at large tend to view each other as alien and incompatible. Joining a constructive Caucasian chorus would help Turkey score points and demonstrate that it can actually be an asset for Europe.

Ultimately, the EU ought to lend its support to the creation of a common project for the Caucasus, even if talking about a common future might appear at first as imaginative speculation. Armenia and Europe must challenge the people of the South Caucasus, as well as Turkey and Russia, to join in the conversation on the region's future.

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The European Neighborhood Policy and Georgia

This paper briefly examines the European Neighborhood Policy's (ENP) role considers the policy's origins and aims, and assesses the potential of its action plans.

The European Neighborhood Policy is the EU 's flagship policy, designed to promote a zone of friends around its borders through increased prosperity, stability and security. The ENP was not designed with conflict prevention in mind, it has the potential to be an important instrument to stabilize and resolve conflicts in the wider Europe.

The government of Georgia, for example, has high expectations that the ENP could play a role in helping to resolve some of the disputes on its territory. However, while EU leaders and officials have not neglected this aspect of the ENP, they do not seek to exaggerate its potential. They prefer to point to the ENP 's cumulative long-term impact in promoting better governance, greater prosperity and higher standards of democracy, human rights and minority protection.

To give just one example: Javier Solana, the EU 's High Representative for Common Foreign and Security Policy, speaking in Vilnius on 4 May 2005, said the EU would remain actively involved in helping to resolve "frozen conflicts" in Moldova and the Southern Caucasus, but it was up to the parties involved to take responsibility for bringing about a settlement.

The ENP is based on common values and interests, including democracy, a market economy and an ability to respond to challenges such as crime, migration, health, the environment and terrorism. The ENP offers progressive integration into the EU 's internal market and deepened political cooperation. The EU plans to use the experience it gained while central Europe was in transition to help the ENP countries. It will, for example, boost the

twinning schemes that enable officials and experts (particularly from new Member States with fresh experience of transition) to spend time in the ENP countries to train local officials on EU laws and standards.

Although the ENP is not a specific conflict prevention tool, it does contain many elements that characterize the EU 's approach. These include the development of long-term policies which favor stabilization, support for gradual transitions towards democracies and market economies, economic integration, civil society assistance and people-to-people dialogue. It also reflects the EU 's general philosophy of international relations: multilateralism, political dialogue, cooperation and the use of economic tools to tackle the root causes of conflict, such as poverty, deprivation, human rights abuses, corruption and bad governance. The ENP complements the range of conflict prevention tools and strategies that the EU has developed over the past decade. It remains to be seen whether it will achieve its stated objectives. Much will depend on the political will, both in the EU and neighboring countries, to follow through on commitments and whether the ENP will be given adequate resources. Yet it is precisely because of the so-called 'enlargement fatigue' and the recently much-discussed limits to the EU 's absorption capacity that the EU should use the ENP to ensure its power of attraction, despite the period of uncertainty that began after the failure of the constitutional project.

Through the European Neighborhood Policy (ENP), our newest foreign policy tool. The ENP is a virtuous circle; a policy based on shared value and enlightened self interest: by increasing our neighbors' prosperity, stability and security, by projecting our prosperity, stability and security beyond our borders, we increase our own.

In a very real sense, "by helping our neighbors, we help ourselves".

- Prosperity. A lack of economic prospects is linked to political unrest, radicalization and is one of the factors pushing people to dangerous illegal migration. We address this through offering trade opportunities, support for macro-economic reforms, advice on investment-friendly business climates. By supporting the countries' own reform efforts, we also benefit the EU since our continued growth requires new markets.
- Stability. Lack of democracy, lack of respect for the rule of law, governance failures, all contribute to instability. We offer advice and support on relevant reforms and offer deeper relations to those partners who make progress towards good governance, for the benefit of their own citizens. Democracy cannot be imposed, but it can and must be supported.

- Security. ENP enables us to bring together various internal and external instruments more effectively, working with our neighbors to tackle new threats e.g. cooperation against terrorism, tackling the root causes of extremism, thwarting international organized crime, contributing to resolving conflicts. All of these issues are major concerns both for our citizens and for those of our partners.

The nature of these challenges, their proximity, as well as the need to help our neighbors to tackle them at source, is why we have, and must have, a European Neighborhood Policy and why it is the main external relations priority for the EU. In this “period of reflection”, they are also a good example of the added value the EU can bring to its citizens, working on areas that it makes more sense to tackle as the Union as a whole rather than as individual Member States.

We are a “pole of attraction” for our region - countries along our borders actively seek closer relations with us and we, in turn, want closer relations with these neighbors. Through the ENP, we respond to the desire of our neighbors – from the shores of the Atlantic to the Caspian - for closer relations, without entering into premature or unrealistic discussions about possible eventual membership. We offer a privileged form of partnership now, irrespective of the exact nature of the future relationship with the EU.

It is still early days for the ENP, but we are already actively and pragmatically addressing the challenges. Of course, how far we get will depend not only on delivery by the EU on our commitments, but most importantly on our partners’ capacity – with which we can help – and on their political will – for which no-one else can substitute.

The EU is committed to supporting reform and development in our neighborhood. Through the ENP, we will work with our neighbors to promote their reforms, improving life for their citizens, as well as our own. Revitalizing not only Europe but the wider neighborhood, and working now to promote transition and integration. ENP as an integral part of the birth of the EU as foreign policy actor, able to think and act beyond the straitjacket of accession/non-accession. The ENP does not prejudice either way any future possibility about membership. Working with EU under the ENP is not a preparation for accession talks; neither is it an alternative to an accession perspective. The prospects it offers are a goal in themselves and how far this work together under the ENP can take us depends a great deal on each country in the Southern Caucasus.

Georgia is an important test for Europe's neighborhood policy. It is a country whose geography, history and culture are in many respects European. Its role as an energy transit route, its location close to Russia, and its 'frozen' conflicts give it strategic importance. Georgia's current government is committed to reform and democracy, and has shown a strong desire to be part of the European club. But so far the EU's reluctance to offer the prospect of membership and its fear of upsetting Russia have prevented it from thinking strategically about Georgia. Nor has the EU used its transformative power to underpin reform in Georgia. The EU could have a major impact on Georgia if it linked incentives to the reform process there. It needs to acknowledge Georgia's European identity, and keep open the prospect of eventual membership; play a meaningful role in resolving the frozen conflicts; use the European neighborhood policy' to ensure that Georgia stays on a democratic track; and support Georgia's application to join NATO by encouraging the government to stick to peaceful ways of resolving the frozen conflicts.

The ENP makes a very substantial offer. In the economic field it means Deepening trade relations, enhanced financial and technical assistance, gradual participation in a member of EU policies and programs.(something previously reserved for EU Member States and candidate countries) and the most novel and far-reaching feature of the ENP, a "stake" in the EU's internal market.

The ENP also means support in strengthening democracy and the rule of law, strengthening respects for human rights and building up the free media.

The Commissioner for External Relations and European Neighborhood Policy, Benita Ferrero-Waldner said "The ENP is a young policy which is already confirming its potential and providing new impetus to our joint efforts with partners to support their economic and political reforms. By focusing efforts on a shared agenda, the ENP Action Plans are deepening the relationship with our neighbors and promoting greater mutual confidence". She added: "We can already see the first fruits of the ENP. Implementing the further commitments we have entered into in the Action Plans will require a concerted effort across the Commission, as we work with our partners in fields as diverse as trade, transport, energy, culture, education, migration and the fight against terrorism".

The ENP aims to build a zone of increasing prosperity, stability and security in the EU's neighborhood, in the interests of both the neighboring countries and of the EU itself. It offers partners a relationship that goes beyond cooper-

ation to include closer political links and an element of economic integration, as well as assistance with reforms to stimulate economic and social development. In turn, ENP partners accept precise commitments to strengthen the rule of law, democracy and the respect for human rights, to promote market-oriented economic reforms, to promote employment and social cohesion and to cooperate on key foreign policy objectives such as counter-terrorism and non-proliferation of weapons of mass destruction.

The ENP response is based on now well-known principles:

- ENP is target at states that don't "currently" have the perspective of membership. The logic is not that of enlargement but of interdependence;
- ENP is founded on the concepts of "differentiation" and "progressively";
- The project proposes something of a bargain. In return for progress, neighbors will benefit from close integration and political engagement;
- Action Plans constitute the basis method in order to ensure "joint ownership». These are political documents, to be drafted and agreed jointly;
- The project contains a notion of future.

What are the weaknesses of ENP?

The tensions are several:

- Between conditionality and no clear accession _ without offering the greatest carrot the EU has of accession to Georgia, can the EU encourage it to undertake the painful process of reform?
- Values and interest _ ENP seeks to ensure both shared values and common work on interests in the neighboring states, but how will these be balances?

In essence any neighbor faces a choice:

1) Potemkin Europeanization_ where rhetoric and policy exist in different worlds, the limits of this policy will be clear very soon and leave a neighbor in the cold, caught in an uncomfortable position in an uneasy part of Europe.

2) Genuine Reform _ where the neighboring government would genuinely undertake as best as possible the full of reforms agreed in the Action Plans, marrying a European vocation in rhetoric with action.

From all accounts the Georgian Government has chosen the second option, even if areas of Doubt remain. This is not the easiest choice. In choosing the second option, the Georgian government faces three questions:

- 1) Will the current leadership in power be willing to lose power for the sake of pursuing Georgia's European vocation?
- 2) Does Georgian society and political elites have what it takes to move Georgia Forward towards the EU mostly on their own steam?
- 3) Can Georgia move forward without south Ossetia and Abkhazia?

The above mentioned questions are dilemmas for Georgia.

Roadmap - emphasizes important milestones for peaceful settlement of conflict in South Ossetia, Georgia.

- Demilitarization of the Region;
- Disarmament;
- Reintegration and implementation of rehabilitation projects and economic development programs;
- Full-scale political settlement of the conflict.

Georgia for advancing the economic and social development have been selected nine strategic priorities :

- Improving governance and transparency (administrative and judicial reforms, corruption)
- Macroeconomic stability (monetary, fiscal, tax and budget policy)
- Improving the structural and institutional environment (business climate, privatization, development of financial infrastructures, improvement of labor market)
- Human capital development (health and security sectors)
- Improving social risk management (social security and social assistance programs)
- Advancing priority sectors of the national economy (energy, transport and communications, Tourism, agriculture and food sector.
- Improving the environmental situation
- Improving the socio-economic condition of post-conflict zones (Abkhazia and Tskhinvali region/South Ossetia)
- Developing science-intensive and information technology.

The ENP as a mutual and long-term interest is an ambitious offer for a new political framework for EU relations with neighboring states. It

offers considerable financial and technical assistance, without it the incentives structure could be too weak to make a tangible impact, but there is a problem of adequate resources. The European Neighborhood Policy will reinforce existing forms of regional and subregional cooperation and provide a framework for their further development. The ENP will reinforce stability and security and contribute to efforts at conflict resolution.

European integration is one of the most important issues on the Georgian political agenda today. Integration into the European Union is one of the main priorities of the Georgian government. For the maintenance and development of Georgia's rich historical traditions and culture and on its way to become a country based on the common European values, Georgia views Integration to the European Union as the best opportunity of realization of the high potential of our people. Georgia, as an integral part of European political, economic and cultural space, considers complete integration to European political and security systems as its main national priority. Georgia is already taking successful and important steps in this direction.

Membership of Georgia in the European Union will serve as the guarantee for its stability and wellbeing. So what would a proximity policy do for our old and new neighbors look like?

It must be attractive. It must unlock new prospects and create an open and dynamic framework. If you embark on fundamental transformations of your country's society and economy, you want to know what the rewards will be.

- It must motivate our partners to cooperate more closely with the EU. The closer this cooperation, the better it will be for the EU and its neighbors in terms of stability, security and prosperity, and the greater the mutual benefits will be.
- It must be dynamic and process-oriented. It should therefore be based on a structured, step-by-step approach. Progress is possible only on the basis of mutual obligations and the ability of each partner to carry out its commitments.
- We need to set benchmarks to measure what we expect our neighbors to do in order to advance from one stage to another. We might even consider some kind of "Copenhagen proximity criteria". Progress cannot be made unless the countries concerned take adequate measures to adopt the relevant

acquiescence. The benefits would be directly felt. As would absence of any progress.

- A proximity policy would not start with the promise of membership and it would not exclude eventual membership. This would do away with the problem of having to say “yes” or “no” to a country applying for membership at too early a stage.

The EU finally confirmed what people and governments in the South Caucasus have been affirming for many years: they legitimately belong in the European neighborhood as much as the Southern Rim of the Mediterranean, the western NIS and Russia.

Full-fledged integration into the European and Era Atlantic structures is a key foreign policy priority of Georgia. The Georgian Government considers the peaceful resolution as the only way to solve the internal conflict (Abkhazia and South Ossetia). A comprehensive plan presented by the president of Georgia concerning the conflict in South Ossetia ensuring a wide range of political and cultural autonomy and guaranteeing protection and security is a clear evidence of that. EU will support us in implementation of this plan. Intensification of political dialogue and cooperation on the settlement of the internal conflict (Abkhazia and South Ossetia) and more active role of the EU in the conflict resolution is essential for our country. In this respects, attention should be paid to further development of post-conflict rehabilitation programs.

I believe that the EU can have a positive influence on Russia to make its role more constructive in the process of peaceful settlement of conflicts in Georgia. EU should include the issue of Georgia's territorial integrity in the agenda of dialogue with Russia and continue its efforts to urge Russia to respects its commitments given at the OSCE Istanbul Summit in 1999 on the withdrawal of Russian military forces from Georgia.

The ENP envisages the gradual opening of certain Community programs. Georgia, having acceded in May 2005 to the Bologna process, has carried out successful reforms in education and the process is still continuing.

Radical economic, security and structural reforms touch almost every sphere. In around a year, have been succeeded in cracking down on corruption in ways that few thought possible or imaginable. The progress made by Georgia in recent years has been well recognized by the international organizations. A new anticorruption strategy was elaborated and adopted. It consists of three main directions, strengthening of anticorruption institu-

tions and monitoring the fulfillment of Georgia's international obligations in this field. By abolishing and merging number of governmental agencies including ministries (from 18 to 13) overall number of bureaucracy has been reduced by approximate 30%. It all resulted in a more flexible, effective and practically non-corrupt government. The Public administration reform was compound by radical reforms in the police and police customs system, previously one of the most corrupt agencies. Within one year the number of police officials was downsized approximately by 50% and a new western type of "people-friendly"; newly equipped and most importantly newly trained patrol police was established. The average salary in the police has been raised 10 to 15 times. Soundly was modernized customs service by downsizing the number of custom officials, increasing the salaries and simplifying the procedures. As result, of better border control we managed to curb significantly cross border smuggling. Due to the anti-corruption measures and improved administration of state, revenues have been increased: tax collection has increased 3-fold and state has been almost tripled.

This in its turn enables us to clear pension and wage arrears accumulated over a decade. New elected government kept their promise and doubled pensions. Although the nominal amount still remains low Georgian Government works to increase it step by step permanently. The next stop was to boost almost dead economy. In order to encourage private business development the Government of Georgia is pursuing a policy maximum deregulation. A new intensive wave of privatization is in progress contributing to the efficiency of the economy and raising additional income for the budget. So, regulatory barriers facing business have been reduced. System of licenses has been simplified. The new tax code, reducing number of taxes from 21 to 7, was elaborated. Conducting reforms we have managed to maintain strong of GDP growth. Moderate inflation was maintained. The national Bank has doubled its foreign exchange reserves. We have also significant progress in the defense reform.

The reforms that Georgia is conducted prove that democracy can and does improve people' lives and moreover Georgia has proved that despite the specific Geographic location, challenging neighborhood or certain historic burden, it is possible to succeed through democratic transformation.

Most challenging to Georgia's sustainable democratic development is conflict resolution. The Plan includes following specific and constructive steps towards settlement:

- Restitution

- Guarantees for the rights and representation
- Social guarantees
- Infrastructure rehabilitation
- Favorable economic conditions

Key at this stage is to engage Russians and show them that peace, security and democratic development in Georgia is in their best interest. Opening NATO and EU doors to Georgia will be a fair and strategically important response to our deeds and efforts. Based on ENP AP considers the mutual interests and possible ways of cooperation with the European Union.

Georgian Priorities includes the cooperation in following areas:

1. Facilitation of Conflict Resolution
2. Strengthening the Rule of Law
3. Strengthening Security and Stability
 - a. Border Management
4. Enhancement of four Freedoms
 - a. Free movement of people
 - b. Free trade and investments
5. Rehabilitation of infrastructure
 - a. Energy
 - b. Transport
 - c. Tourism
6. Education and Science
7. Regional Cooperation

Georgia put the peaceful resolution as its first priority in order to reflect the renewed efforts of the Georgian government to peacefully solve the internal conflict. The EU High Representative recently expressed his support to Georgia's peace plan. In order to make the Plan operational EU's support and further engagement will be crucial in the process of confidence-building and economic rehabilitation in the conflict regions. Georgia identified cooperation in the field of Justice, Freedom and Security, namely strengthening the rule of law, border management and migration management as one of its main priorities.

EU-Georgian cooperation on the strengthening the rule of law will draw on the Reforms Strategy elaborated by the Government with the EUJUSTY THEMIS assistance. This will ensure more continuity and efficiency for the EU involvement in Georgia's democratic transformation through the instruments at its disposal.

A new EU approach to its neighboring countries cannot be confined to the border regions alone. If the EU is to work with its neighborhood to create an area of shared prosperity and stability, proximity policy must go hand-in-hand with action to tackle the root causes of the political instability, economic vulnerability, institutional deficiencies, conflict and poverty and social exclusion.

The ENP strategy paper called border management “a priority in most Action Plans. The ENP action plans are similar in outline, but the content is specific to each country. They include:

- Political dialogue;
- Economic and social cooperation;
- Trade-related issues, market and regulatory reform;
- Cooperation in justice and home affairs;
- Sectoral issues such as transport, energy, information society, environment, research and development;
- Human dimension including people-to-people contacts, civil society, education, public health.

It is understood that borders of Georgia are borders of the EU neighborhood and security of Georgian borders is linked to the security of the European Union.

In order for Georgia to be a reliable neighbor of The EU, its borders need to be secure and transparent. Georgia's proposals on the border management for the Action Plan represent concrete commitments from Georgia as well as concrete EU assistance that Georgia hopes to receive from the EU for border management issues.

Concerning migration management, Georgia did not make any substantial amendments to the Commission drafts, which concerns migration management. The EU as well as Georgia share the understanding that future Action Plan should draw on a comprehensive approach to solving the problems of migration through strengthening capacities for the migration management,

negotiating readmission agreements and simplifying visa procedures for legal entrants to the EU.

The ENP strategy paper states that “improved co-ordination within the established political dialogue formats should be explored, as well as the possible involvement of partner countries in aspects of conflict prevention, crisis management, the exchange of information, joint training and exercise and possible participation in EU-led crisis management operations”. Georgia is ready to make use of increased possibilities for closer co-operation in the above-mentioned areas. As an example Georgia is ready to join its regional partners Ukraine and Moldova and align itself, on a case by case basis, with EU positions on regional and international issues.

Being a full-fledged WTO member since 1999, Georgia expresses its readiness to work more in order to meet the criteria for deeper economic integration with the EU. In this view and as a new step in a potential long term perspective Georgia with The EU delegation start consultations on a possibility of a Future Free Trade Area between the EU and Georgia.

Building of energy infrastructure has always been one of the major issues of EU-Georgian relations (TRASECA, INOGATE, etc.)The ENP strategy paper identifies the Southern Caucasus countries as an important region “in terms of new energy supplies to the EU from the Caspian region and Central Asia”. The ENP provides us with an important opportunity to move to more targeted investments, notably through extension of European Investment Bank (EIB) mandate to Georgia, in transport and energy infrastructure. Improving energy and transport connections between the EU and Georgia is strong mutual interest.

Gradual integration of EU-Georgian energy and transport networks as well as approximation of relevant legislation will serve to ensure implementation of the Commission’s proposal of “moving beyond cooperation to a significant degree of integration including through a stake in the EU ‘s internal market”. The approach proposed by the ENP has important economic implications, as it envisages enhanced preferential trade relations and increased financial and technical assistance. It also offers neighboring countries the prospect of a stake in the EU Internal Market based on legislative and regulatory approximation, the participation in a number of EU programs and improved interconnection and physical links with the EU. The ENP has a potential to improve economic and social conditions in the EU neighborhood. However, the actual delivery of these benefits requires effective implementation of the agreed measures and appropriate accompanying policies.

Increased economic integration with the EU, notably with respect to capital movements liberalization, may increase macroeconomic and financial volatility in specific contexts. The implementation of the ENP will thus have to be properly sequenced, tailored to each country's specific circumstances and accompanied by sound macroeconomic, social and structural policies. The extent to which the ENP is perceived as beneficial depends on its effects on living standards. Participation in the ENP project should be accompanied by active policies to address poverty and inequality. The Action Plans' economic and social component needs to be consistent with partner countries' own strategies. Strengthened dialogue is needed through the relevant subcommittees and economic dialogues. It will also be important to ensure appropriate coordination with the International Financial Institutions. These have valuable contributions to make both in terms of policy advice and financing. Enhanced dialogue and co-operation on the social dimension will cover in particular socioeconomic development, employment, social policy and structural reforms.

The EU will encourage partner governments' efforts aiming at reducing poverty, creating employment, promoting core labor standards and social dialogue, reducing regional disparities, improving working conditions, enhancing the effectiveness of social assistance and reforming national welfare systems. The idea is to engage in a dialogue on employment and social policy with a view to develop an analysis and assessment of the situation, to identify key challenges and to promote policy responses. Issues related to the movement of workers, in particular as regards equal treatment or living and working conditions of migrant workers, and on co-ordination of social security will continue to be addressed within the framework of the association and co-operation agreements.

The ENP was neither conceived nor designed specifically with conflict prevention in mind. However, as argued at the beginning of this paper, the EU's functionalist approach towards cooperation and integration has greatly improved Europe's overall security situation. The basic premise underpinning the ENP is that closer cooperation with the EU will benefit both sides, reduce potential conflict situations and lead to a more secure, stable and prosperous Europe. Reshaping domestic political and economic structures will enhance overall security and offer a far firmer basis for stability than strategies based on containment and deterrence. However, an important consideration for the EU has been the fear that political change and democratization.

We know that full European integration is long and difficult process, nevertheless we stay optimistic and genuine success achieved by Georgia in the latest two years proves the firmness of Georgia's intentions.

I hope to see the time - and not too far in the future - when we will see the in freezing of the conflicts that have caused so much human suffering and misery in the South Caucasus.

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**The Role of the Private Sector
in Regional Integration: What
are the Prospects for Central
Asia and the Caucasus?**

In the entirety of Eurasia, with a developed Western European frontier and a rapidly developing East Asian frontier, Turkey has one of the strongest private sectors between Italy and China that can be of use to other countries in this region. Of all Middle Eastern and North African countries, Turkey is the largest industrial exporter, with sixty-five percent of total volume. Furthermore, sixty percent of Turkish exports are destined for the highly-developed EU market. In Eurasia, Turkey clearly stands out as a globalized, entrepreneurial and diversified economy. Furthermore, the Turkish economy has significant potential for further growth; it is expected to soon become the world's fifteenth largest economy.

The ground breaking developments in China and East Asia create opportunities for Turkey and the other Eurasian countries. Between 1984 and 2004, China's exports grew almost tenfold. In the same period, China enjoyed very rapid growth of income together with great improvements in poverty reduction. However, only a few regions within China benefited from the impressive growth performance so far. Under current conditions, trade between China and rest of the World (mainly Europe and North America) is significantly hindered by formal and informal trade barriers, opaque trading routes, and high-border and behind-border transaction costs. In fact, the problem of regional integration coupled with the transition to open, market-based and private-sector driven economies remain as a critical issue in the area covering Central Asia, the Caucasus, the Black Sea, the East Balkans and the Middle East. Turkey, with its role as a transit country between East Asia and Europe, can contribute to the economic integration of Eurasia through shar-

ing its own economic integration experience and supporting joint projects emphasizing trade facilitation.

Emphasis on concrete, inter and intra regional technical projects could overcome these impediments to trade and contribute to the transformation of the whole Eurasia through economic integration. Projects like these could also reduce regional disparities within and between the countries. There are many economists who argue that geography plays a key role in economic progress, with landlocked areas suffering from high transportation costs and hence grave barriers to trade. In fact, Turkey's eastern and southeastern regions are no exceptions, while of course there is a multiplicity of factors retarding growth. Concentrating on technical joint projects would markedly improve cross-border and international trade. This is an important element in bridging the economic gap between West and East.

An Exemplary Project: TOBB Industry for Peace Initiative

Despite its rich oil reserves, the Middle East region is struggling to integrate more fully into the global economy. There is a spiral of political and economic difficulties in many countries of the region. Since the end of the Second World War, regional integration has proceeded relatively smoothly in Europe, but not very well in its periphery—the southern Mediterranean countries of the Middle East and North Africa (MENA), the countries of the Caucasus, and of Central Asia.

Due to Turkey's close historical, cultural connections with the countries of the Middle East and the significance of its economic power (it is the largest exporter by far in south eastern Europe, the Balkans and the Middle East, responsible for about 65% of the total exports of the MENA area), Turkish private sector felt that they could contribute to the economic integration of the Middle East with the rest of the world. For that reason, they have founded a Palestinian- Israeli- Turkish dialogue mechanism called "The Ankara Forum for Economic Cooperation between Palestine, Israel and Turkey". This forum facilitated the regular meetings of businessmen from the three countries to discuss feasible joint projects that would unfold gradually and grow steadily. In the second meeting of the Ankara Forum, held in East Jerusalem on June 8, 2005, the businessmen decided to form a working group on the revitalization of this specific industrial estate formerly known as The Erez Industrial Estate in the Gaza Strip. Up until the disengagement of August 2005, Erez was operated by the Israelis. Nearly six thousand Palestinians were employed by 201 businessmen, with half of the businesses owned by Israelis. Almost all of the products manufactured in the estate went to the

Israeli market and were then exported to third countries. With the Israeli withdrawal, however, businesses were vacated and the door to the Israeli market was closed shut. As a result, employment dropped to zero and almost all of the firms were abandoned.

Ankara Forum founded the Working Group on the Revitalization of the Erez Industrial Estate in order to create positive, daily changes on the ground, to get Palestinians back to work and to facilitate them to earn income as fast as possible. Political decisions are certified and joint declarations on the management of this industrial estate were signed with both Palestine and Israel in January 2005. Technical projects were designed for infrastructure, general layout, drinking water, wastewater, rainwater, electricity and telecommunications. Investment promotion activities have started. A session was organized during the OECD Forum 2006 meeting to touch upon issues of regional integration in the Middle East. A concept paper has been prepared on trade facilitation, tax, and security issues regarding the Erez Industrial Estate. Now, as of November 2006, efforts are continuing to establish working groups on trade, flow of goods, taxes and security issues and involving all the relevant Israeli, Palestinian and Turkish experts. Efforts are continuing to further incorporate Erez Industrial Estate into the agendas of the US and EU-based initiatives.

The recent political and military developments in Palestine and Lebanon have caused serious economic consequences. The Palestinian economy is in serious decline. Institutional capacity is on the edge of total collapse for a second time. Despite the overall negative consequences of the recent developments in the region, it also had positive repercussions for the TOBB-BIS Initiative. First of all, Israel started to rethink the effectiveness of unilateralism. The recent events exposed the dangers inherent in withdrawing from occupied territory without an agreement and not paying enough attention for the social development on the other side of the border. Because of these reasons, capacity building initiatives are more important for the Israelis and Palestinians than ever before, having positive repercussions on the TOBB-BIS Initiative. Considering that the existence of a dialogue process that facilitates the cooperation of Palestinians and Israelis under concrete projects is even more important than a functioning industrial estate, then the TOBB-BIS initiative can be considered a success. Therefore, the insight and lessons learned from this initiative could be valuable for similar ventures in Central Asia and the Caucasus.

Lessons Learned from the TOBB-BIS Initiative

- Ideal options and solutions are rarely feasible in this region due to the complex interplay of historical, political and ideological factors. Therefore, instead of focusing on lofty and unachievable plans, it is more fruitful to begin with small, incremental steps. Steps must be very small and technical so as to avoid the tendency to build big castles on small steps.
- Thinking through the necessary stages and focusing exclusively on the stages is more effective than becoming overwhelmed by the potential political problems because it makes matters more technical and practical, making it harder for political problems to impede solutions. Since there are great levels of uncertainty embedded at each stage, conducting due diligence is a futile effort.
- Similarly, local solutions are more effective than grand-scheme international efforts. The best solution, then, lies in finding “interim” arrangements upon which all sides can reach a consensus. Interim solutions also contribute greatly to the confidence building among the stakeholders.
- Some decision-makers have the tendency to reflect big political problem on very small steps. Opportunities to do business and to make profits can very easily fall prey to this pessimistic tendency.
- In order to solve the problems and protect the little steps taken, there is a great need for effective public-private sector dialogue mechanisms. Dialogue mechanisms between business association networks as well as between businesses and government are very important parts of the regional integration process.
- Triggering change at the micro level is not an easy task. Even though all of the stakeholders may be in favor of such initiatives, the existing legal and institutional frameworks may not be investor-friendly and may lack of capacity may impede investors.
- Trust building is also very important and an essential part of the regional development and integration process. People need to get together and discuss concrete, technical issues, the real problems on the ground that impede profits; and levy additional taxes on the businessmen.
- Chamber development programs and capacity building programs for relevant government agencies can make real differences. Fostering fruitful dialogue also depends on the capacity of the parties involved. So if there’s a capacity problem, it may be good idea to channel the resources to capacity building, while simultaneously engaging in dialogue.

Turkey's Potential Role in Successful Regional Integration

There are different paths to regional integration. To some extent each region and each country will find its own way. But there are always some common threads. Some of the most important of these are:

- Facilitating the growth of trade;
- Creating attractive investment climates;
- Overcoming regulatory and administrative barriers to transit zones;
- Guaranteeing the physical security of trade routes;
- Strengthening physical and institutional infrastructure;
- And promoting economic diversification to create vibrant self-assured public sectors with a wide range of skills and activities.

The situation is now different for the late-comers to industrialization. Yesterday, the industrialization process was usually a long and slow journey. But today, policy makers can make use of the foreign direct investment (FDI) flows and can tap the wealth of knowledge and interconnections made possible by the rise of the global economy. And new candidates for industrialization are entering a global world market in which different parts of the value chain can be split geographically from one another. Part of a company's production can be done in one country. Another can be shifted to another country in a few days to be carried out more effectively there.

This process can have tremendous implications for the Central Asia and the Caucasus. This is an ongoing story: it is one whose ultimate end may be the transformation of the region.

Industrial Parks a Key Tool for Successful Entrepreneurs

Turkey knows about economic integration particularly well because its own industrialization experience is recent. And it has learnt all this in a cultural, administrative, and physical environment which is remarkably similar to that of Turkey's Middle Eastern and Caucasian neighbors.

Countries and policy makers striving to encourage the emergence of entrepreneurs and industries will almost always have inadequate resources when trying to create a favorable investment climate. They cannot change all their macroeconomic conditions, public service delivery standards, and physical infrastructure at a stroke to give investors what they need. In other words, they cannot do so on a nation-wide scale in the short or medium term.

Pockets of Excellence: Industrial Parks

What Turkey has found is that it is much easier to create pockets of excellence for investors, in the form of industrial parks. You can give an industrial park the superior infrastructure that a successful business needs, the enhanced regulatory capacity, and access to major trade routes. And once that has been done and industries have come to life, it is a relatively easy matter to increase the size of the park and bring in additional industries. These clusters of local industries become a powerful driving force for the private sector development process.

This experience lies at the core of the economic transformation of the past one to two generations which has made Turkey the largest industrial economy and exporter in the greater Middle East and North Africa region.

It has also given Turkish industries flexibility and the capacity to outsource some of their operations further afield when it made sense to do so. The Bursa Industrial Park was one of Turkey's earliest industrial parks and played a major part in the rise of Turkish textile and motor industries. Today, some of the largest players in Bursa have outsourced part of their production to neighboring countries, such as Romania, Bulgaria, Georgia, and Jordan. Thus the process of industrial growth and transformation is inseparable from the process of regional integration and cooperation.

Focus on Concrete Projects: Industrial Parks and Regional Integration

What is discussed here in fact goes far beyond bilateral trade facilitation. Here, a process of multilateral expansion of industry and services through the use of industrial zones is discussed. Investors, financial institutions, and companies from the world's frontline economies will have their part to play, a part which may be limited in the earlier stages but will grow in scope and scale as the process of industrialization deepens and consolidates. And, of course, much else will come with that. A mechanism for dialogue and mutual understanding will accordingly be created.

Practical projects, ones which target micro-level problems, offer an effective strategy for triggering gradual but deepening regional integration. Focusing on microeconomics is an alternative way to cope with the grand and seemingly insoluble conflicts which cast long shadows over the life of so many countries and their inhabitants.

Future Prospects for the Central Asia and Caucasus Regions

If the TOBB-BIS Initiative is successful, similar ventures might be launched in the Caucasus and Central Asia in cooperation with local business leaders.

In this way, the vicious cycle of underdevelopment would be replaced by a virtual spiral of business development and progress. Each step would be small but it would be part of a transition to lasting prosperity in a wider area. This would make a practical difference to the regions on Europe's southern peripheries.

Frozen conflicts are the binding constraints to regional integration; however, they can be bypassed through the help of small, concrete, technical joint projects. These types of projects are good for confidence building and as long as they aim at profit making for all sides at the end, they create the perfect tools for building confidence among the conflicting parties. Their profitability is also a factor guaranteeing sustainability. It is important to specify the exact areas of cooperation commensurate with the needs and realities of that specific region. In the Central Asia and the Caucasus region, these joint projects need to address issues that need to be improved and to which Turkey can positively contribute with its know-how such as logistics, transportation, capacity building sectors and organized industrial zones. In this region of wide-spread frozen conflicts, these types of joint initiatives and cooperation might be the catalysts for bringing about change.

**The role of the OSCE and the CoE in promotion of European
Integration: European Values and Commitments - Can stability
be Established through Promotion of Democracy?**

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**The Good Old “National Issue”
in the European Space: Enlarged
Europe, New Realities**

Since the beginning of the 1990s Europe seemed to have all the chances to move onward focusing on the concepts of transnational policy. This thesis gained a more practical significance especially within the last two decades, which was conditioned with the institutional development of the European community and the appearance of some sort of (but undoubtedly unprecedented) geopolitical continental consensus.

However, nowadays there is an impression that the number one issue on the agenda of European politics is gradually becoming the process associated with the “national issue”, instead of, for instance, the development and implementation of the Common Foreign and Security Policies (CFSP). Incidentally, the term “national issue” is used quite broadly here and includes at least two dimensions:

- the general and on-going increase of the significance of nationalism in almost all the aspects of internal political developments of Europe after the Cold War;
- the urgency attached to various “national issues” in Pan-European political processes.

A gradual, but unambiguous transition took place and still continues. For instance, after the failure of the referendum on the European Constitution in France and the Netherlands, people, who tended to use the terminology typical of the first half of the 20th century in their political analyses, stopped being perceived as marginal.

The Expansion of Free Europe: Unexpected Outcomes?

During the past 15 years free Europe extended its borders almost twice. At the same time eighteen countries appeared on the political map of Europe. Part of them had never existed before, or did not exist within their current borders.

If the expansion of the limits of freedom of the Old World influenced international relations in general, the appearance of these states within Europe (by the way, all these states were formed based on the principle of titular nations) could not have avoided having an objective impact on the logic of the developments happening in Europe. In fact, the restoration of human rights and freedoms in Eastern Europe for a number of nations meant conquering rights and most importantly, freedoms, from the empire the time, i.e. the Soviet Union as well.

There is an interesting thesis. The rights and freedoms of an individual are functional when the rights and freedoms of his/her nation are not violated. On the other hand, a nation can be called free if the rights and freedoms of its citizens, as well as the fundamental principles of democracy are not violated. Otherwise, the probability of facing imitations is quite high, i.e. the risks will simply be ignored. Not only do all these lack any prospect, it is not profitable as well.

Can we claim that all this is related to the “national issue”? It is hard to come up with an answer. Nonetheless, it can be said that we are in the most active phase of the process if not in the final one.

Do all claim that there is no relation between that process and the high ratings of the nationalistic parties in France, Austria, the Netherlands and other Western European countries, which is observed in the recent years? The results of the last elections in Poland and Slovakia are particularly indicative, in a sense that they seem to hail the return of the nationalistic ideologies considered to be quite influential in the political field of the Eastern Europe during the time of the USSR collapse. Incidentally, the Rose and Orange revolutions in Georgia and Ukraine were fighting not only for democracy, but were a very serious incentive for the national renaissance in those countries.

On the background of the above-mentioned, the following questions seem to stand out:

- Did the political map of Europe change faster in the last 15 years, than for instance, in the last century?
- Does 2006 have the chance to become a breakthrough in this regard?

Significance of the Decision of Zapatero's Government

Montenegro's independence referendum on May 21, 2006 and the unprecedented approval of Catalonia's independence on June 18, the current negotiations on Kosovo's independence prompt the answer to the last question. Perhaps the most interesting of all three are the developments around Kosovo. However, the most important one is the statement of the Spanish Prime Minister on June 28 about the political decision to start direct negotiations with the ETA coalition of the Basque country. With the start up of the negotiations in Saint Sebastian on July 6 the official Madrid, in fact, legitimized not so much the ETA, but the idea which it advocated. From time to time this idea is called "fight for independence of the Basque country".

There is a need to respond to two very important questions:

- 1) Does this action of Zapatero's government eventually close the issue (e.g. using the same format as in Catalonia), or does it in reality open up the issue?
- 2) Will it have only local consequences?

Let's try to expand the last question. How should Mr. Zapatero's decision be discussed in the pubs of say Scotland, Northern Ireland, Wallonia, Flanders, Andalusia, Corsica, Sardinia, Southern Tyrol and Vojvodina? We assume this is not the whole list.

The Opportunity to Choose

Actually, the goal is not to record the existence of problems. On the contrary, the presentation is just one attempt in the larger process of seeking solutions to these issues. On the other hand, we do not think that the time stands out with many opportunities. Eventually it becomes clear that the above-mentioned is merely an additional incentive not only for Armenia, but the whole South Caucasus to strengthen their efforts in European integration. Whatever the European integration and cooperation suggest is perhaps not the best option to solve the issue. However, it can practically serve as an excellent model primarily for the South Caucasus, where such issues are known to exist.

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The role of the OSCE in promoting European Integration

Dear Ladies and gentlemen, in thinking up the title of my presentation I have kept to the overall theme of today's third session and I will elaborate mainly on that. But to be complete, let me also quickly address the sub-theme: 'can stability be established through promotion of democracy?'

Quite an open door and very much what the OSCE stands for but for OSCE's sake let's analyse the statement a little bit and see how we need to make it a more workable thesis. Now, 'established' means an end-state and 'promotion' is a process and reaching an end-state by means of a process is long and difficult. In management terms the term 'stability' mentioned in the title would be the ultimate goal, for which you would, among other things, need a functioning democracy, not just the promotion thereof. This working democracy could then be called an intermediate goal or result, needed to reach stability. By the way, I think the term 'stability' is rather vague. I know the Armenians' preoccupation with it but for me it is far more abstract than democracy and can even be used in a negative connotation. Achieving a democratic society is a good enough goal for Armenia.

Now, a democracy can only fully function if there is freedom of the media and free and fair elections, which in their turn are results of certain activities, like improving legislation or training of some kind, that all can have intermediate results, etc. The idea is to try to avoid using other vague terms as 'promotion' and 'raising awareness' or put them as low on the ladder as possible and refer to activities in order to describe one's interventions so as to be as concrete as possible.

My point is that the OSCE, as a political organization, not only puts best international standards and practices, which also tend to be European ones, into wording and commitments but also implements projects to try to assist member states in fulfilling their commitments and these projects have to be targeted. That's in short the role of the OSCE. I won't mention 'in promotion of European Integration' because I will get back to that a little later.

If we must talk about the relation between democracy and stability, having a working democracy obviously enhances internal stability and can also serve as a binding factor against outside threats, in addition to religion and common language and tradition. A democracy also works wonders for economic prosperity. Nothing new that the most affluent states tend to be democracies. Living and working in a democratic environment where their voices are heard and their votes counted increases the confidence of citizens in their country and their desire to invest or re-invest their earnings into the local economy. Armenians know very well what the values and building blocks of a democratic society are and they are entitled to have one.

Now let's look specifically at the role of the OSCE in European integration. It's important to look at the term 'European integration' and distinguish between the mere approximation to international best practices and standards and the joining and full integration into existing European structures, let's say the European Union. Assisting with the first is what the OSCE officially stands for, whereas assisting member states in joining the European Union is definitely not in its mission statement.

However, success by OSCE member states in approximating international and European standards through significant progress in the three OSCE dimensions, the Human, the Economical-Ecological and the Political-Military, could eventually lead to joining the EU, if so desired by the state in question and the EU member states. Once in the EU, with its all encompassing directives and guidelines and billions in structural developments funds, the role of the OSCE is greatly diminished and currently limited to election monitoring, freedom of the media affairs and gender issues. This is not true of the Council of Europe though, as the possibility for all citizens of the Council's member states to directly turn to its European Court for Human Rights with a complaint is still very much used in EU member countries and is very much a factor in further European Integration.

It's interesting and perhaps somewhat contradictory to see how the OSCE as a whole, by helping to stress the commitments they have made and assisting in achieving progress, is helping some of its member states come closer to EU membership, even if not all of the OSCE member states are equally supportive of the reforms needed for this development. At the same time the OSCE, by achieving success in its mission, could be contributing to its own phasing out. Of course this is not something that will happen in the near future but it is a fact that both the OSCE and the EU try to spread the same values, as do the Council of Europe and other partners such as the US and, in the Political-Military field, NATO. These values by the way, in the case of

the OSCE codified into commitments have been subscribed to by all member states and they are still the only thing around. No alternative set of values have been proposed by any of the states that are critical towards the OSCE and/or the European integration of some of the OSCE member states.

The Central Asian republics perhaps occupy a bit of a special position with regard to European Integration that could lead to membership of the European Union. The possibility of them joining the EU even in the long term seems remote, because even if they would want to join I can't imagine the EU member states ever voting in favour of this, looking at the difficulties they have with Turkey. In addition, the doors should then also be opened for the North-African countries, which on historical grounds have a much stronger case for membership.

To sum up; the OSCE for the foreseeable future still has a role to play in the European Integration of some of its members states. Although the commitments that its member states have taken upon themselves, let's call it the Aquis of the OSCE, are not legally binding they are explicitly recognized as common values and therefore morally binding. They are reaffirmed time and time again at the various ministerial summits. The organization has many strengths, one of which is its elaborate network of field missions. Only about 15% of OSCE staff works at the Secretariat or one the central Institutions. Another decided plus is the relative flexibility as to how the OSCE uses its –admittedly limited- funds. A decision as to which project to start or which local NGO to support doesn't have to go through endless decision taking but, especially in field mission, usually only requires one signature.

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New Dimension of Cooperation Between Ukraine and the Council of Europe

I presume that there is quite a number of people who think that the Council of Europe is an inefficient organisation, a remnant or atavism of the times when Europe was destroyed by war. I think there is no sense to discuss it. The Council of Europe is really the oldest Pan-European organisation, which was established on the afterwar ruins with the aim to renew good neighbourhood relations and trust among the European nations. The idea of the Council is based on common principles of protection and respect of human rights, values of democracy, rule of law, and freedom of expression.

It is true that, at the background of the institutional difficulties in the whole of Europe (Constitution failure and absorption of last enlargement wave), currently CoE is really facing not the best times; this, however, does not at all diminish its role, but rather on the contrary, makes it ever more important. We, representatives of the countries that belong to the European civilisation and are oriented towards European integration, should keep in mind both the institutional problems in the EU, where we want to see our countries as its member states, and also the obvious fact that we already participate in the European process and European institutions. The Council of Europe provides a unique ground for us to strengthen our understanding and knowledge of modern Europe, learn to speak its language and multiply the European values. It is the Council of Europe that gives the space for such efforts, and it would be a true sin to miss these, even though limited, but realistic possibilities.

While our countries are making declarations, steps, and reforms to approximate our accession to the EU with different degree of consistency and logic, the old good Council of Europe comes to our rescue, as the possibilities it offers should be used by national governments to promote their interests, the brands of their countries, if you will.

The Council of Europe is also an outstanding communication site which serves the key thing that is lacking today in Europe and the world in general – mutual understanding and dialogue. It is the dialogue between the old Europe or the European Union and rest of the continent that used to be separated by an new paper wall; it is the search of common identity, the revival of rather forgotten values, and support to young democracies. This is a dialogue at the regional level: the Balkans, the Caucuses, the former USSR. It is the communication between the national and local politicians (within the format of the Parliamentary Assembly and the Congress of Local and Regional Authorities); it is the inter-governmental cooperation within the formation of the Committee of Ministers; it is also the communication between the future political and economic elites within the network of schools of political studies; it is the harmonisation of legislation (including its improvement for the implementation of the decisions made by the European Court of Human Rights).

This makes me think about the Council of Europe also as an exceptional place for dialogue and the platform for the realisation of the European integration aspirations.

Ukraine has been a member of the Council of Europe since 9 November 1995, annually contributing € 2 542 289.46 to its budget (i.e. 1.3370 %). Ukraine is represented in all COE bodies; it remains under a close PACE monitoring; it receives opinions and recommendations of the Venice Commission on political and legal aspects; the European Court of Human Rights has issued 120 decisions related to Ukraine, 119 of which concern the violations of human rights. There has been a long discussion between the COE and the MFA as to the form of representation of the Council of Europe in Ukraine.

In addition to the activities of the PACE monitoring committee, which aims to observe how Ukraine meets its commitments taken upon its accession to the Council of Europe, as well as to guide Ukraine in its fulfilment of such commitments, a big number of cooperation objectives have been defined by the annual action plan. In particular, the plan for 2005 included the following aspects:

- Approximation of Ukraine's legislation to the European standards (one of the examples, is the work performed by the Venice Commission in relation to the Ukrainian election legislation);
- Constitutional reform (the PACE monitoring committee has made a number of observations as concerns the powers of the Prosecutor General;

the Venice Commission also pointed out to the necessity of ensuring the balance between the branches of power);

- Rule of law (the legislative regulation of the issues related to the organisation, funding, and independence of the judicial branch, appointment and discipline of judges, training of judges);
- Protection and promotion of human rights (lack of political consensus on the ratification of a number of protocols to the European Convention on Human Rights, and the European Social Charter);
- Freedom of expression and media (problems of independence of the National TV and Radio Council, the problems with the ratification of the European Convention on Transborder TV, establishment of public broadcasting);
- Corruption and organised crime (inefficiency of anti-corruption legislation, lack of modern public policies as concerns the fight against organised crime; the criminal and civil law convention still remain unratified, the need for Ukraine to join GRECO (Group of States Against Corruption));
- Counteraction to the trafficking in human beings (lack of political will to sign and ratify a new convention against trafficking in human beings);
- Preparation to the parliamentary elections (study of the election and media legislation and the state of play in these areas);
- Local self-governance (constitutional amendments related to the local self-governance, administrative reform at the regional and local levels, development and introduction of the National Training Strategy);
- Human capacity building and training of young officials (advanced courses as concerns the awareness on European standards, activities and practices of the European institutions);
- Inter-cultural and inter-confession (inter-faith) dialogue through education (in the contest of the social split during the presidential elections 2004, there is a need to emphasise education for the democratic citizenship, human rights, reform of education, language policy in education);
- Civil society support (creation of the Ukrainian School of Political Studies).

The Council of Europe implements a number of joint projects funded by the EU:

- Money Laundering Initiative in Ukraine (MOLI-UA);
- Two-Year Joint Programme Ukraine V (improvement of the criminal justice system, strengthening of the freedom of expression through the application of the European standards, work with judges and the public prosecution as concerns the appeals at the European Court of Human Rights and reform of the public prosecution system, introduction of the European standards in the operation of the law-enforcement bodies);

- In the recent few months two more big projects, funded by the European Commission and administered by the Council of Europe, have been launched in the area of fighting corruption and development of international cooperation on criminal matters.

In the context of prospects and new dimensions of cooperation between Ukraine and the Council of Europe, the President of Ukraine issued a decree approving the Action Plan for the Performance of Ukraine's CoE Obligations and Commitments. A similar document has been approved only in Moldova by its Parliament. The 13-page presidential decree defines the main commitments taken by the government in the context of the political, administrative, and judicial reforms, law-enforcement activities, strengthening the freedom of speech, humanisation of the criminal legislation and detention, suppression of corruption, eradication of the trafficking in human beings, improvement of the legal regulation of inter-ethnic relations and protection of national minorities, improvement of the support to the social rights of citizens.

But the key element of Ukraine's participation in the Council of Europe lies in the achievement of the European political, legal, and social standards, on-going dialogue and establishment of personal contacts at various levels, which makes us hope that eurpooptimistic moods will be spreading in Ukraine and the political processes of Ukraine's integration into the EU will be moving only faster.

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**The Return of the Referendum:
self-determination, international
organisations, and disputed territories
in the South Caucasus and Moldova.**

The recent referendum on state separation for Montenegro and the likely independence of Kosovo, together with the vote of the Spanish region of Catalonia for greater self-rule, have brought the notion of self-determination for minority nationalities back onto the agenda of international politics. The unrecognised government of the Transdnierster region of Moldova has been first to jump on the bandwagon to the extent of organising its own referendum on independence and closer links with Russia for September 2006. The Armenian Foreign Ministry welcomed the fact that the Montenegro referendum 'proves the fact that a referendum remains a recognised and civilised instrument in international relations to settle problems through the expression of the people's will'¹. Leaders of Nagorny Karabakh and Abkhazia have, predictably enough, hailed the Montenegro result as setting a precedent for their own cases. More surprising are reports that the co-chairs of the OSCE Minsk Group and Azerbaijan's president Ilham Aliev have agreed in principle that the status of Nagorny Karabakh should be settled by referendum², while Russian statements on the possible precedents to be set by the Kosovo negotiations might suggest that one of the major players in the region is also ready to accept the use of referenda in Abkhazia and Nagorny Karabakh.

This article argues that a shift in both domestic and international attitudes in favour of the use of referenda and recognition of the right of self-determination for disputed territories is long overdue. The creation of new states may be inherently undesirable from certain perspectives, but the emphasis here is not on the end result, but on the possibility of achieving consensus over a mechanism whereby such disputes might be resolved. This is especially true of the four breakaway regions of Nagorny Karabakh, Abkhazia, South

1) 'Armenian Foreign Ministry welcomes Montenegrin decision to establish independent state', *Regnum News Agency (www.regnum.ru)* 31st May 2006.

2) *Statement of Ministry of Foreign Affairs of Republic of Armenia issued 26th June 2006, reported by Regnum 27th June 2006.*

Ossetia and Transdniestre. Talks in all four cases have been deadlocked in large part because the option of state separation has been ruled out from the beginning. Consequently in each of the 'frozen conflicts' under consideration, the insistence of one side on territorial integrity and of the other on independence has made it impossible to find any middle ground in the search for an eventual solution. One advantage of accepting the principle of self-determination, including the possibility but not the inevitability of secession, is that it is a principle on which there might be general agreement without predetermining the conclusion of the process - supporting the right to separation is not the same as supporting the actual exercise of that right and does not always make it a more likely outcome. Including resolution of the issue of refugees or Internally Displaced Persons (IDPs) from Abkhazia and Karabakh in a single package with a commitment to accept the results of an eventual referendum is not only a matter of fundamental human rights, but also introduces an element of uncertainty to the final referendum result. Given that, however, if the principle becomes widely accepted secessions are likely, this article also argues that many of the fears which lead to insistence on the contrary principle of territorial integrity are grounded in faulty assumptions.

Historical Background

The argument proceeds from historical consideration of the persisting disputes over the status of Nagorny Karabakh, Abkhazia, South Ossetia, and Transdniestre. None would be happening today were it not for borders drawn and decisions on status taken within a framework of federalism and autonomy during the Soviet period. Abkhaz President Sergei Bagapsh at least has a point when he asks why an arbitrary decision on Abkhazia's status taken by Stalin and Beria 70 years ago should form the basis for inviolable borders today?¹ But there are also more immediate factors arising from the recent Soviet past, the most important being these: in two out of the four cases (Abkhazia and Transdniestre), at various points the Soviet authorities in Moscow pursued policies of preferential treatment which gave these territories privileged status within their republics, while in the other two (Nagorny Karabakh and South Ossetia), Moscow at least acted as a guarantor of sorts to national minorities against abuses from the Azeri and Georgian republican governments; the exclusively vertical structures of the Soviet state meant that there was little in the way of established links between the republics that became independent states at the end of 1991, or even between autonomous republics and the larger republics of which they were part; and, as a

1) Thomas de Waal, 'Abkhaz Leader Presses Independence Claim', *Caucasus Reporting Service* no.329, 2nd March 2006, *Institute of War and Peace Reporting*, www.iwpr.net

result of these two factors, the dissolution of the Soviet Union removed in one go the crucial prop over which the Soviet system of autonomy and federalism had functioned (and in its own terms, it had functioned reasonably well most of the time). Among other things, this consequence of the Soviet system both helps explain Russia's continued deep interest in all four regions and also suggests an important role for international organisations which might be able to fill this vacuum.

But the persistence of disputes which began even before the 1991 collapse of the Soviet Union means that, by 2006, each conflict now has its own immediate past which needs to be scrutinised in order to explain, and help find a way out of, the current state of affairs. Important developments in the early 1990s can be considered from two perspectives: first, the significance of the immediate short-term failure to find solutions which may have brought benefits to all sides, and second, the stance adopted by international organisations on territorial integrity.

Short-term Factors after 1991

The break-up of the Soviet Union and the collapse of communism were not welcomed by everyone, and took place in the midst of a spiralling economic crisis. Add to this the wars, civil wars and ethnic conflicts which preoccupied a number of the new states, especially in the south, it was perhaps not the most propitious time to be celebrating the benefits of independence. Nevertheless, it was liberating in at least some senses for most of the larger peoples of the former Soviet republics and their leaders, and should have presented opportunities for the satisfaction of many aspirations, not least national ones. And yet, in the four regions under consideration, events which included violence and destruction in the short-term ended up in a long-term stalemate from which nobody appeared to be benefiting. In Georgia and Moldova, the excessive nationalising policies of the Gamsakhurdia and Snegur regimes closed off the possibility of settling on quite reasonable requests for broad autonomy which might have allowed all sides to stay together and reap the benefits of post-Soviet independence and a favourably disposed international community. Instead, attitudes on both sides hardened so that now even extensive autonomy is unlikely to satisfy the Abkhaz, South Ossetians or Transdniestrians. Russian forces in the region acted unpredictably and inconsistently, but overall in a way which encouraged conflict - partly because central control was limited and local military commanders took their own decisions about giving support to one or other (or, at least in Karabakh, both) sides; and partly because Moscow itself was torn between its wish to preserve its influence in the post-Soviet lands on the one hand,

and the principles it was ready to invoke in the name of combating its own secessionist problem in Chechnya on the other. The international community, while doing its best to bring warring sides together, was too slow or too reluctant to bring the kind of pressure to bear which in other cases, such as insisting on Russian minority rights in Latvia and Estonia, proved quite effective. These were just some of the incidental or short-term factors which precluded immediate solutions and compromises and led to a hardening of attitudes on both sides, to the extent that there is now such a polarisation that it is hard to see any room for compromise between demands for secession on the one side and demands for territorial integrity on the other.¹ Hence the present 'frozen conflicts' appear as a zero-sum game which one side must lose if the other is to win.

However, such considerations suggest that it might be fruitful to think our way back to the time around 1991 and imagine 'win-win' scenarios under which everyone could have gained something, including emotional gains, even while compromising on something else. Other developments in the Black Sea region, most notably the autonomy achieved by the Gagauz in Moldova and the Ajars in Georgia, suggest that happy scenarios were available which might have left everyone with reason to feel satisfied. The possibility of constituting the newly independent states as federations was barely considered, probably because it seemed at the time to threaten national unity and the experience of the Soviet Union suggested inherent instability. But bicameral federalist models which ensured representation according to population size in one house but equal representation to regions or national groups in a second house (for example on the US federal model) may have been worth considering. This is not the place to elaborate on those scenarios, but given the spiritual capital that a country like Georgia had to gain from the mere fact of independence, and the financial and diplomatic capital at the disposal of the international community, such an exercise should not be too taxing.

Although the past is past and missed opportunities may be impossible to regain, considering alternative scenarios of the recent past may be helpful in unlocking blocked attitudes on both sides. If taken up by international organisations and local actors, particularly non-governmental ones, such scenarios could be used as the basis for new, perhaps radically different, proposals to be considered by the populations of the region. This is largely a question of psychology, of public acceptance that compromise might not

1) Laitin and Suny go as far as arguing that, throughout the 1990s, it was short-term political factors rather than differences in principle which prevented a solution of the Karabakh conflict. David D. Laitin and Ronald Grigor Suny, 'Armenia and Azerbaijan: Thinking a Way Out of Karabakh', *Journal of Middle East Security* vol. VII, October 1999, no.1.

be such a bad thing, and hence, like the other principles discussed in this paper, encouragement of an active civil society to spread discussion of such ideas is as important as shifting the attitudes of international organisations and local political elites.

International Organisations and Territorial Integrity

Given that the immediate prospect of settling these disputes through an internal federal or autonomous settlement passed in the early 1990s, the question of possible secession and the international community's attitude to it became crucial. At the end of the First World War, both US President Woodrow Wilson and V.I. Lenin, the acknowledged leader not just of the Soviet Union but of the world communist movement, argued, in somewhat different terms, for the principle of the right of nations to self-determination. At the end of the Second World War, countries were carved up, borders altered, and populations shifted essentially by agreement of the great powers. By contrast, after 1991 attempts at secession were almost universally opposed. Crucially, in the early 1990s the OSCE, the Council of Europe, and the United Nations each made commitments, both in general and with specific reference to this region, to the principle of territorial integrity,¹ commitments which have effectively tied them to only one of the sides to the disputes in which they are supposed to be playing the role of neutral mediator.

At the time, there appeared to be a number of good reasons for affirming the principle of territorial integrity: 1) the end of the Cold War was hailed in the West as leading to a 'New World Order' of peace and democracy, and in which stability was one of the key factors. 2) The violence that accompanied the break-up of Yugoslavia was to be avoided at all costs. 3) It has been argued that recognising one secessionist movement would immediately encourage more to emerge. 4) New nation states were embarking on a round of nation-building in which loss of territory appeared as a blow to nationhood.

However reasonable they seemed at the time, each of these arguments is highly questionable. The New World Order proved an illusion, especially as the Cold War was eventually replaced by a War on Terror and greater instability than ever in the Middle East. More pertinently, the notion that stable borders are the key to stability is disproved by the very cases under consideration here where, as Woodrow Wilson recognised, forcing a group of people to remain within a particular state against their will is itself a cause of

1) Among other occasions, at the 1996 Lisbon summit of the OSCE, the Committee of Ministers of the Council of Europe in 1992, and the UN Security Council resolution on Nagorny Karabakh on 14th October 1993.

instability. The current cases are quite different from Yugoslavia in terms of timing and geography, but most of all because in Yugoslavia new state formations were being determined by armed force not by popular will or international recognition. Nevertheless, with the more recent example of the violence accompanying the 2002 independence of East Timor in mind, and the likelihood that at least individuals on both sides may want to ‘fire parting shots’ should separation be achieved, this consideration suggests that a strong peace-keeping force with a clear mandate to intervene to prevent greater violence will need to be present in each case, as no doubt it will be in Kosovo. The notion of a ‘domino effect’ of secessionist nations has been put forward, in particular, by Russia ever since its first invasion of Chechnya. But there is little more evidence now than there was in 1994 that there are dozens of Chechnyas waiting to happen given the least encouragement. There are, however, genuine fears that regions such as the Crimea might use the principle to push their own case in order to maximise concessions, with possible encouragement from Russia. The phrasing of any new principle of settlement therefore needs to be handled with care and the non-interference of third parties ensured.

As to the feeling that territorial integrity is an essential part of nation-building, it may well be that notions of a fixed homeland are central to concepts of nationhood and even, following Brubaker’s scheme, that such feelings get stronger the further east in Europe you go. But nations inexperienced in statehood may well be inclined at first to overemphasise the importance of fixed borders¹ and older nations have not done any favours by encouraging this. Rather than encouraging notions of territorial inviolability, Europe’s older states should be pointing out that loss or adjustment of territory need not be a national disaster. Czechoslovakia’s ‘Velvet Divorce’ of 1993 stands out as the prime example of an orderly, peaceful, and, (despite gloomy predictions at the time), mutually beneficial separation in the recent past.

This leads to a further point, that the notion of territorial integrity that is taken so seriously and literally by international organisations is, in practise, not so strictly observed by states. Even in the countries close to the disputes, Moldova and Ukraine have revised their mutual border since 1991 while Russia, one of the most vocal advocates of territorial integrity, has altered its borders with most of the other post-Soviet states, has successfully negotiated internationally a new status for Kaliningrad, has agreed adjustments to its borders with China as recently as 2005, and has even shown ready

1) *A similar point was made by the RAND Corporation’s Graham Fuller in 1996. Ten years later, however, the gap between ‘established’ and ‘new’ nation-states on these issues ought to have decreased.*

on occasion to negotiate with Japan over the Kurile Islands. When it comes to renegotiating internally an enhanced status for national groups, the experience of devolution in the United Kingdom in the 1990s and Spain today suggest, among other examples, that stable states can remain just as stable when granting greater powers to their regions.

A further weakness of international organisations in their conflict-resolution role has been the inability to coordinate policies and actions with each other and with the most important state actors, first among them being the Russian Federation. While more predictable than in the early 1990s, Russia still considers itself to have a special role in the region and frequently acts unilaterally in the negotiation process. Russia's interventions have often been successful, as with brokering the 1994 ceasefire between Armenia and Azerbaijan. But Russia also has the potential to cause severe disruption in the region. If there is to be common international agreement on the principles of any settlement Russia needs to be much more closely integrated into the efforts of the international organisations of which it is already a member, as well as with the European Union. The imminent renegotiation of the EU's Partnership and Cooperation Agreement with Russia provides an opportunity to strengthen cooperation over the Black Sea region through adding to the four 'common spaces' under which activities are coordinated in the current PCA, a fifth 'common space' to address specifically cooperation in countries in the immediate neighbourhood of both Russia and the EU.

International organisations can not, overnight, effect a change in attitude of politicians or populations. Nor do they have, necessarily, the moral, practical, or legal authority to enforce solutions on territorial disputes. After all, it has been a matter of domestic law – in the form of Mikhail Gorbachev's April 1991 law – to which secessionist regions have appealed¹, not international law or principles. But at least in these cases, what international organisations really matters. All three recognised countries are relatively small, all to a greater or lesser extent aspire to close links with, if not full membership of, NATO, the EU, and other organisations, and are dependant on international goodwill for trade, energy, investment and so on². There is no doubt that the knee-jerk endorsement repeatedly given to the principle of territorial integrity by the international community has hardened the resolve of these small countries, already under pressure from domestic nationalist concerns, not to concede an inch of territory.

1) Suren Zolyan, *Nagorniy Karabakh: problema i konflikt*, Yerevan: "Lingva", 2001, pp.294-95.

2) It is precisely for this reason that Chechnya, although similar in many ways, is not included in this argument.

Self-determination in practise

There is no internationally agreed definition of self-determination, and in international agreements the right is frequently qualified by simultaneously affirming the inviolability of existing state borders or territorial integrity¹. From the consideration of possible scenarios after 1991, a number of options might be considered, from enhanced autonomy through federation and possible special status - such as the duty free status accorded to Finland's Åland islands accepted by the EU, which can offer gains to all parties involved. The argument of this paper is that referenda need to be carried out among existing states as well as among minority regions, which offers the continuing prospect of compromises being adopted. Nevertheless, in the current cases the adoption of the principle of self-determination is unlikely to be effective unless secession is accepted as a possible outcome.

Secession frequently does lead to conflict, at least in the short-term – witness not just East Timor in 2002, but the earlier case of Pakistan and others. But there seems no more propitious time to embark on this path than the present. Not only are the precedents being set, but the greater freedom of movement of peoples and goods resulting from globalisation in general and the European Neighborhood Policy (ENP) in particular mean that secession need not be as disruptive to daily life as it might once have been. Current reconsideration of the ENP can include insistence on settlement, at least in principle, of the frozen conflicts, while a new PCA with Russia provides the opportunity for more integrated efforts over conflict resolution.

There is, after all, an overwhelming moral and democratic argument for allowing groups of people a say, by voting, over the status of the territory in which they live. In order to spread consensus on the legitimacy of the referendum process, as well as to further its practical effectiveness and to mobilise civil society, referenda would need to be held in the 'host' countries as well as the breakaway regions. Thus, for example, a referendum of the Moldovan population would be needed on whether the option of federalism should be offered to Transdnistrians in their referendum (a once popular option in Transdnister).

There is little to be achieved beyond limited propaganda value in holding a referendum in a disputed region unless both sides in the dispute have agreed to respect the result. Obtaining this agreement would, most likely, be a long drawn-out process in which the benefits of going down this path would

1) Patricia Carley, *'Self-Determination: Sovereignty, Territorial Integrity, and the Right to Secession'*, United States Institute of Peace, *Peaceworks* no.7, 1996.

need to be made clear patiently and thoroughly. It would also be premature and impractical to hold any referendum before the IDP problems have been solved, which need therefore to be linked into recognition of a referendum as legitimate. Rushing to referendum also carries the risk of ‘Czechoslovakia syndrome’ – opting for a state separation that neither side really wants, but where the two sides fail to agree a method of staying together – a particular risk in the case of Transdnier (although the lessons of Czechoslovakia, with both new states joining the EU a decade later, are mostly positive).

Broad acceptance that the results of referenda held fairly and under certain correct conditions will be adhered to, might immediately lead to concessions and compromises which actually allow states to retain their recognised borders. For example, if right-bank Moldovans were to recognise that left-bank Transdnierians would have the ability to secede, a majority may well be inclined to vote in their own referendum to offer Transdnieria the option of full federalism on an equal basis, an option which many Transdnierians have favoured in the past and which it may not be too late to resurrect. Putting forward conditions for the acceptance of referendum results can also facilitate solving some of the worst consequences of these conflicts: if Georgia were to commit, preferably through a referendum of the entire Georgian population, to accepting whatever result a fair and correct referendum in Abkhazia produced, then the definition of ‘fair and correct’ could include that all former inhabitants of the territory of Abkhazia (IDPs) have the right and the opportunity to resettle in or near their former dwellings in advance of the referendum, from where they could also then take part in the Abkhaz referendum. Satisfying this condition might take several years, and of course the result of the referendum would be likely to depend to a large degree on how many Georgian IDPs chose to return.

Likewise in Nagorny Karabakh, a general acceptance that results of referenda should be respected offer a new dimension to the ‘step-by-step’ approach still favoured by politicians in Azerbaijan and most international negotiators. Ever since the OSCE Minsk group first advanced this approach in 1997, it has foundered on the objections of Karabakh Armenians who have seen it as a way of forcing them to surrender their most powerful negotiating card (the occupied Azeri territory outside the immediate borders of Nagorny Karabakh) without any commitments being made in their favour. However, a commitment to respect the results of a referendum, including a possible result in favour of secession, after the IDP question had been resolved would be a significant gain for the Armenians to exchange for the immediate gain to Azerbaijan accruing from a military withdrawal.

The Role of International Organisations

This is also where international organisations come in. Firstly, as already argued, a change of attitude on the part of IOs towards the question of territorial integrity is essential. But a general change of attitude is not in itself a sufficient guarantee that, in what would inevitably be a long drawn-out process, agreed conditions for carrying out referenda would be adhered to or fair results accepted by all sides. In the kind of scenarios just outlined for Abkhazia and Nagorny Karabakh, the whole process could take several years and observance would need to be neutrally monitored while incentives and penalties would also need to be available to ensure compliance with positions agreed early on in the process. In the case of Transdniestria, it might in theory be possible to move almost immediately to a full referendum once agreements in principle have been reached. But the recently announced plans by the Transdniestrian government to unilaterally conduct its own referendum in September 2006 underline the need to involve international organisations fully: the proposed questions for the referendum do not come close to presenting fairly all of the options available for resolving the conflict, while plans for monitoring are clearly inadequate. Any result will, therefore, carry little moral weight and provide no pressure for acceptance by the international community, let alone the government of Moldova.

There is a potential role here for a number of the leading international organisations involved in the Black Sea Region: the Council of Europe, which includes all of the officially recognised protagonists among its members and has a track record and reputation of commitment to human rights and principles of democracy, is perhaps best placed to provide the moral authority for acceptance of the results of self-determination by referendum; the OSCE would have a more practical hands-on role, and would be the natural organisation for monitoring of referenda and involvement in pre-negotiation of agreed principles over conflicts in which it is already active; the United Nations can bring to bear its own experience of dealing with conflict resolution by referendum, and can provide peace-keepers where needed in order to avoid the kind of short-term violence that accompanied the long-term successful resolution of the status of East Timor. The European Union has, in the form of the ENP, an instrument to ensure compliance by offering or withholding the benefits of the ENP dependant on a final resolution of these disputes.

But for the current opportunity to be seized, all of these organisations will need to clarify and redefine their positions on the principle of territorial integrity, in a way which allows the principle of self-determination to be

returned to the table without preconditions. As long as the international community persists in presenting rhetoric which appears, whatever the intention, to rule out for ever the possibility of loss of territory by Azerbaijan, Georgia or Moldova, the opportunity is bound to pass with no prospect of unfreezing the 'frozen conflicts' except by military means.

The Montenegro and Kosovo Precedents

Just as the breakaway regions have claimed the 2006 independence referendum in Montenegro and talks over Kosovo as setting precedents for their own right to independence, so the authorities in Georgia, Azerbaijan and Moldova, and their supporters internationally have been quick to find reasons why they do not. Most of them consist of mud-slinging against the separatists (and Russia), but the one serious argument advanced is that Kosovo's Albanians have been systematically persecuted under successive regimes and there is no likelihood that any arrangement short of independence will bring this cycle to an end: 'Most of the people living in Kosovo are victims of Serbian-sponsored ethnic cleansing, murder and aggression'¹. Such arguments echo a conclusion reached by a US State Department-sponsored report in 1996, that separatism should be endorsed only in cases where genocide or attempted genocide has occurred or where secession movements have arisen in response to 'gross and systematic violations of human rights'².

Setting such a 'persecution threshold' for legitimising separatist claims is not only impractical but immediately dangerous. Rightly or wrongly, the mention of such a distinguishing principle leads Abkhaz, Armenians, Ossetians and Transdnistrians immediately into a litany of the persecution their people or territory has suffered across the ages. Encouraging such claims only serves to reopen old wounds and to heighten antagonism between the disputing parties, taking us back to the level of argumentation that was prevalent already in the late 1980s and is best left far behind.

Whatever arguments are put forward to deny that Montenegro and Kosovo set precedents, the breakaway regions will continue to claim that they do. Actually, the international community has always been ready to endorse new states in certain circumstances, the point about Kosovo in particular is that any decision that results in independence will inevitably echo the arguments being put forward by separatists in the Black Sea region. Attempts to deny the precedent can only serve to reinforce the already strong perception

1) Zeyno Baran, 'Kosovo precedent no solution for Caucasus region', letters page, *Financial Times*, 17th May 2006.
2) Carley, 'Self-determination', pp.vii, 14.

that international policy in the Caucasus is simply part of a game played to establish new spheres of influence, and in which the major prize is Caspian oil¹.

Conclusion

Any visitor to Tbilisi, Baku, Yerevan or Chisinau will, after a short time, have little reason to doubt the sincerity of politicians and population alike in viewing their countries as fundamentally European. The growing importance of this marker of identity – Europeaness – if allowed to flourish, can also be tapped into in order to reduce insecurity over national state borders as a key factor of national identity. Free trade and free movement across borders makes the exact location of those borders of less consequence than in an earlier age, while common security policies and membership of NATO makes the existence of separate national armies less threatening. Similar considerations ought to apply to breakaway regions – statehood is simply becoming less important as the world grows smaller and, specifically, European integration progresses. The removal, or easing, of border controls combined with a regional heritage programme, for example, can alleviate one of the most frequently expressed fears of nationalists on all sides about access to important cultural monuments. Not only can the European Union and other European organisations, including non-governmental ones, provide the incentives to resolve these conflicts, they also provide the political and cultural context in which at least some of the roots of hardened attitudes can be softened.

International organisations have unwittingly contributed to prolonging territorial disputes by taking one set of options off the table from the beginning. The fact that, initially, they did not intervene in any effective manner to prevent abuses against ethnic minorities in the new states apart from the Baltics, but only became involved after widescale and violent protests, means they have little moral ground to stand on with principles of territorial integrity. Now, with the precedents being set in the Balkans, is the ideal time to correct this position and, simultaneously, to bring every kind of pressure to bear on the warring parties to unblock the impasse.

1) Stanislav Lakoba, *Abkhazia posle dvoukh imperii XX-XXI vv. Moscow: "Materik", 2004, p.136.*

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**European Integration and
Language Learning – The European
Language Portfolio, Council of
Europe and EU Projects**

Why is the discussion of language learning relevant to European integration? How can the European Language Portfolio contribute to better communication and understanding of common standards? What is the transversal dimension of European projects in the field of language education? These are some of the questions this paper aims to address. The focus will not be on language teaching and learning per se, but rather on the relevance of language learning and the importance of communication and co-operation in a wider context of European values, integration and transferability of multiple competencies for the promotion of democracy, understanding and security.

Understanding and being able to speak several languages, including the neighbour’s language(s), could be seen as part of ‘soft security’. In what way? Communication and a better understanding of other cultures can make a considerable contribution to regional and international security and peaceful co-operation. Improved communication and networking lead to the creation of communities of professionals who get to speak the ‘same’ language in areas of common professional interest. The ability to communicate internationally in professional contexts opens doors to international programmes and projects. These facilitate inter-country and cross-sectorial exchanges of experience and best practice and, at the same time, multiply training opportunities for the next generation of professionals.

In very concrete terms, efficient communication and networking may lead, for instance, to more efficient countering of organised crime (bearing in mind that, at the moment, international organised crime is well-known for being very efficient at communicating and networking). Therefore, foreign language training at a high operational level is key to the success of task-forces for peace-keeping purposes, as well as for combating specific aspects

of organised crime (such as human trafficking, the smuggling of drugs and weapons, etc.)

Mastery of foreign languages may also become a means of access to more diverse information, as well as a facilitator of more frequent and improved appearance in the media, which may influence the “positioning on the map”, including the “mental maps” of important actors on the international scene. It is true that communication is (or at least should be) a “two-way street”. But the question remains: where do partners meet? Practice shows that often one has to go a longer stretch to the meeting point. Thus, representatives of less widely used and spoken languages, such as ours, need to be prepared for this, in order to get to communicate important messages and shared values.

How do we know how well we speak a language? How do we know how complex or detailed our communication competencies need to be in a given professional domain or an every-day situation? What is the role and relevance of the European Language Portfolio in this context?

The European Language Portfolio (ELP) is a complex instrument for self-assessment of language competencies, in accordance with the reference levels introduced by the Council of Europe and, at the same time, it is a “document”, i.e. it provides information on its owner’s (the language learner’s) communication competencies in several languages. It may, thus, accompany him / her wherever s/he travels, just like a passport, and it may serve as synthetic evidence for a variety of purposes, such as job interviews, applications for a study grant, mobility through-out Europe and beyond.

There are already numerous ELP versions in use, developed for various age groups and learner categories (for more details, see the Portfolio site on the Council of Europe web site: <http://www.coe.int/portfolio>). The pan-European ELP-version for adults has been developed by the European Associations EAQUALS (European Association for Quality Language Services – www.eaquals.org) and ALTE (Association of Language Testers in Europe – www.alte.org). The original version (EAQUALS-ALTE, 2000, Council of Europe accreditation no. 6/2000) includes English, French, German and Italian. In addition to these, it has already been translated into more than ten languages (including Basque and Spanish, Bulgarian, Croatian, Greek, Romanian, Polish and Russian, Serbian, Turkish; more recently also Albanian and Macedonian).

What are the main aims of the ELP?

- Stimulating a culture of lifelong language learning encouraging plurilingualism, while giving equal status to all languages, whether learned in school, at home or elsewhere outside the organized school environment;
- Shifting the focus from teaching to learning, empowering the learner by transferring the responsibility for language learning from the teacher to the learner / language user;
- Providing a basis for consistent (self-)assessment, with a view to ensuring international comparability of communication competences in different languages.

The European Language Portfolio consists of three components: the Language Passport, the Language Biography and the Dossier. These are conceived so as to combine the inventory / factual aspects with the self-reflective and self-evaluation dimensions, the documentation function with the formative function, and the retrospective with the prospective approaches to one's own language learning.

The levels referred to in the European Language Portfolio are those of The Common Scale of Reference Levels introduced by the Council of Europe (Council of Europe, 2001; <http://www.coe.int/portfolio>). The European Language Passport comprises a Self-assessment grid with descriptors for each skills area, i.e. for the receptive skills Reading comprehension and Listening comprehension, as well as for the productive skills: Speaking, subdivided into "spoken interaction" (i.e. participation in conversation) and "spoken production" (monologues) and Writing.

For illustration, here are some examples of descriptors:

A1 (beginner/elementary level – "spoken interaction"): "I can interact in a simple way provided the other person is prepared to repeat or rephrase things at a slower rate of speech and help me formulate what I'm trying to say. I can ask and answer simple questions in areas of immediate need or on very familiar topics."

B1 (intermediate level – "reading comprehension"): "I can read articles and reports concerned with contemporary problems in which the writers adopt particular attitudes or viewpoints. I can understand contemporary literary prose."

C1 (advanced level – "spoken production"): "I can express myself fluently and spontaneously without much obvious searching for expressions. I can use language flexibly and effectively for social and professional purposes. I can formulate ideas and opinions with precision and relate my contributions skilfully to those of other speakers."

(Council of Europe, 2001; EAQUALS-ALTE, 2000)

The guidelines and self-assessment checklists in the Language Biography of the EAQUALS-ALTE ELP, are very instrumental in helping learners self-assess their language competencies and progress in more detail and, at the same time, in helping them establish their priorities for future learning, according to the requirements of a certain context of use. Thus, they facilitate self-study and encourage life-long learning.

How do internationally recognised exams compare with these reference levels?

Most internationally recognised exams in Europe have been calibrated to correspond to the Council of Europe levels. Thus, for instance: the German exam at intermediate level – “Zertifikat Deutsch” - corresponds to B1; and so does the Spanish exam at intermediate level “Certificado inicial de Espanol” (CIE); the Cambridge exam at upper-intermediate level “First Certificate in English” (FCE) corresponds to B2; and so does the Business English Cambridge Exam at upper-intermediate level (“BEC Vantage”); “Certificate in Advanced English “ (CAE) and “BEC Higher” correspond to C1; the “Certificate of Proficiency in English” (CPE) exam corresponds to C2, i.e. the highest level on the scale.

In a multilingual and multicultural Europe, everybody is encouraged to include all the relevant language and intercultural experiences as valid dimensions of their language learning, to reflect on language learning preferences, so as to identify personal strategies developed in one language learning context that can then be applied when learning another language. Some of these skills are transferable also to other domains, beyond language education, they could be seen in the wider context of intercultural “Euro-competencies”, necessary for international mobility and adaptability to various contexts of study or work.

The EAQUALS-ALTE European Language Portfolio is also available in electronic format: ‘eELP’ - www.eaquals.org. The personal eELP can be downloaded and then saved on the personal computer, a CD-ROM, a memory stick, so as to allow its owner to update it electronically on an on-going basis.

Following a decision by the European Parliament, the European Language Portfolio is promoted also by Europass, a unique European scheme for the transparency of qualifications and competences, by the inclusion of the Language Passport as one of the Europass documents (<http://europass.cedefop.eu.int>).

The same positive approach to the evaluation of communication skills is also reflected in the formulation of the “STANAG Language Proficiency Levels” (NATO Standardisation Agreement, STANAG 6001). Even if the ‘labels’ used for the levels are slightly different (on a scale from 0 to 5), the level descriptors as such are based on practice-oriented ‘can-do’ statements (for more details see (http://www.dlielc.org/bilc/Sta_Edit2_Eng.doc).

Through its complexity, the Portfolio can be seen as a facilitator of language learning and as complementary to international examination systems. Although intended first of all for learners, the European Language Portfolio is also meant for teachers, evaluators, managers, employers etc. Evidence of the importance attached to it for domains beyond the field of education are also EU funded projects meant to help promoting this innovative approach to language learning and self-assessment.

To name just one example: “EuroIntegrELP - Equal Chances to European Integration through the use of the European Language Portfolio”, a SOC-RATES Lingua 1 Project, co-ordinated by PROSPER ASE Language Centre - București, Romania; there are 15 partners from 10 different countries: Austria, Belgium, Croatia, Estonia, Greece, Lithuania, Poland, Romania, Slovakia. Its main objectives include: promoting plurilingualism, through language learning at high quality standards, as well as disseminating information on the ELP (the EAQUALS-ALTE version) to:

- familiarise students with self-assessment and to motivate them to learn languages for better chances of social integration and professional development;
- to inform the decision-makers in the educational and political domains, regarding European concepts and instruments introduced to facilitate language education, to promote international mobility, socio-professional integration

(for more details, see the project web site: <http://www.prosper.ro/EuroIntegrELP/EuointegrELP.htm>)

All this could be seen also in the wider sense of promoting democracy:

- giving value to individual specificity and, at the same time, enhancing objectivity, developing positive attitudes, availability for dialogue, even a change of mentality;
- empowering learners to self-assess their communication competences, and then encouraging them to transfer self-assessment skills also to other activities and study areas;

- motivating them to take responsibility for their learning and for setting themselves learning objectives in class and outside class, so that, eventually, they get to own their learning process;
- encouraging them to take a practice-oriented approach, to develop practical skills, that are then transferable also to other areas of activity.

If monitored effectively, in an integrative approach, this type of best practice at individual level, can be extended to the institutional level and becomes a pre-requisite of institutional capacity building, in line with EU practices in the area of quality assurance.

The “Quality continuum”, includes (a) the individual level of self-assessment, to be understood also as self-assessment undertaken by all the individuals in an institutional environment, according to the same criteria, (b) the organizational level of institutional self-evaluation, in preparation for (c) the external evaluation (either at national or at international level. For this to function in a coherent and consistent manner the whole process needs to be correctly understood by all the participants; it needs to be internalized, it cannot be reduced to ‘cosmetics’ and mechanical processes.

This approach to quality assurance in language education is amply illustrated through the following Council of Europe / ECML (European Centre for Modern Languages, Graz, Austria) projects on Quality Management and Assurance:

“Quality Management in Language Education” (awarded the “European Label” for innovation in language learning) and “A Training Guide for Quality Assurance - QualiTraining” – www.ecml.at .

Both projects include generic aspects of quality management in language education, standards and procedures developed at European level – on the example of EAQUALS, as well as numerous case studies from a whole range of countries and organizational frameworks, both from the public and the state sector.

The projects mentioned above are the outcome of multiple networking and a common understanding of quality standards in international co-operation. They reflect the collaborative work of professionals from a variety of countries (including countries in the region – Armenia, Bulgaria, Croatia, Romania, etc.). This type of experience is extremely valuable in itself, since it facilitates the sharing of expertise, as well as a process of ‘learning together’,

learning from each other and learning about each other's cultural values, in the true spirit of the European Language Portfolio.

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**NATO: IPAP and Security Sector Reform - Can IPAP bridge the
security gap of the ENP?**

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Armenia-NATO Relations have Undergone Dramatic Changes

In recent 5 years, Armenia-NATO relations have undergone dramatic and revolutionary changes. Although Armenia is still perceived in the West as “Moscow’s satellite”, the analysis of the quality of its relations with NATO bears witness to the fact that in spite of absence of pompous political statements Yerevan could achieve notable results.

In summer 2006, the Defense Ministry of Armenia published the text of the Individual Partnership Action Plan (IPAP) with NATO on its web-site¹. The content of the document proves that even if Armenia doesn’t raise the issue of its possible membership in the Alliance today it wants to meet all the standards of the Alliance in the coming 7-8 years.

The rapprochement with NATO was not an “easy trip” for Yerevan. The very fact that Armenia has engaged in IPAP makes Armenia’s long-term strategic choice harder – what to do after the two-year term of IPAP expires? Stop with what had been achieved or pass to the next stage - Membership Action Plan (MAP)?

Armenia-NATO rapprochement started at the 2002 Prague Summit. In November 2002, NATO Secretary General George Robertson that “NATO needs to pay more attention to the individual, specific needs and circumstances of its Partners in the Caucasus”².

“We need to organise NATO’s advice and assistance on an individual basis and put our resources where they are needed the most. We need to improve liaison arrangements between Brussels and capitals in the region. In a word

1) <http://mil.am/eng/index.php?page=2&p=0&id=146&y=2006&m=09&d=02>

2) *Mediamax interview, November 2002*

- we need to develop “smarter” instruments of co-operation, to make the most efficient use of our resources,” George Robertson stated¹.

This “smarter instrument” was the IPAP - the launch was announced in November 2002 at the NATO Prague Summit. In the Prague Declaration, the heads of the states and governments of NATO member-states called on the “countries of strategically important regions of the Caucasus and Central Asia to take advantage of the new practical mechanisms of cooperation”.

Nevertheless, George Robertson warned that the new cooperation framework will not be “an easy walk” for the Partners.

“A more individualised and focused relationship would entail a serious political and resource commitment on the part of Allies. They would want to see a clear purpose in making such commitment and expect a “return on their investment.” Therefore, Partners willing to take advantage of a more individual relationship with NATO would have to be able to do so too: they would have to demonstrate a true and sustained determination to walk the path of democratic transformation and pursue foreign and security policy to support it,” NATO Secretary General said².

Commenting on the outcome of the NATO Summit, Robert Kocharian said that a number of decisions were made in Prague which would determine the actions of the Alliance in the coming years. “Taking into consideration the fact that NATO is the most influential and powerful organization today, this will have a definite impact on the developments in our region and on Armenia’s foreign policy,” the Armenian leader said then, noting that “we still have to analyze the information we have received”³. To all appearances, the analysis did not take much time. In June 2003, Armenia for the first time in its history conducted NATO Cooperative Best Effort exercise on its soil and decided to dispatch its peacekeepers to Kosovo who assumed duties in February 2004. In late 2003, the representatives of the Armenian government already expressed intention to start developing the Individual Partnership Action Plan with NATO.

Over the last years, the Armenian authorities have frequently told the Alliance’s representatives that the unsettled Armenian-Turkish relations remain one of the main obstacles on the path of the further expansion of Armenia-NATO relations. In 2004, Armenian President Robert Kocharian refused to

1) *Mediamax interview, November 2002*

2) *Mediamax interview, November 2002*

3) *Mediamax news agency report, November 22, 2002*

take part in NATO Istanbul Summit because of Turkey's reluctance to establish diplomatic relations with Armenia and open the border. However, this demarche obviously gave no results - NATO is not going to give up its policy. In January 2001, NATO Secretary General George Robertson described the essence of that policy:

“NATO doesn't see itself as having a role in arbitrating the normalization of Armenian-Turkish relations. We can't control the foreign policy of our member-states. Besides, it's practically unreal. For instance, how can I tell Condoleezza Rice how U.S. should develop its relations with Northern Korea or India?! It would be indecent and useless on my part”¹.

If NATO's stance regarding the normalization of Armenian-Turkish relations still disappoints Yerevan, then Alliance's principality towards Azerbaijan shown in 2004 has significantly improved the image of NATO in Armenia.

In September 2004, NATO cancelled Cooperative Best Effort-2004 exercise in Azerbaijan because official Baku refused to allow Armenian officers to participate in the exercise. In this respect, it is quite appropriate to draw parallels with Armenia where some forces were against the participation of Turkish servicemen in Cooperative Best Effort-2003 exercise. The Armenian leadership, however, made it clear that the political decision had been taken and nobody was going to change it.

Armenian President Robert Kocharian said that “emotionally I am not delighted with the possible participation of the Turkish contingent in CBE-2003. However, as a President I understand that the smartly built relations with NATO are more important for the country,” the President noted².

At any rate, despite obvious steps directed to the rapprochement with NATO the Armenian leadership keeps saying that the accession to the Alliance is not on the agenda. In April 2004, Armenian Foreign Minister Vartan Oskanian stated: “Until we do not raise the issue of our membership in NATO our cooperation with the Alliance does not contradict to Armenia's relations with Russia and our participation in the Collective Security Treaty Organization (CSTO).” “If Georgia and Azerbaijan finally become NATO members and Armenia- not, it will lead to the creation of new dividing lines in the Caucasus,” the Minister used to say³.

1) *Mediamax interview, January 2001*

2) *Golos Armenii newspaper, December 21, 2002*

3) *Mediamax news agency report, April 22, 2004*

Commenting on Oskanian's apprehensions in fall 2004, NATO Secretary General Jaap de Hoop Scheffer said:

"NATO's policy of enlargement is driven by the desire to extend the benefits of stability and security, which Alliance members enjoy, to new member states. It is not aimed against any other countries, but simply at ensuring the security stability of its members. While it is a fundamental right of every country to choose its own security arrangements, NATO enlargement is designed to break down dividing lines, rather than create them"¹.

U.S. officials made more frank statements. Interviewed by Mediamax, U.S. Ambassador to NATO Nicholas Burns [now Under Secretary of State for Political Affairs] said:

"There are indeed substantial differences in the ways NATO and Russia organize their military forces and defense structures. If Armenia wants to significantly improve its interoperability with NATO, it will have to revise some of those structures"². Plainly speaking, the U.S. diplomat urged Armenia to make a strategic choice for the long-term perspective. Burns openly spoke also of the prospects of NATO-CSTO cooperation:

"Since every CSTO member is also a member of the Euro-Atlantic Partnership Council (EAPC), it is difficult to see what value is added by creating new links to that organization"³.

"There is only one prerequisite for a Partner to deepen its cooperation with the Alliance - its own willingness to do so," NATO Secretary General Jaap de Hoop Scheffer says⁴.

Armenia does have this willingness. At the same time, the Armenian side still fails to get rid of some psychological problems. Armenian Defense Minister Serzh Sarkisian stated in 2005 that "the country's Armed Forces strive to meet international standards of fighting efficiency", not NATO standards.

"Speaking about NATO standards we mean adopting the relevant ideology, types of weapons, armament, etc. Speaking about international standards we, first of all, mean having units which meet international standards of fighting efficiency. These are different things," said Serzh Sarkisian⁵.

1) *Mediamax interview, October 2004*

2) *Mediamax interview, October 2004*

3) *Mediamax interview, October 2004*

4) *Mediamax interview, October 2004*

5) *Mediamax news agency report, October 11, 2005*

“The international standards of fighting efficiency” is a very vague definition, and Serzh Sarkisian had, almost certainly, chosen it deliberately. From the point of view of attaining the desired goal, Defense Minister’s tactics may be rather effective: to modernize and reform country’s defense system by NATO example but publicly call these processes “bringing in line with international standards” to avoid tensions in relations with Russia.

In his “Defense Reforms in the South Caucasus” report at NATO Parliamentary Assembly’s Rose Roth Seminar held in Yerevan on October 7, 2005 Serzh Sarkisian openly acknowledged that “the cooperation with the North-Atlantic Alliance plays a considerable role in military reforms, since it is NATO who urges, supports and assists in reforms.”

Serzh Sarkisian greeted NATO initiative to support the development of Strategy Documents in South Caucasus states.

“The Defense Concept of the Republic of Armenia which will be in harmony with the defense provisions defined by the National Security Strategy will be approved in 2007. It will also be submitted to the discussion of the Armenian National Assembly which will provide the basis for short-term and long-term defense planning. The Defense Concept of Armenia will describe the role and the mission of Armenian Armed Forces and will serve as a principle document to direct reform efforts. It will provide a single united strategic direction for the Armed Forces and for other government officials responsible for national defense. Broad circulation of the Defense Doctrine across the country will foster public discussions on defense issues and will provide support to meet military needs identified in the document. The Defense Strategy will play an important role to guide the efforts of Armenian Armed Forces reforms and modernization”, the Minister said.

If there was no dependence from Russia and the unresolved Karabakh conflict Armenia would have probably become the first South Caucasus country to voice its desire to join NATO. Armenia’s geographic location, however, makes its extremely dependent from Russia in the sense of transportation and energy. This is the reality. The Armenian officials keep saying that if NATO is indeed interested in Armenia’s involvement then the West should force Turkey to resume (even partially) the railway communication with Armenia. In that case Yerevan will have wider opportunities for a strategic maneuver.

NATO Liaison officer in the Caucasus

**Individual Partnership Action
Plan and Security Sector Reform
in South Caucasus States.**

The years between Istanbul and Riga Summits of Alliance will surely remain in history as especially dynamic for the development of cooperation between NATO and South Caucasus states. Increasing cooperation included both traditional partnerships in the well advanced PfP framework, as well as new tools such as Individual Partnership Action Plan (IPAP). Actually this was a period identified by the development of partnership to a completely new level. My goal is to trace the new aspects of NATO Partnership policy, specific for this stage of development of relations with South Caucasus countries with special attention to a perspective of IPAP as a tool of strengthening security and stability in the South Caucasus region. I'll try to do my best in tracing the connections of IPAP implementation process with the policies and activities carried on by EU, OSCE and the standards imposed by the Council of Europe.

NATO's policy of Partnership is lasting already for more than 10 years, majority of the partner countries have joined the process since the very beginning in 1994 and measurable success was achieved since that time. Many former partner countries have become full members of NATO after the last two waves of enlargement in 1999 and 2004. Those 20 countries which continue participation in the PfP process have gained a lot and contributed a lot through the countless attended activities in the partnership framework and peacekeeping operations. Simultaneously, after the fall of the Berlin Wall the world was changing rapidly and the challenges to Euro-Atlantic security were changing rapidly with threats increasingly coming from the periphery of Euro-Atlantic area. Seeking for the solution of these newly emerged challenges NATO made a conclusion: stability and security will depend both on domestic reform and wide international cooperation.

NATO's message was that effective security cooperation is impossible with absent basic doctrines and institutions of fundamentally democratic nature. Specific tools were necessary to achieve this goal and NATO's determination was that Euro-Atlantic Partnership should play an important role in both

respects. IPAP was chosen as the main tool to be used. In this light Georgia, Azerbaijan and Armenia joined the IPAP process.

Basing on those needs the Objectives of the Partnership policy were revised, old objectives were strengthened by new (in bold print) coming from the very essence of the IPAP process:

- Political dialogue and practical cooperation were enhanced through the IPAP process;
- Promotion of democratic values and democratic transformation as the main goals of reform were added by the necessity of laying the foundations for the modern defence system.
- Participation in the NATO-led operations should reach the goal of interoperability between Partner and Allies.
- Enlargement: NATO's Open Door policy remains unchanged.

The success of the process was proved by the fact that all three South Caucasus countries gradually one by one joined the IPAP process in the course of last two years.

Crucial role in the development of partnerships was played by the Istanbul Summit. It's Communiqué issued by the heads of the States participating at the meeting of the North Atlantic Council at Istanbul on June, 28, 2004, stated, that Alliance's partnerships are to be reinforced with Caucasus and Central Asia, mentioning those geographical regions as the first priority for cooperation. Russia followed as the second priority, with Ukraine, yet before the "Orange Revolution" as the third. . Forth place was devoted to Mediterranean dialogue countries: Algeria, Egypt, Israel, Jordan, Mauritania, Morocco and Tunisia. Fifth priority was completely new, launched at Istanbul Summit and got a name of Istanbul Cooperation Initiative. Its goal is defence and security cooperation with the broader Middle East: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

The declaration of the South Caucasus and Central Asia as geographical priorities of partnership process was reinforced in the Chapter 31 of Istanbul Summit Communiqué stating: "In enhancing the Euro-Atlantic Partnership we will put special focus on engaging with our Partners in the strategic important regions of the Caucasus and Central Asia. Towards that end, NATO has agreed on improved liaison arrangements, including the assignment of two liaison officers, as well as a special representative for the two regions from within the International Staff (...)". The author of this presentation is one of the two liaison officers selected through the open competition and

appointed for this job as a member of the International Staff located in the region of South Caucasus.

What does it mean declaration of South Caucasus as NATO's geographical priority? First of all it's implementation of programs: IPAP (Individual Partnership Action Plan),

PAP-DIB (Action Plan for Defence Institution Building), PAP-T (Action Plan of the Fight against Terrorism) and PARP (Planning a Review Process). IPAP, PAP-DIB,

PAP-T, PARP as well as NATO Trust Fund policy and NATO Public Diplomacy efforts are the main tools in the disposal of Allies and Partner States in this process.

Implementation of PAP-T means joint efforts of fight against terrorism of Allies and Partners achieved through operations, exercises and training includes border security and management, exchange of information, consequence management as well as management of spreading of small arms and man-portable air defence systems.

PAP-DIB is an integral part of PfP aimed at creating democratic control of defence. Civilian participation in developing defence and security policy, legislative and judicial oversight, arrangements and procedures to access security risks and national defence requirements, compliance with internationally accepted norms, effective and transparent financial, planning and resource allocation procedures, effective management of defence spending are the main goals to be achieved during the implementation of PAP-DIB.

PARP is already quite old and well known tool. Its key role remains – fostering interoperability between Allies and Partners. New objectives for PARP are: defence reform, defence institution building and fight against terrorism. New approach for PARP – to choose PG's (Partnership Goals) essential for IPAP implementation.

How does IPAP process look in the region of South Caucasus as a whole at the present moment?

Georgia was the first to submit its Presentation Document to NATO in April, 2004. In October, 2004 its IPAP was accepted and Implementation Phase began. In May, 2005 interim assessment was done by NATO and in March, 2006 full assessment for the whole two year period will be done.

Azerbaijan brought its Presentation Document to NATO in May, 2004 as second South Caucasus state joining the process. In May, 2005 Azerbaijan's IPAP was accepted by Allies and implementation phase started. In March, 2006 Interim Assessment will be done by NATO team for the initial period of one year.

Armenia is the third in line by joining IPAP process in the region of South Caucasus.

As it was mentioned before, its Presentation Document reached NATO in July, 2005 and Implementation Phase has already successfully started by accepting the Armenian IPAP by Allies at the very end of 2005.

For the first time in the history all three South Caucasus countries develop the same level of cooperation with NATO tailored by the unique IPAP framework, which gives invaluable contribution for maintaining and strengthening security and stability in the region as well as all Euro-Atlantic area. While being quite new for the Partners in South Caucasus, the IPAP process already showed its efficiency in transforming defence and security institutions of these states with a parallel impact for the whole societies of the countries.

Due to its global nature IPAP is the backbone of the process, it consists of four chapters. First is devoted to political, security and economical issues and covers almost all sphere of the development of the state and society well corresponding with the EU Action Plan of those countries. Second chapter is of the most importance for NATO and covers defence and military issues. Third is for public information, science, environment and civil emergency planning. Fourth is devoted to administrative measures, security of information, resources and legal issues.

Allow me now to trace the key aspects of security problems existing as integral part of IPAP document. Georgian IPAP version for public use is taken here as a basis for the analysis of this problem.

Chapter 1 of IPAP "Political and Security issues" contains a lot of key importance issues directly influencing security of the states in the region:

- Integration with EU and NATO,
- National Security Concept,
- National Defence Strategy,
- Foreign Policy Goals,

- Relations with neighbors,
- Developing practical regional cooperation,
- Relations with Russia,
- Combating terrorism.

They are followed by extremely sensible issues of promoting democracy and its institutions, securing human rights, fighting corruption, developing democratic control of Armed Forces:

- National legislation – in line with international standards,
- Relevant Council of Europe Conventions to be ratified: e.g. Social Charter, Conventions on the Rights of National Minorities,
- Fight against corruption,
- Anticorruption package of legislative acts,
- Democratic control of the Armed Forces:
- Revue of current legislative and judicial oversight,
- Revue of current arrangements in the sharing of command and support responsibilities.

Steps towards economic reforms are following in the Chapter 1:

- Remuneration system for public servants,
- Management of public enterprises,
- Privatization process,
- State procurement process,
- Statistical records for tax collection,
- Foreign trade and balance payments statistics,
- Antimonopoly legislation and competition policy,
- Fight corruption and reduce importance of the shadow economy.

Peaceful conflict resolution policy is an integral part of the first chapter too:

- Leading role of UN and OSCE,
- Determination of status of Autonomies,
- Return of Refugees and IDP's,
- Rehabilitation of conflict zones,
- Complementarity of actions of International Organizations active in Georgia.

Chapter II: “Defence, Security and Military issues” is of crucial importance due to the very nature of NATO as political-military organization. Issues mentioned there are:

- Legislation in military management, state procurement, military service and status of military personnel,
- Reorganization and restructuring of AF subject to SDR,
- Elaboration of civilian and military personnel management systems,
- Ensuring Host Nation Support capability for NATO-led exercises and operations,
- Establishment of resource management system,
- Conversion and management of military sites,
- Retraining of redundant military personnel,
- Affordability and sustainability of defence.

Chapter III: “Public Information, Science, and Civil Emergency Planning” is very important due to its main goal to keep the wider society well informed about NATO:

- Public Information strategy – awareness on NATO,
- Scientific cooperation with NATO,
- Reduction of the environmental impact of military activities,
- Improvement of civil emergency system.

Chapter IV: “Administrative, Protective Security and Resource Issues” mainly deals with practical arrangements of maintaining security arrangements:

- Coordinative mechanisms with NATO,
- Resources – adequate funding for IPAP implementation,
- Protective security - exchange of classified information with NATO.

This is just in short the existing IPAP based security framework of NATO Partnership Policy, developed and based on the PFP process experience, a good tool to be used for the purpose of maintaining security and stability in the South Caucasus region.

Resume/Conclusions:

- NATO partnership policy is developing and covering new regions as well as setting new priorities with a strategic goal of enhancing security and stability. South Caucasus was declared as NATO’s geographical priority.
- New partnership tools and schemes of cooperation including IPAP are introduced well adjusting them to already existing ones and making a good use of both.
- NATO’s clear message for the moment – security and stability depends both on wide international cooperation and domestic reform. Joining by all

three South Caucasus states – Armenia, Georgia and Azerbaijan of the IPAP process is a promising step towards promoting regional as well as Euro-Atlantic security.

- IPAP is the main tool of defence reform processes in the South Caucasus countries, due to its global nature, involving all main fields of state activities and covering broad range of various aspects of security. IPAP is a new significant step in development of partnerships.
- Success of implementation of IPAP depends not only on dealing with key aspects of security and defence reform but also in close cooperation of NATO with other international organizations involved in the region.

*Advisor,
Arms Control and International Security Department,
Ministry of Foreign Affairs of Armenia*

Mr. Chairman, dear guests, ladies and gentlemen,

It has already been mentioned for a number of times that one of the major goals of Armenian foreign policy is full integration with European structures and institutions. Today Armenia has chosen the way to Europe, fully realizing the challenges and responsibilities it will have on this way.

Accessing a number of European and other international institutions and expanding the framework of multi-lateral cooperation, Armenia has consciously conceded to a series of commitments and has initiated the necessary reforms, which, first of all, address the interests of our country and reflect the priorities of our internal policy. In this regard Armenia's participation in Wider Europe Neighborhood Initiative and the relations with NATO within the Individual Partnership Action Plan are very important.

I would like to present the major framework of the current Armenia-NATO cooperation. As you all know the key role in these relations is played by IPAP, which is a comprehensive document including all the possible spheres of cooperation with the Treaty. Participation in this project raises Armenia's cooperation with NATO to a qualitatively new level. Similarly, IPAP is considered as one of the most important mechanisms to develop and strengthen the political dialog with NATO.

In order to develop and implement the program, according to the resolution of the RA Prime Minister an inter-ministerial committee was formed in 2004, which developed both the IPAP Presentation Document and the Action Plan itself in 2005. On December 9, 2005 Armenia officially presented IPAP to NATO's Political and Political-Military Committees, which later ratified the document. In December 6, 2006 Armenia's IPAP was ratified by the Collective Security Council and since January, 2006 the first phase of its implementation, i.e. the two-year phase has started.

The major goals of participation in IPAP are to develop closer political relations with NATO, strengthen the democratic system, establish a possibly high level of compatibility with the defense systems of the allies and create a defense system based on the model of the allied countries. It is anticipated

that these goals will be addressed through individual political consultations with the allies, as well as through implementation of respective reforms. These goals fall under the following four major categories:

- political and security issues;
- defense and military issues;
- sciences, emergencies, environment;
- national security and administrative issues.

Armenia believes the political consultations with the allies regarding issues in foreign policy and security to be extremely important. Political consultations with NATO's political leadership and allies is seen as a comprehensive forum, which creates a unique opportunity to voice and discuss Armenia's concerns regarding security, as well as the current developments in security and foreign policy. Armenia intends to enlarge the framework of consultations, holding sessions not only with the political leadership of NATO, but with the allies as well, using the 26+1 format.

As to the security issues, Armenia will use IPAP mechanisms to reform its defense and security systems and to raise its capacity in interaction with the allies. The final goal of these reforms is to create a defense system which is compatible with the respective systems of democratic societies and contemporary military demands.

Within the defense reforms we particularly emphasize the importance of developing a National Security Strategy Paper. The adequate inter-ministerial committee has already developed the first draft of the document, which soon will be presented for international academic expertise and later will be open to public discussions.

Armenia intends to review the current practice and procedures for border security within IPAP in order to improve the border security. Issues on ensuring border security, as well as certain functions of the national security bodies, are quite important. These are viewed within the context of fight against terrorism and are among the major issues for international cooperation.

Year after year cooperation in spheres such as sciences, emergency situations, crisis management and environmental protection gains more and more significance. Activities envisioned by IPAP have considerable importance in expanding Armenia's capacities in these spheres, as well as in terms of developing the necessary international cooperation.

Mr. Chairman,

Armenia has initiated a number of steps aimed at strengthening and establishing closer relations with NATO within IPAP, and this is its reaction to the change of emphasis within the current policy of the Treaty which the organization implements in our region. First, high-rank meetings, including those between presidents, and political consultations with the NATO leadership have gained a constant nature. Second, Armenia actively participates in the PhP activities which aim at establishment of compatibility. Within this framework it initiates certain activities to implement some adequate reforms in the defense system. Third, Armenia participates in KFOR activities and thus contributes to the peacekeeping activities of the allies. The positive experience we have gained as a result encourages us to discuss the ways and opportunities of enlarging our involvement in international peacekeeping efforts.

In its foreign policy Armenia follows the principle of complementarity and builds up a multi-layer system of ensuring security, an important component of which is the cooperation with NATO, as well as bilateral military cooperation with allied countries.

Cooperation with NATO has certainly contributed to the improvement of our security system. It is also very important in terms of strengthening the democratic institutions and anchoring democratic principles. Similarly, we believe that NATO has an important role in the regional context. We expect that the active policies of NATO in the South Caucasus which are balanced and aimed at the strengthening of stability will serve the development of dialog among the countries of the region, establishment of mutual trust and promotion of cooperation. We are certain that this in turn will greatly support the resolution of the pending conflicts in the region and the establishment of long-term peace.

Thank you!

*Executive Director,
EURISC Foundation,
Romania*

Security Sector Reform from the Romanian experience to new tendencies

*“When you kick a stone you can predict exactly how far it will go by calculating its mass, the pressure exerted by the stone on your foot and so on. However, when you kick a dog – a living system – it is a totally unpredictable event.”
Gregory Bateson¹*

How to make from the security sector a subject of deep rooted reform? How to deal with such kind of complex system, both military and civilian when it arrives to a “kick” which starts the security sector reform? How to make from the important number of personal, not spectators or opposants but real participants, both beneficiary and contributors to this painful process?

The high degree of the complexity of the phenomenon is a result of simultaneous, partially influencing themselves processes of the transformation of the security sector in the context of transformation a country like Romania to a new democratic society and an emerging market economy.

This process could have sometime interlocking some times interlocking aspects (see the lack of necessary money in the right moment due to the poor national budget a.o).

According to the OECD, the Security System Reform (SSR) seeks “to increase partner countries’ ability to meet the range of security needs within their societies in a manner consistent with democratic norms and sound principles of governance, transparency and rule of law, SSR includes, but extends well beyond, the narrower focus of more traditional security assistance on defence, intelligence and policing. The security system includes the armed forces, the policies and gendarmerie, intelligence services, and judicial and penal institutions. It also comprises the elected and duly appointed civil au-

1) Bateson, Gregory, cited in “Journal of Risk Research” 6(4 - 6), p. 372 (July 2003)

thorities responsible for control and oversight (eg parliament, the executive and the defence ministry)”¹.

From the perspective of the European Union, ”security system reform is an integral part of good governance. Effective management, transparency and accountability of the security system are necessary conditions for the creation of a security environment that upholds democratic principles and human rights. Hence working towards good governance and sustainable peace requires a successful process of reform of the security system, particularly in post-conflict environments”².

The Center for the Democratic Control of Armed Forces from Geneva, which have already an impressive experience in this domain consider that Defense and Security Sector Reform (D&SSR):

- The reforms need to be guided by the political leadership, according to democratic principles and the needs of state and society.
- The starting point is a broad view of the concept “security” including military, societal, economic and environmental security risks.
- The reforms include all services: military, police, intelligence agencies, state security, paramilitary organizations, and border guards’ a.o.
- D&SSR is not a one-off event, but a continuous and painful process; it is not a goal in itself, but aims at providing security both to the state and to its citizens.
- The reforms concern both the organizations of the security sector (legal framework, structure of institutions, division of labor) and the human dimension of the security sector services that is creating services staffed with professionals.

Theodore H. Winkler, 2002

It is becoming evident that it is the time to understand that the 21st century is going to be a century where security, in a wider sense, is becoming relevant and pivotal for sustainable development at local, regional and global levels. Managing security “in an integration way” from the level of the individual to that of the international environment is of paramount importance in the years to come. It requires a new approach, new quality, questions are expected to be address and new type of answers are to be found. (Dr. Adrian Gheorghie and Dr. Liviu Muresan)

1) *OECD Policy brief: Security system reform and governance policy and good practice, May 2004*

2) *Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee. Governance and Development’ Page 8, EC 2003*

At NATO level, the debate on Security Sector Reform is a priority for the leadership as it was emphasized by the Secretary General Jaap de Hoop Scheffer: “We have to proceed with military and political transformation. Military transformation is of the utmost importance: increasing the efficiency, what we call the ‘usability’ of our forces, convincing nations that they should reform, that they should restructure, that they should move away from old-fashioned notions of territorial defense into making their forces much more usable, much more easily deployable”

Defeating terrorism, as Washington has learned in Afghanistan and Iraq, requires “putting boots on the ground” and engaging in nation building. Yet it is precisely those areas in which the United States remains weakest and the Rumsfeld’s high-tech defense transformation agenda has neglected. Strengthening those capacities should be the goal for the next stage of military transformation, and continuing that revolution should be a top priority in President Georges W. Bush’s second term”¹.

Security Sector Reform in South Eastern Europe was, from its very beginning, an important contribution for the security and stability of the region.

“The Western Balkans are today “as close to failure as to success”. The whole region needs to be moved “from the stage of protectorates and weak states to the stage of EU accession” or risks turning into the black hole of Europe. This calls for a “bold strategy for accession that could encompass all Balkan countries as new members within the next decade”².

In Romania, the security system reform – SSR – was and still is a result of both internal and external pressures. The period of Communist dictatorship of Ceausescu followed by the dramatic events and the change after December 1989 have created a real pressure to transform³ mainly the Ministry of Defense and Ministry of Interior as a part of the normal and a general process in the whole country. Participating in the events of December the armed forces started their process of reform in those days and nights from an important component of the power of the Ceausescu regime to an entity ready

1) Max Boot, *Foreign Affair*, May/April 2005

2) Report “*The Balkans in Europe’s Future*” of the International Commission on the Balkans, chaired by Guliano Amato and including among its members Carl Bildt, Jean-Luc Dehaene, Kemal Dervis, Mircea Geoana, Kiro Gligorov, Ilir Meta, Janez Potocnik, Goran Svilanovic, Richard von Weizsäcker a.o., 2005

3) See also Gen. Schneiderhan, Wolfgang, chief inspector of the Bundeswehr – “*Die Bundeswehr im sicherheits politischen Umfeld des 21 Jahrhunderts*”, 14 Forum Bundeswehr & Gesellschaft de Wams, 2003, Berlin – “reform” as a new order of the existing and “transformation” as the change of the existing into something else, something new

to cooperate with the population on the streets of Bucharest, Timisoara and other cities and also with the newly established authorities CPUN (Consiliul Provizoriu de Unitate Nationala – The Interim Council for National Unity).

The pressures from the inside of the Ministry of Defense, joined with the interest of the newly established authorities after December 1989 have created the conditions for the strategy of the reform of the defense sector.

The gradually contribution from Western countries have given the appropriate frame for the profound transformations by professional assistance and a large support.

Preparing themselves for the entrance in the North Atlantic Alliance was not only an incentive but also a very specific, detailed and challenging program for profound reform of the Romanian Ministry of Defense as a whole.

Now the requirements of the European Union to create a “continental” structure of armed forces will bring new tasks for the civil and military leadership of Romanian Ministry of Defense in the ambitious perspective of 2007 full EU membership of the country.

The reform of Ministry of Interior including the famous SECURITATE was a more complex and slow process. One of the very first measures of the new CPUN authorities in December 1989 was to dismantle the old SECURITATE and to put the whole structure and the control of Ministry of Defence. Three months later by Decree nr. 18 / 26.03.1990, was set up the actual SRI (Serviciul Roman de Informatii – Romanian Intelligence Service)¹.

The former Ministry of Interior is still behind the degree of reform of Ministry of Defence and intelligence services as well. The progress but also the unsolved lessons will be presented in the specific chapter.

Romania learned in addressing the issue of D&SSR to better cope with the emerging asymmetrical threats, there are a number of new assumptions that should be taken into account:

- Prevention and deterrence should be re-assessed by incorporating new means of action.

1) See also Watts, Larry L. *“Control and oversight of security intelligence in Romania”, DCAF WP 111 / 2003*

- The globalization of threats requires a globalize responses. There are no geographical limits to military operations, as there are no geographical limits to terrorist activities.
- Unlike the behaviour of states terrorist organizations can be highly unpredictable and very fast in action. Rapid reaction and flexibility, including the theatres of operations, should be the main determinants in reforming the military.
- If exit strategies and end-state objectives will continue to define political decisions to move forces into a theatre, no one should expect their military component to be either easy or unproblematic. (Mihaela Matei, 2004)

Indecisions, incompetence or corruption of the leadership at local or national level could be a risk to the national security.

Due to challenges of change and the need for better understanding and a wider support, SSR has to be subject of debate:

- inside the institutions to move from frustrations resistance and stress to better cooperation of the human subjects of reform by improvement of internal communication a.o.;
- among the institutions part of the domestic security community;
- at national level to promote the public debate, the participation of the civil society a.o.
- at international level (like regional debates on security sector reform for “cross fertilization” a.o.).

Predictability and transparency of the whole Security Sector reform will be welcomed on the internal level as well as on the national and international levels.

Inside the institutions, subject to reform, a special attention and a priority for human resources departments, internal protection a.o., if not they could hamper the reform of the whole institution.

SSR could introduce “collateral damages” like subjective decisions in human resources management a. o. in case of lack of clear, accepted criteria of selection¹.

1) *“...When offices are chosen for persons, there is disorder; when persons are chosen for offices, there is order...
 ... When the wise are disaffected, a nation is in peril; when the wise are employed, a nation is secure
 ...”*
 (The Way of the General: Essays on Leadership and Crisis Management by Zhuge Liang).

SSR must consider the integration of the new private security companies, professional associations, employers organizations, training centers in the process of European and Euro-Atlantic integration.

The lessons learned in Romania for its NATO and EU membership, from the perspective of the civil society imposes also some remarks:

The “left outs”: retired, restructured a.o. military and civilian personnel are a chance to start to build bridges towards business sector, civil society (outsourcing of MoD, MoI activities – consultancy, both in the country and in the region, logistics, training, think tanks a.o.).

So the SSR has the chance to switch from the classical civil – military dialogue to the “enlarged dialogue”: government and NGO’s, public – private partnership in security matters a.o., encouraging the role of the “neglected” components of the “cluster” of the security sector: NGO’s from security to human rights, mass-media dealing with security matters, academia, professional associations, veteran associations, reserve officers and /or NGO’s associations a.o..

*Research Head,
Centre For Defense Studies,
Belgium*

EU as a global player: Latest ESDP developments

Ladies and gentleman, I will organize my presentation in 3 parts:

First of all, I will expose the outcomes of the two last EU presidencies, namely the British presidency and the Austrian presidency.

Secondly, I will briefly talk about the EU point of view regarding the South Caucasus region.

Thirdly, I will give some personal remarks and conclusions about this situation.

Part I: the two last EU presidencies: ESDP outcomes

There is a lot of way to evaluate how ESDP is evolving. We can look at the EU mission's outcome, we can also consider the pooling of military capacities, or we can even analyze the evolution of the defense budgets. All of those methodologies provide you a piece of the picture. Regarding this presentation, I will use another perspective: I will briefly go through one year of ESDP by describe you the main ESDP results of the two last EU presidency.

The British presidency

The British presidency came at a key momentum for the EU. The ESDP was not the main topic of this presidency because of 3 other "big issues":

- Failure of the Constitutional treaty in France and in the Netherlands.
- The EU budget negotiations.
- Police and justice cooperation in the field of terrorism and organized crime.

In general terms, the British presidency had 3 main priorities: the fight against terrorism, the human traffic and migration issues and the enlargement. If we look at the second Pillar, we can see that 3 issues were considered during the British presidency:

- The European Defense Agency.
- The EU new missions.
- The capacities and capabilities issue.

If we look this for another point of view we can see that during those six months, the EU was focused on 3 geographic areas: Africa (new implication), Middle East (totally new implication) and the Balkans (“old” implication). Those involvements left no real place for another implication in South Caucasus and in Central Asia.

Fundamentally, it is obvious that the British priorities for those six months were not in the field of CFSP or ESDP. The real objective of Tony Blair Government was to give a strong impulsion to an EU economy considered as too weak and to reduce the unemployment rate considered as too high on the continent. In this respect London’s key objective will be to try to persuade the other EU capitals to accept the application of the formulas used by the Labour party in the United-Kingdom since nearly one decade now. Unfortunately, as the informal summit held at Hampton Court in October had shown, the United-Kingdom will have a lot of difficulties to persuade countries like France and Germany to give up the so called “European social model” and it will also be tricky for Tony Blair to “sell” to the new member states a reduction of their allocation in order to promote research and science and not the CAP. Finally, those discussions let only a small space to United Kingdom to really playing a leader role regarding the ESDP. This low profile could be considered as a missed chance for the UE, because the United Kingdom was obviously the best member state to advocate by the American administration the necessity of a strong and military capable European ally.

The Austrian presidency

After the British Presidency, the next one manages essentially with the ongoing EU business in the field of ESDP. This pragmatic and careful stand was imposed by the Constitutional Treaty crisis and by the non-aligned state posture of Austria. Indeed, the national parliament ratified the Treaty nearly at the unanimity and the authorities of this small alpine-state are vigorous actor to the revitalization of the debates on the future of the EU. But the current priorities lies less in ESDP field than in the collective resolution of the

financial question for 2007-2013, the Iran nuclear crisis in the field of CFSP and the couple economic-grow/employment.

In the field of ESDP, the Austrian Presidency, in cooperation with the others governments, organised the crisis management follow-up as well as the establishment of new missions in the international area: Althea mission (the only purely military EU mission), the Bosnia-Herzegovina EU Police mission, the police and security sector reform mission in Congo, the action of military-civilian support to the African Union mission in Darfour, the monitoring mission in Aceh (Indonesia), the mission for the state of law in Iraq, the assistance mission in Rafah borders (Palestinian territories), the consultation police mission in FYROM and the border assistance mission between Moldavia and Ukraine.

But the main characteristic of the Austrian presidency was the engagement to intervene during the electoral process in DRC. RDC Eufor will be composed by elements concentrated in Kinshasa and others elements in standby outside the country. This deployment will take place in one or two weeks before the Congolese presidential and legislative elections (planned for 31st July 2006), and will stop four months after the first round. In case of an extension of the European mandate, the presence of Eufor will be subordinated to the prorogation of the MONUC mandate before the 30th September 2006. The DRC Eufor personal will be more less 1.450 troops: 400-450 based in Kinshasa, a battalion-sized support force (800-1.000) based in Gabon for a 24 hours airborne intervention and, finally, a reserve force in standby force in Europe.

ESDP operations in progress (March 2006)
EU Military Operation in Bosnia and Herzegovina (EUFOR-Althea)
EU Police Mission in Bosnia-Herzegovina (EUPM)
EU Police Advisory Team in the Former Yugoslav Republic of Macedonia (EUPAT)
EU Police Mission in the Palestinian Territories (EUPOL COPPS)
EU Border Assistance Mission at Rafah Crossing Point in the Palestinian Territories (EU BAM Rafah)
EU Integrated Rule of Law Mission for Iraq (Eujust Lex)
EU Police Mission in Kinshasa (DRC) (EUPOL Kinshasa)
EU security sector reform mission in the Democratic Republic of the Congo (EUSEC DR Congo)
EU Support to AMIS II (Darfur)

EU Monitoring Mission in Aceh (AMM)

EU Border Assistance Mission to Moldova and Ukraine

In the spirit of the European security strategy of 2003, the Presidency dealt with the issue of security sector reform in states in crisis, of the regional dimension of organised crime in western Balkans but also of the human right dimension regarding the planning phase of ESDP operation.

If it was not astonishing, the Austrian Presidency ensured the continuity of the ESDP works established by its predecessors, illustrating the collective character required to manage this specific policy with credibility. Starting with limited goals and with a program more oriented on the socio-economic agenda, Austria had however honoured its commitments in the field of ESDP.

Part II: EU and South Caucasus

For the EU, the South Caucasus is mainly considered as an area to be stabilised and secure at the EU borders. But the main question is: Who is going to do it? The United-States or Russia?

Fundamentally, the EU action in this region is the result of the positions and the politics of its member states. In this respect, if there is not a consensus, there will not be a common policy towards this region. And, at this time the EU member's states do not share the same views on very important issue, such as the involvement of Russia.

Another important point is to identify the nature of the EU policy in the region: will it be a cooperative or a competitive policy? It seems that the EU is more willing to play the card of complementarity regarding the other important players. In this perspective, the EU is not reluctant to let act other regional organisation such as UN or OSCE, agencies such as IMF or the World Bank or even NGO's.

However since 2001 we can see some change in this approach. We can note the creation of a EU special representative during the Finnish presidency. There is an emergence of a debate inside the European institutions (Parliament), at the civilian society level, but developing a real common policy takes time. Moreover on certain issue (the so called "frozen conflicts") until 2004 the special representative and the EU in general had played a low profile policy. The aim was to avoid hurting sensibilities and work on more indirect ways.

The “gas war”, in some extent, had considerably changes this situation. Regarding energy, the EU member’s states realized that Moscow could use the energy transport and production as a weapon in his external policy. Moreover, regarding the instabilities in the Middle-East, the EU is in search for diversification of its suppliers. In this respect the 25 are getting closer to the South Caucasus by giving a new impetus to this relationship.

Part III: The future and conclusions

As we have seen the two last presidencies left not a lot of place for ESDP and CFSP issues. Moreover inside those two subjects most of the energy where use to other subjects and region than Caucasus and Central Asia. The more recent concerns are Africa and now the Middle-East. Still, in this “busy agenda” there is maybe a future for an EU policy regarding Caucasus. The new EU representative as underlined recently the importance of the conflict resolution and his mandate is now more focused on those issues. Is it an optimistic point of view? Is it just declarations? It is obviously too early to be affirmative. But what is sure is that the EU starts to realise the strategic importance of this region.

There is maybe also room for an evolution from a passive ENP focused on questions relating to security and stability to a more proactive policy focused at the first time by the energy issue. In this respect the EU should be more active and positive regarding the regional initiative like GUAM or CEMN, because regional integration is a key element of stability. In this respect, the common strategy towards Russia approved during the Cologne Summit should be translated in an action program during the six month of the Finnish presidency.

The EU will have to deal with the issue of his relation with Moscow. If we look the policy adopted by the United-Sates, we see that Washington, even if Moscow is a strategic partner in the field of the fight against terror, they do not fear to be in opposition on some issue. Brussels seems to be more cautious and try to keep a statut quo in his relationship.

In a more global perspective we can ask ourselves about the nature of the future global strategy. For instance, during the current Belgian presidency of the OSCE, 10 millions of Euros will be invested in projects in order to improve the level life in some part of Caucasus (road, schools,...). This strategy starts from the improvement of the economic and social conditions in order to initiate the political dialogue. Is it the best strategy? Or political dialogue should be considered as a prerequisite?

Finally, if we consider the Caucasus and Central Asia we have all the modern challenges ahead: environment, health, migration, organised crime, ethnic and religious tensions, terrorism and, of course, energy. As far as all those issues are present in the EU strategy paper, it must keep us in mind the importance of a deeper involvement on short, medium and long terms in this region. If not, it could be negative both for the region and for the EU.

*President of the Centre for European
Integration Studies
(Preparatory Committee of European Movement in Georgia)*

**“Role of IPAP for Georgia and
its impact on other programs”**

Membership of NATO and full integration the European Union (EU) structures represent the strategic objectives of Georgia’s foreign and security policy. Georgian Parliament already adopted a National Security Concept, which reflect these objectives. Georgia is determined to develop good-neighborly and constructive relations with all its neighbors. We wish to promote regional co-operation in the South-Caucasus and in the Black sea region. Individual Partnership Action Plan (IPAP) agreed between Georgia and Nato provides with list of actions determined to meet specific criteria established by NATO. The document (IPAP) also is used as a tool for necessary reforms in different fields: starting from security and defense matters to economic reform and fight against corruption. In addition IPAP covers legal issues both at national and international level.

Objectives laid down in IPAP can not be considered as separate question

Georgia’s rapprochement with NATO and attempt to meet the objectives laid down in IPAP can not be considered as separate question, because this activities are linked also with the commitments and obligations taken by our country before other international organization like CoE, EU, OSCE, UN etc. Frequently we are witnessing that many requirements and standards are similar or in any case are indirectly linked with each other.

When we talk about Georgia’s intention to become full member of EU we mean at the current moment, proper implementation of PCA and Action Plan (as soon as agreed) within the framework of ENP. Main task for Georgia here is to harmonize its legislation with the EU aquis. Those recommendation as well as many provisions of PCA are designed to foster economic reforms and establishment properly functioning market economy.

If we take the issue of honoring CoE statdard by Georgia, we mean the ratification of CoE contentions and respect of recommendation from monitor-

ing Committee. Some CoE conventions, particularly those that refer human rights and minority rights are incorporated into IPAP actions and represent at the same part of NATO requirements. Conventions of CoE “European Charter on Regional or Minority Languages”, “European Social Charter”, “Framework Convention on National Minorities” we can use as visible example in this regard. This fact underlines that all those recommendations and requirements are directed toward establishment democratic standards, to combat corruption and facilitate security and stability in Georgia.

When we talk about OSCE mission in Georgia we see that main objective of OSCE in Georgia is to promote respect for human rights and fundamental freedoms and assist in the development of legal and democratic institutions and processes, the implementation of a legislation on citizenship and the establishment of an independent judiciary as well as monitoring elections; All those values are integral parts in requirements and commitments of CoE, EU, NATO and UN. Georgia takes part in the international fight against terrorism by offering, among others its air space and airfields to support the international coalition during the campaign in Afghanistan. Georgia’s military capabilities to fight terrorist groups have been significantly enhanced. Georgia will continue to carry out enhanced border control and policing measures. All those measures are highlighted in IPAP. In addition, OSCE provides member states with appropriate legal basis to strengthen their capacity fighting terrorism. As you are aware the OSCE’s Bucharest Plan of Action for Combating Terrorism called upon all member states to ratify the 12 Universal Anti-terrorism Conventions and protocols. I mean conventions of UN Office of Drugs and Crime. Georgia still has to ratify 3 of those conventions, namely “Convention on the Physical Protection of Nuclear Material”, signed on 3 March 1980, “Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation” signed on March 10, 1988, “Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf” signed on March 10, 1988.

Centre for European Integration Studies as well as our partner think tanks in Georgia will do our best to persuade Georgian Authorities to fulfil all this obligations as soon as possible.

We see that talking on Conventions I referred interests and requirements at least three different international organisations. In spite of Action Plan for Georgia under ENP with EU is still not agreed (hopefully it will happen soon), I would like to compare the 5 priorities advanced by Georgian authorities: Strengthening the Rule of Law; Strengthening Security and Stability; Enhancement of the Four Freedoms; Rehabilitation of infrastructure; Edu-

cation and Science. If we follow the structure of IPAP for Georgia we can see that all these priorities are directly or indirectly reflected in the text.

We can conclude that success in co-operation with one international organization serves as a good pre-condition to success in co-operation with other organizations. Of course we have to realize that all of IOs mentioned above have their particular emphasis and particular goal when it refers details. But one common point I have to mention is common values, which are to be established and enhanced in transitional countries like Georgia or Armenia. On the other side it demonstrates that close and intense co-operation with all leading international organizations, (particularly those covering European and Euro-Atlantic geographic area), are very important and crucial for Georgia.

Defence Reforms:

In order to meet obligations taken under IPAP Major steps have been taken to modernise the defence sector. We can list most important activities, like:

- A National Military Strategy has been adopted;
- A Strategic Defence Review (SDR) is completed;
- The General Staff has begun to be restructured along NATO lines
- Officer education has been strengthened by the introduction of a revised, shorter syllabus at the Defence Academy;
- NCO rank has been introduced and an NCO School is functioning
- Georgian troops have gained valuable experience by contributing to international security commitments in Kosovo, Iraq and Afghanistan;
- A law on defence planning, which sets out procedures for a three-year financial and budgetary planning cycle, passed the inter-agency consultation phase and was adopted by the Parliament recently.

Democratic oversight

In this field the role of Parliament in the democratic oversight of the security sector has been strengthened. In December 2004 the Law on Defence of Georgia defined the roles of the President, Minister of Defence and Chief of Defence. A Law on Military Service, which defines the obligation of citizens, regulates contract service and sets up a military police, is also adopted by the Parliament. A military discipline code drafted with the involvement of military commanders, NGOs and external advice, is awaiting Presidential signature and promulgation.

Internal Security

Major preliminary steps in the demilitarization process of the MIA have been taken by the transfer of the Interior Troops to the MoD and replacement of the Militia by a country-wide patrol police service; The transformation of the militarized Border Guards into a modern border and immigration control service has begun with their move to agency status within the MIA. Laws are in draft to lay out the functions, competencies, structures, structures and systems of the modernised police and police service.

Things that remained to be done

The MoD is aware of importance of strengthening its performance in management areas such as budgetary and personnel management, equipment procurement and smooth handling of bilateral assistance programmes.

External assistance

External assistance plays a vital role in Georgia's modernisation programme in the security sector, as elsewhere. Given the integration objectives of the government, NATO and the EU provide the guiding framework for modernisation through the IPAP and ENP processes.

Of course assistance alone will not deliver success in the reform process. It must be accompanied by an adequate number of dedicated, relevantly trained officials. There is however, a clear and obvious need to put in place proper personnel development and employment procedures for officials and to reduce the frequency with which they moved or rotated.

Under IPAP the Georgian Government is committed to solving these problems by peaceful means,

According to IPAP for Georgia, frozen conflicts in Abkhazia and the Tskhinvali Region (South-Ossetia) hinder the stable development of our country. They also pose a threat to the regional and international security, as they create fertile grounds for terrorism, organized crime, and drug and arms trafficking. Under IPAP the Georgian Government is committed to solving these problems by peaceful means, in co-operation with relevant international organizations in accordance with appropriate international standards. Consequently Georgia came up three times with concrete peace initiatives in relation with the conflict in Tskhinvali region. Peaceful resolution of conflicts in Georgia are linked with other IOs active in the region.

Georgian side has put forth three interlinked proposals over South Ossetia.

In a period of the past year, the Georgian side has put forth three interlinked proposals over South Ossetia. The first one was the so called 1. 'three-stage' conflict resolution plan, which was voiced by President Saakashvili last September at the UN General Assembly. This plan is more general and proposes a demilitarization of the conflict zone at the first stage, confidence-building and social-economic rehabilitation measures at the second stage and a comprehensive political settlement of the conflict at the third stage.

In January, 2005, President Saakashvili voiced at the Parliamentary Assembly of the Council of Europe (PACE) a more detailed Peace Plan, which deals with the future political status of South Ossetia. And finally, on October 27 OSCE Permanent Council in Vienna, Prime Minister Zurab Nogaideli presented a so called Action Plan – which describes the objectives and steps the Georgian authorities intend to undertake in the coming months and in 2006 in order to achieve a final solution to the conflict. Aim of action plan is to achieve a change in the current negotiating formula – the quadripartite Joint Control Commission (Georgian, South Ossetian, Russian and Russia's North Ossetian sides) - by the end of this year, by involving representatives of the United States and OSCE as full fledged members of the commission. The U.S., as well as the EU, have already welcomed this action plan.

Georgia is interested to enhance and develop North-South transport connection also

According to IPAP Georgia is determined to co-operate fully with the UN and the OSCE on issues related to resolution of conflicts and other relevant security issues on its territory. It is determined to enhance its co-operation with the European Union and implement standards of Council of Europe. IPAP underlines also that Georgia is determined to make practical steps to promote regional cooperation in the Caucasus. Enhancement of co-operation with our neighbors is top priority for Georgia's foreign policy. After the collapse of USSR, South Caucasus has emerged as important geo-strategic region within which the interest of bigger players US, EU, Russia, Iran and Turkey crosses. South Caucasus become a central part of the transit corridor (frequently associated with new 'Silk Road') that is to be considered as a connection between the Europe-Southern Caucasus-Central Asia-China. In parallel of development of East-West Transit corridor, Georgia is interested to enhance and develop North-South (Russia - Georgia - Armenia - Middle East countries) transport and energy connection also. Unfortunately unresolved

conflicts in Abkhazia and Tskhinvali Region hinder full implementation of these projects.

Current deadlock in the peace process in Abkhazia and South Osetia represent the main obstacle both for deepening cooperation with USA, Russia and EU and develop the economic projects designed for South Caucasus. It hinders also resumption of dialogue and development of genuine regional cooperation among South Caucasian countries. It should be mentioned that Russia's military presence in Georgia still creates serious tensions and instability in the areas of frozen conflicts. In some cases Russian peacekeepers are openly trying to prevent reconciliation process which becomes more and more visible and realistic in particular in South Ossetia. Population of South Ossetian region both ethnic Georgians and Ossetians demonstrate their strong desire to live together in peace, prosperity and stability several times.

Unfortunately we are still witnessing Russia's attempt to prevent the reconciliation process

Unfortunately we are still witnessing Russia's attempt to prevent the reconciliation process in Abkhazia and to create tensions. The Russian Federation continues to maintain illegally its military base in Gudauta, which operates without the consent of Georgia and against international commitments undertaken by Russia; What are concrete actions committed by Russian peacekeepers making peaceful resolution of frozen conflicts almost impossible:

- Positions in the separatist governments are filled with people sent directly from the public jobs in the Russian Federation, from as far as Siberia;
- Legal entities of the Russian Federation acquire property and land in the secessionist regions;
- Military personnel of separatists are trained by the Russian military schools, without shying away from openly providing them quotas;
- Russian citizenship is granted to the 80% of current population of those regions.

Our policy of pro-active engagement has long-term goals to get Abkhaz society out of isolation, to expose them to democratic values and beliefs recognizing fundamental human rights of internally displaced persons and refugees, first of all the right to return to their homes, regardless of their ethnicity, to establish environment of trust and mutual respect. This is the only way for the conflict resolution - cooperative efforts of the Government and the civil society to create favorable environment through promotion of rule of law,

human rights, legitimacy through participation, creation of environment of peace and security.

South Caucasian countries have to use IPAP instruments to reach peace and stability

South Caucasian countries owing to their geographical position and their history, culture and traditions, constitute a strategically important region for the USA and EU in terms of matters common foreign and security policy as well as a genuine gateway to Central Asia. Stabilization of situation in the region, enhancing regional co-operation and more intense relation with enlarging EU and NATO represents main task of our countries for a short - term period and I hope that Georgian, Armenian and Azerbaijani authorities will find ways directed toward establishment of prosperous and stable area in South Caucasus. Peaceful solution of existing conflicts will benefit development interests of our countries as well as major international organizations that have strategic interest toward our region. In this regard, using tools provided by IPAP, as well as other action plans and regional projects designed by OSCE, EU, UN ect. represent top priority for us and we can not afford ourselves to miss this opportunity.

I sincerely hope that future developments of South Caucasus will allow us build prosperous, stable and democratic societies.

Thank you for attention.

**What is Next: Challenges and Opportunities on the way from
Cooperation to Partnership**

*Reengineering Director
Armenia Telephone Company*

Ladies and gentlemen

Let me start by thanking the organizers for putting together such a timely event. We have already heard many interesting presentations today covering certain strategic and operational dimensions of the ENP. The purpose of this section is to invite reflections as to what is next in terms of challenges and opportunities.

I contend that the ENP is not only about reshaping the EU neighborhood but also the EU per se. On the one hand the ENP seeks to introduce a new institutional architecture both in terms of design and also processes in economic, political, social and security domains of partner states. Hence, in the pursuit of meeting its own security and development concerns, it aims to transform its neighborhood into a hub of cooperation and peaceful coexistence. On the other hand, EU itself faces some issues of strategic importance such as enlargement, neighborhood, foreign and security issues linked with e.g. Turkey, Russia, as well as energy security issues that together have a major bearing on whether or not the wider European neighborhood will evolve broadly in line with modern European values. I would like to outline some of challenges for the EU per se.

On enlargement issue, discussions are still hot as to what future holds for Europe. There is falling public support in many member states for any further enlargement with Bulgaria and Romania scheduled to join in January 2007 and a series of Western Balkans as well as Turkey all lined up for membership. The growing unease for further enlargement is fueled by uncertainty on the side of EC policy-makers who so far failed to set out future enlargement strategy both in terms of strategy and operations. The EU has given such an overstressing definition of integration capacity e.g. as being defined by the development of the EU's policies and institutions, on the one hand, and by the European transformation of member states, that can threaten weakening EU credibility to achieve meaningful transformation or Europeanization.

On Turkey - Cyprus issue, as to enlargement commissioner Rehn, negotiations are heading for a train wreck unless Turkey recognizes the republic of Cyprus. In coming months we are likely to witness intensified dialogue and

tough talks as to how proceed on Turkey since it seems unlikely that either EU or Turkey are positioned to make some political concessions. It might require tremendous effort to salvage Turkey talks and “breathing pause” might be an option the EU might consider.

On Russia, EU heads for a new framework agreement of comprehensive and durable framework for strategic partnership. Energy, human rights, Middle East and Georgia will be high on EU-Russia policy agenda. Faced with Russian new energy strategy targeted to achieving political ends, the EC e.g. has put renewed emphasis on the completion of the internal energy market and energy diversification projects. There are also many pending tough issues in the EU-Russia energy dialogue such as dependence or interdependence, fossil fuel, the Kyoto protocol, interconnected electricity networks and physical security.

In terms of its operational design, the ENP so far remains underspecified in many key policy areas; there is a lack of consistently designed methodology for implementation of reforms as well as key benchmarks are missing. On the “carrot” of its policy substance e.g.: a stake in the internal market, there is no clear cut definition what it is supposed to mean and to what it entitles to. Moreover, it remains uncertain as which degree of acquire convergence and compliance should entitle to the stake in the internal markets.

Against this background, I would like to invite the speakers for presentations.

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Results and prospects for integration through the ENP

Every enlargement of the European Union has had major effects not only on its internal policies, but also on its external relations. The latest and biggest ever EU enlargement, which was finalised (completed) on May 1, 2004 has brought ten new members into the EU¹, significantly changing the Union's external frontier. The European Union now borders with Belarus, Russia and Ukraine on the East². Moreover, the entry of Cyprus and Malta into the EU has also added to the Mediterranean dimension of the EU, increasing the importance of the relations with the South-Mediterranean countries. Therefore, after having successfully completed the enlargement, the Union is now confronted with the task to help establish the creation of an area of peace, stability and prosperity around its eastern and southern borders. This is exactly the aim of the European Neighbourhood Policy (ENP) as envisaged in the two main communications issued by the European Commission in March 2003³ and May 2004⁴ and in the various documents approved by the European Council and by the External Relations Council since late 2002.

This article first examines the origin(s) and rationale(s) of the European Neighbourhood Policy as part of a wider effort to give consistency and coherence to the EU's foreign policy, that has so far been mainly reactive and inconsistent, and then passes on to examine its main developments, shortcomings and results to date, taking into account that the ENP is at an early

- 1) *The new members are: Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, Slovakia and the Czech Republic.*
- 2) *With the likely accession of Romania into the EU in 2007, the Union will also border with Moldova, which is actually already considered as a "neighbouring country".*
- 3) *Communication from the Commission to the Council and the European Parliament Wider Europe – Neighbourhood: a new Framework for Relations with our Eastern and Southern Neighbours, COM (2003) 104 final, Brussels, 11 March 2003. The document is available at http://europa.eu.int/comm/world/enp/pdf/com03_104_en.pdf.*
- 4) *Communication from the Commission European Neighbourhood Policy. Strategy Paper, COM (2004), 373 final, Brussels, 12 May 2004. The document is available at http://europa.eu.int/comm/world/enp/pdf/strategy/Strategy_Paper_EN.pdf*

stage of implementation and that so far only seven countries have adopted the Action Plans. Finally, some future perspectives will be outlined, that link the ENP with the enlargement debate, the constitutional reform of the EU and the attempts to make European foreign policy more efficient.

Geographical scope of the ENP

The Commission Communication “Wider Europe – Neighbourhood: A new Framework for Relations with our Eastern and Southern Neighbours” issued on March 11, 2003, stated that the aim of the European Neighbourhood Policy was “to develop a zone of prosperity and a friendly neighbourhood – a “ring of friends” – with whom the EU enjoys close, peaceful and co-operative relations”. This document also specified that the countries forming this “ring of friends” were the “Eastern neighbours” as well as the “Southern neighbours”. The former included Russia (which is no longer part of the ENP1) and the Western Newly Independent States (Western NIS), namely Belarus2, Moldova and Ukraine. The latter included the Southern Mediterranean countries, that is Algeria, Egypt, Israel, Jordan, Lebanon, Libya3, Morocco, Palestinian Authority, Syria and Tunisia, which do not share a frontier with the EU, but have a sea border with it. Whereas the Eastern neighbours might have the prospect of entering the EU in the long term, the Southern neighbours are considered not eligible for applying to become members of the EU because they are regarded as non-European countries. In fact, in 1987 the European Commission rejected the request by Morocco to become member of the EU on the basis that it was not a European country – a condition now set down in article 49 of the Treaty on European Union.

Taking into account some recent developments in South Caucasus (Armenia, Azerbaijan and Georgia), notably the “rose revolution”4 that took place in Georgia in November 2003, the European Council of June 2004 decided to include these three countries into the ENP. The renewed interest by the

1) For the peculiar situation of Russia see below.

2) The EU has decided to exclude Belarus from the ENP since the country is an authoritarian regime. However, the European Union will implement some ENP programmes focused on the civil society of the country.

3) Libya is also, for the moment, *de facto* outside the ENP, because it has not yet developed contractual relations with the EU. The first step that Libya must take in order to be admitted to the ENP is to accept the full obligations required to become a member of the Euro-Mediterranean Partnership (Barcelona process).

4) The “rose revolution” led to the resignation of President Eduard Shevardnadze, following protests against the fraudulent parliamentary elections. Presidential elections on 4 January 2004 were won by Mikheil Saakashvili, who had led the November protests. President Saakashvili regards membership of the EU and NATO as a long term priority. See The EU’s relations with Georgia at http://europa.eu.int/comm/external_relations/georgia/intro/

EU in the region was explicitly mentioned in the European Security Strategy (ESS), the so called Solana paper, that was finally approved by the European Council in December 2003. The paper indeed states that “We should now take a stronger and more active interest in the problems of the Southern Caucasus, which will in due course also be a neighbouring region.”¹ A few months earlier, in July 2003, the EU decided to appoint the Finnish Heikki Talvitie as the EU special representative for South Caucasus².

As for the Russian participation in the ENP, the situation is more peculiar. Actually, Russia perceives the ENP as based on an unbalanced relation, where the EU has a leading role and its counterparts are only given a limited room for action³. Russia does recognise that the EU and itself have “no other choice than coming closer to each other”⁴, but at the same time it wants to develop its relations with the Union on a bilateral basis, that takes into account its status of regional power, rather than taking part in a multilateral framework such as the ENP. In fact, at the Saint Petersburg EU-Russia Summit of May 2003 it was decided to consolidate the bilateral framework of cooperation by concentrating on the goal of creating four common spaces⁵. For this reason, while the Commission explicitly mentioned Russia among the ENP countries in its first Communication on the ENP, the following statements were ambiguous on the subject. For example, the General Affairs and External Relations Council (GAERC) Conclusions of June 2003 stated that the EU intended to reinforce the strategic partnership with Russia, while at the same time trying to pursue the ENP with the other neighbouring countries. Currently, Russia is certainly to be considered outside the ENP, even though it would be difficult to identify a precise moment when this has become official. The EU has tried to downplay Russia’s refusal to participate in the ENP, by emphasising that, even on a bilateral basis, all cooperation programs agreed upon with Moscow can achieve their objectives⁶.

1) *A Secure Europe in a Better World. European Security Strategy, European Council, Brussels, 12 December 2003.*

2) *On February 20, 2006 the EU appointed Peter Semneby as the new EU Special Representative for South Caucasus, that took over from Mr Talvitie. Cfr. Ultra.*

3) *Interview of the author with an official from the Mission of the Russian Federation to the European Union, Brussels, July, 2004.*

4) *Idem.*

5) *These are: common economic space; a space of freedom, security and justice; a space of co-operation in the field of external security; a space of research and education, including cultural aspects.*

6) *Interview of the author with officials from the Council, Brussels, July 2004.*

The content of the ENP

The ideas outlined in the Communication “Wider Europe – Neighbourhood Policy” by the Commission were welcomed by the GAERC of the 16 June 2003 and later endorsed by the Thessalonica European Council of June 20-21. The Commission and the High Representative for CFSP, where appropriate, were tasked to present proposals for the definition of a series of Action Plans (AP) with each targeted country. The APs focus on the following key priority areas: political dialogue and reform; economic and social reform and development; trade, market and regulatory reform (with gradual participation in the internal market being the long-term objective); justice and home affairs; networks (energy, transport, information society) and environment; people-to-people contacts (including in the area of science and technology, culture and education). Thus, issues belonging to all the three pillars of the Union are covered, which indicates the comprehensive – cross-pillar – character of the ENP.

The APs are political agreements, not legally-binding treaties, that is they do not need to undergo the national ratification procedures. The specific contents of the Action Plans are discussed between the EU1 and the neighbouring countries concerned, in line with the principle of joint ownership which postulates that the commitments have to be undertaken by both parties by common consent, and are not imposed unilaterally by the EU. Thus, each country is able to choose the degree of cooperation that it wants to develop with the EU. Therefore, if the ENP general approach is multilateral, its implementation develops mostly on a bilateral basis. More specifically, the countries that, as of this writing, have negotiated an AP with the EU are Moldova and Ukraine² among the Eastern neighbours and Israel, Jordan, Morocco, the Palestinian Authority and Tunisia³ among the Southern ones. In fact, the latter have since 1995 been engaged with the EU over some of the above mentioned priorities under the framework of the Euro-Mediterranean Partnership, the so called-Barcelona process, which however has so far not brought in major results. However, the ENP will not entail the disbanding of the Barcelona process, which will regularly continue.

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- 1) *The EU is represented by the Council Secretariat when issues concerning the political dialogue and related issues are being discussed, by the Commission in all other cases.*
 - 2) *These countries have all signed and ratified a Partnership and Co-operation Agreement (PCA) with the EU.*
 - 3) *These countries have all signed and ratified an Association Agreement with the EU.*

At this moment, five other Action Plans are being negotiated: three with South Caucasus countries (Armenia, Azerbaijan, Georgia), and two with Southern Mediterranean countries (Egypt and Lebanon).

Let us now consider the general content of the APs: the first chapter is the political dialogue, that is quite extended, at least for some countries, such as Ukraine, which constitutes an innovation compared with the Partnership and Cooperation Agreements and with the Association Agreements, where it was generally limited.

With regard to the political dialogue a possible involvement of the neighbouring countries is envisaged for some aspects of CFSP and ESDP, such as conflict prevention, crisis management and even participation in EU-led crisis management operations². Clauses on human rights and on non-proliferation of weapons of mass destruction are also part of the AP, which has complicated negotiations with such countries as Israel and some other South Mediterranean neighbour.

With regard to the economic aspects, the key objective is the participation of the neighbouring countries in the internal market. They should adapt their economic legislation, open up their economies and reduce trade barriers in order to enter the Internal Market, although the modalities with which this has to be realised are not well defined. Another issue that interests neighbouring countries is the possibility to benefit from the four freedoms, that is the freedom of circulation for people, goods, services and capital - and in particular, as a long-term goal, the possibility to have visa-free access to the EU, at least for a few categories of citizens. However, so far EU Member States have been unwilling to grant citizens of the neighbouring countries a more relaxed visa regime.

Last but not least, with regard to the people-to-people contact, the ENP envisages the progressive opening of a number of Community programmes, including Tempus and Erasmus Mundus, to neighbouring countries, that have already proved instrumental in breaking down cultural barriers existing among the students of different EU countries.

1) *The final adoption of the APs with these countries have been slowed down mainly because some disagreements emerged after Azerbaijan decided to operate direct flights with Cyprus and the EU decided to adopt the APs with all three countries together. Interview with Council official, Brussels, September 2005.*

2) *This would reassure particularly the countries from the South Mediterranean shore, that in the past have not always looked at the developments taking place in ESDP in a favourable fashion.*

The areas covered by the ENP are, as we have seen, very large. As a result, the costs for its implementation are likely to be considerable. In a Communication dated 14 July 2004¹, followed by another one dated 29 September 2004², the Commission has proposed the set up of a new financial instrument, the European Neighbourhood and Partnership Instrument (ENPI), that will “promote progressive economic integration and deeper political cooperation between the EU and partner countries” and “address the specific opportunities and challenges related to the geographical proximity common to the EU and its neighbours”. This instrument will become effective with the new financial perspectives (2007-2013) and replace all the existing financial instruments (TACIS and MEDA) that the EU is currently using to assist its neighbours. The ENPI will be used in the framework of the bilateral agreements between the Community and neighbouring countries, that is the Action Plans. This financial instrument is not only intended to fight poverty and foster sustainable development, but also to support measures leading to progressive participation in the EU’s Internal Market. A peculiar feature of the ENPI is the cross-border component. In practice, the new financial instrument will finance “joint programmes” combining regions of Member States and partner countries sharing a common border. The ENPI, which will adopt a “Structural Funds” approach, based on multi-annual programming, partnership and co-financing” is expected to trigger a simplification in procedures and gains in efficiency. In the meantime, that is until 2007, the AP will be financed through the existing programmes.

The rationale behind the ENP - a new foreign policy approach?

The ENP is mainly designed to create a zone of peace, prosperity and stability at the EU’s borders, avoiding that the latest enlargement wave might

- 1) *Communication from the Commission to the Council and the European Parliament Financial Perspectives 2007-2013, COM (2004) 487 final, Brussels, 14 July 2004. An instrument designed to finance the implementation of the ENP was first proposed by the Commission with a previous Communication Paving the way for a New Neighbourhood Instrument, COM (2003) 393 final, Brussels, 1 July 2003. The new wording of the instrument is the result of a compromise with Russia. In addition, the Commission proposes the set up of a Pre-Accession Instrument (IPA) covering the candidate (Turkey and Croatia) and the potential candidate (the other Western Balkans) countries and superseding existing instruments (PHARE, ISPA, SAPARD and Turkey pre-accession Regulation) and of a Development Cooperation & Economic Cooperation Instrument, becoming the main vehicle to support developing countries in their efforts to progress towards the Millennium development goals.*
- 2) *Communication from the Commission to the Council and the European Parliament on The Instruments for External Assistance under the Future Financial Perspective 2007-2013, COM(2004)626 final, Brussels, 29 September 2004. See also Proposal for a Regulation of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument COM(2004) 628 final, Brussels, 29 September 2004.*

result in the creation of new dividing lines in Europe. Indeed, the set up of the Schengen regime along the new frontier of the EU entails the risk of a considerable decrease in the transborder traffic and trade between the new Member States and their neighbours, as is the case for the border between Poland and Ukraine. The EU wants to avoid the adoption of an attitude of “fortress Europe” vis-à-vis these countries, and tackle the threats that might emerge from them – such as illegal immigration, transnational crime, smuggling and trafficking in human beings – through an attitude of cooperation. In practice, the Union promises economic benefits to these countries, such as a possible participation in the EU’s internal market provided that they implement a number of economic and political reforms towards the establishment of a political system and market economy similar to those of the EU Member States. In the past, the best instrument that the EU had in order to push the neighbouring countries to reform themselves has been the prospect of membership. However, the EU chose not to offer these countries a prospect of accession into the Union, at least not in the short term. One reason is that the EU is likely to suffer from the so called “enlargement fatigue” due to the latest wave of enlargement, meaning that the Union will be going through dramatic changes in terms of budget repartition, review of current policies, working of the institutions and also foreign policy choices, let alone the fact that neighbouring countries are far from the EU standards and that public opinion is likely to oppose their accession into the EU. In addition, other countries are already on the list for the next wave of enlargement: Bulgaria and Romania are expected to join the Union in 2007 and Croatia may follow suit soon afterwards. As for Turkey, the European Council started accession negotiations with it December 3, 2005. The Western Balkan countries, that is Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia and have also the concrete perspective of joining the EU, although their timetable is yet to be decided and is bound to take long time¹. Those countries have been given a priority, because the EU has since the mid 1990s played a major role in stabilising the Balkan area, which remains a geopolitical priority for the Union.

As it has been pointed out², the European Union adopted in the past two distinct approaches towards its immediate neighbourhood: 1) one aimed at

1) *The decision that the Western Balkan countries would enter the EU was reaffirmed by the Presidency Conclusions of the Thessaloniki European Council on June 19-20, 2003. The document is available at http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/76279.pdf*

2) A. Missiroli, “The EU and its changing neighbourhoods: stabilisation, integration and partnership” in Judy Batt, Dov Lynch, Antonio Missiroli, Martin Ortega and Dimitrios Triantaphyllou, *Partners and neighbours: a CFSP for a wider Europe*, Chaillot Paper 64, Institute of Security Studies of the European Union, Paris, September 2003, p.11. The text is available at <http://www.iss-eu.org/chaillot/chaill64e.pdf>.

stabilisation, mainly focused on regional cooperation and broad partnership (regionalism); 2) another aimed at integration and based on conditionality. It is undoubtful that the second approach, that was applied to the countries from Central and Eastern Europe that on May 1, 2004 joined the EU was greatly successful. Indeed, the prospect of the entry into the EU has led the acceding countries to reform their economies and political systems in a way that would not have been possible otherwise. The first approach was completely unsuccessful when applied to the former Yugoslavia in the 1990s, but it finally worked when it was associated with the second approach that envisaged integration, albeit not as an immediate or near goal, for the Western Balkan countries¹.

Having ruled out for the time being the accession of the new neighbouring countries, the EU has deprived itself of the key positive conditionality instrument to encourage other countries to reform and to align with the EU acquis. However the ENP envisages other forms of positive conditionality. As we have seen, the Commission Communication on “Wider Europe – Neighbourhood Policy” clearly states that these countries should be offered the prospect of a stake in the EU’s internal market and further integration and liberalisation to promote the free movement of persons, goods, services and capital². As a consequence, we can say that the approach that the EU is using towards its neighbours is something in between stabilisation and integration, as it is using both regionalism – the ENP also encourages cross-border and regional cooperation among the neighbouring countries – as well as positive conditionality.

A clear innovation of the ENP can indeed be found in the set up of a single, all-encompassing framework, which covers all aspects of the relations with the neighbouring countries, even though the existing regional framework for EU relations with these countries continue to be in force³. Previously, the EU used different frameworks and strategies for the various areas. The main policy instrument to frame the relationship of the Union with a particular area were the Common Strategies (CS)⁴. As it was explicitly emphasised in

1) *Idem*.

2) *However, the exact meaning of “a stake in the internal market” or the extent of the application of the four freedoms is still difficult to evaluate, as it is expressed in rather vague terms and it is something that cannot be achieved overnight.*

3) *The Conclusions of the General Affairs and External Relations Council of June 2003 so reads: “The new neighbourhood policies should not override the existing framework for EU relations with Russia, the Eastern European countries, and the Southern Mediterranean partners, as developed in the context of the relevant agreements, common strategies, the Northern Initiative and the Barcelona Process. The document is available at http://europa.eu.int/comm/world/enp/pdf/cc06_03.pdf*

4) *The Common Strategies, introduced by the Treaty of Amsterdam, were instruments designed to set the global vision of the Union in the medium-to-long term towards a specific area or, alternative-*

an evaluation report by the High Representative for CFSP Javier Solana¹, one of the main setbacks of the CS was that their elaboration were mainly left to the long and detailed negotiation processes led by the successive presidencies of the European Council. In this way, the CS have suffered from the lack of political impulse and a sense of priority from which they could have instead benefited if the European Council had played a major role in the elaboration of them². Solana also complained about the fact that each rotating Presidency of the EU had its own priorities in foreign policy, which in the end resulted in the absence of “a consistent and coherent EU approach”³. The introduction of a single approach for all neighbouring policy – be it Ukraine or Morocco, Moldova or Syria – might set the bar of the principles guiding the EU’s relationship with neighbouring countries. Within this framework, it will be up to the neighbours to decide the level of co-operation they want to establish with the EU. This might be a beneficial turn in EU foreign policy, that has been long characterised by an inconsistent approach towards third countries, even if the Member States will no doubt continue to push through their own interests in the relations with the individual neighbouring countries, often with little regard to such elements as the respect of human rights.

The attempt to introduce a structural change in the current approaches and practices of the European foreign policy by introducing greater consistency in the relations with third countries is confirmed by the inclusion of a specific provision on the ENP in the first part (art. 57) of the Constitutional Treaty approved by the European Council on June 18, 2004⁴, the “constitutional provisions”, which testifies to the importance given to the relations of the Union with its neighbours⁵.

ly, issue. The EU has adopted three CS: on Russia, in June 1999, on Ukraine in December 1999 and on the Mediterranean in June? 2000. Given the poor records of these CS, a fourth CS on the Balkans was then never adopted.

- 1) *The Secretary General/High Representative Javier Solana, Common Strategies Report, An evaluation report, Brussels, 21 December 2000, reported in A. Missiroli (ed.), Coherence for European Security Policy: Debates-Cases-Assessments, Occasional Paper 27, The Institute for Security Studies, Western European Union, June 2001.*
- 2) *Actually, from a formal point of view, it was the European Council itself in charge of adopting the CS. However, their elaboration basically rested with the Presidency, which had to reach an agreement at the level of working group, Coreper and Council, with the result that the final text was a collection of the priorities of all the Member States. See ibidem.*
- 3) *Ibidem.*
- 4) *See Draft Treaty establishing a Constitution for Europe, available at <http://european-convention.eu.int/docs/Treaty/co00850.en03.pdf>.*
- 5) *See E. Lannon, Le Traité constitutionnel et l’avenir de la politique méditerranéenne de l’UE élargie, EuroMeSCo papers, Lisbon, June 2004, p.22. +*

A similar effort can also be found in the European Security Strategy drafted by the High Representative for CFSP Javier Solana and adopted by the European Council in Brussels on December 12, 2003¹. Indeed, one of the three strategic objectives set by the European Security Strategy “is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations”.

First results and problematic aspects of the ENP

As it has already been mentioned, it is too early to evaluate the results of the ENP. First, this policy is strictly interconnected with other foreign policy and regional initiatives of the EU - such as the Euro-Mediterranean Partnership, the implementation of the European Security Strategy and the work of the European Union Special Representatives – and therefore it is difficult to assess its specific impact and contribution. Secondly, the ENP only last year, in 2005² has started to be implemented through the adoption and entry into force of the Action Plans only for seven countries, that is Israel, Jordan, Moldova, Morocco, Palestinian Authority, Tunisia and Ukraine, while APs with Armenia, Azerbaijan, Egypt, Georgia and Lebanon are still being negotiated.

However, it is already possible to analyse its potential for development and shortcomings in achieving integration with neighbouring countries.

On the one hand, the ENP is an attempt to give more consistency and coherence to the EU's relations with its neighbours, on the other, however, is a policy that has many contradictory elements and is confronted with manifold challenges. First of all, the ENP combines Eastern, South-Mediterranean and Caucasian countries together, irrespective of their differences and possibilities to enter into the Union. This could cause disappointment in those European countries that have clearly stated their desire to join the Union, even though in the long term only. This is the case of Ukraine: Kiev actually tends to regard the ENP as an attempt by the EU to postpone indefinitely any decision on eventually granting it “the legitimacy/right to be a member” by putting it in a wider framework which includes countries that are a priori excluded from the EU membership³. An enhanced partnership with

1) *A Secure Europe in a Better World. European Security Strategy, Brussels, 12 December, 2003. The document is available at <http://ue.eu.int/uedocs/cmsUpload/78367.pdf>*

2) *The first Action Plans with Moldova and Ukraine were approved and entered immediately into force on February 21, 2005.*

3) *Interview of the author with an official from the Mission of Ukraine to the European Union, 15 July 2004.*

the EU ultimately leading to EU accession would be preferable for Ukraine. Similarly, the single-framework approach has not been well received by Russia, that is now outside the ENP and develops its relations with the EU on a bilateral basis.

A related problem is whether the Union should indicate a time horizon for the accession of at least some of its neighbouring countries. This would constitute a further powerful incentive to induce those countries to engage in internal reform and to harmonise their practices and legislation with the Union's standards. However, at the moment the Union has not reached any agreement on that move, which was reflected in the choice to rule out any formal commitment to promote the accession of the ENP's targeted countries. Nevertheless, in the coming years the aspiration of some of them to join the Union will no doubt become a central issue of the foreign policy debate within the EU.

If we consider the specific case of Ukraine, we can see that the picture is mixed: on the one hand, the country has embarked upon a reform policy and has been successful in holding free and fair parliamentary elections in March 2006, on the other the lack of incentives – basically membership perspective – combined with the big domestic obstacles to implement reforms proved to be problems difficult to solve. According to Kataryna Wolczuk, “despite being conceived as an alternative to enlargement, the ENP is used as a stepping stone towards it by Ukraine. This explains why, despite precarious domestic developments and reservations about the ENP, the country has actually embarked on and persists with implementing the Action Plan. The case of Ukraine indicates that the EU's ENP can only make a difference in its neighbourhood if and when target countries wish to go beyond it”.¹

As for the countries of the South Caucasus (Armenia, Azerbaijan and Georgia), while their accession in the EU is not an issue right now, it may become so in the future. These countries have indicated that integration into Euro-Atlantic structures is one of their foreign policy goals. Their road to membership would be very long and would require a solution of the “frozen conflict” in Nagorno-Karabach.

Even though the ENP does not have a direct role in conflict settlement, and it does not envisage specific instruments to address these challenges, it is

1) Kararyna Wolczuk, “Domestic Reforms and European Integration in Ukraine”, paper presented at the International Conference “The EU and the Eastern Neighbours: Democracy and Stabilisation without Accession?”, organised in Rome on May 29-30, 2006 by the Istituto Affari Internazionali (IAI) and the Centro Studi di Politica Internazionale (CeSPI) within the framework of the EU-CONSENT project.

clear that the EU has at its disposal a range of instruments that, however indirectly, can create positive dynamics. So far, some improvement has been achieved with regard to the “frozen conflict” in Transdnistria, with the creation of a Border Assistance Mission and some work has been made on adopting a new customs regime for trade at the Ukrainian-Moldovan border. Any improvement in the solution of conflicts and frozen conflicts is vital in order to help both the EU and neighbouring countries to achieve the main objectives of the ENP: security, stability and, indirectly, prosperity.

As for Southern Caucasus, it seems that the EU is willing to upgrade its role, so far quite modest, in helping to contribute to the settlement of conflicts. An example of this is the upgrade of the role in the settlement of conflicts of the new EU Special Representative for Southern Caucasus, Peter Semneby, compared with that of his predecessor, Heikki Talvitie. While Mr Talvitie was tasked “to assist in conflict resolution, in particular to enable the European Union better to support the United Nations Secretary-General and his Special Representative for Georgia, the Group of Friends of the United Nations Secretary-General for Georgia, the Minsk Group of the Organisation for Security and Cooperation in Europe (OSCE), and the conflict resolution mechanism for South Ossetia”¹. Mr Semneby was tasked to “contribute to the settlement of conflicts and to facilitate the implementation of such settlement in close coordination with the United Nations Secretary-General...”²

Another challenge with whom the ENP will be confronted is related to the benefits that the EU is willing to grant to the neighbouring countries as an exchange for their co-operation in carrying out economic and political reforms. As it has been argued³, the EU asks these countries to reform their economic legislation and open up their barriers, but does not seem to offer much in return. Moreover, these reforms are likely to be difficult to carry through, considering the current legislative and administrative practices in those countries. As for trade, neighbouring countries are much interested in having access to the European agricultural market, but it is not sure what the EU will be ready to concede, especially if one considers the non-tariff barriers that these kind of products are likely to undergo⁴. However, the EU,

1) Council Joint Action 2003/872/CFSP of 8 December 2003 extending and amending the mandate of the Special Representative of the European Union for the South Caucasus, *Official Journal of the European Union*, L 326/44, 13 December 2003.

2) Council Joint Action 2006/121/CFSP of 20 February 2006 appointing the European Union Special Representative for the South Caucasus, *Official Journal of the European Union*, L 49/14, 21 February, 2006.

3) H. Grabbe, *How the EU should help its neighbours*, Policy brief, Centre for European Reform, June 2004, p. 4.

4) With regard to this issue, the Commission Communication on “European Neighbourhood Policy

and particularly the Member States are very reluctant to grant concessions in this field.

Moreover, another request from countries such as Russia and Ukraine is that at least few categories of their own citizens, like students, academicians and sportsmen, be granted visa-free access to the EU. An EU concession in this area could facilitate the co-operation of these countries with the EU in the fight against terrorism and illegal immigration, that are issues on which EU public opinion has usually strong feelings.

A related problem is whether the conditionality principle can be applied to the neighbouring countries, and notably to the South-Mediterranean ones in the same way as it was applied to the Central and Eastern European countries: in particular, should the EU push the South-Mediterranean countries to respect democratic practices and human rights or should they support the status quo regimes in the area, irrespective of their democracy and human rights records? The fear being that, pushing for structural regime changes, could eventually undermine those countries, creating a dangerous political instability in the area.

Another potential problem of the ENP is the interrelationship with other multilateral cooperation initiatives undertaken by the EU in the past years that involve the countries participating in the ENP. One controversial problem is, in particular, the link between the ENP and the Barcelona process in which all South-Mediterranean neighbours take part. There is therefore the need to clarify the functional relationship between these different cooperation frameworks in order to minimize the risk of duplication and overlapping. Similarly, the relationship between the multilateral dimension of the ENP with the bilateral dimension of its implementation through the Action Plans should be carefully worked out.

The overlapping of multilateral-regional and bilateral elements also concerns directly Armenia and South Caucasus countries. The EU decided that APs with these countries would be approved all together, without differentiating between countries. While this may be good in trying to forge a regional approach – the EU decided not to develop a sort of so called Stability Pact for the Caucasus because it said that its purposed would be pursued anyway through the ENP – this risks slowing down the internal reform process of Armenia and Georgia because it forced it to wait until negotiations with

Strategy Paper” of 12 May, 2004 so reads: “For agricultural products, convergence with EU standards for sanitary and phito-sanitary controls will greatly enhance reciprocal trade between the partner countries and the EU”.

Azerbaijan is finalised. This risks replicating the logic of proceeding at the slowest pace, a shortcoming that damaged the reform dynamic of the Barcelona process.

Future prospects for the ENP1

The ENP is thus part and parcel of a wider effort undertaken by the EU to adjust its external policies to the ‘big bang’ enlargement of May 2004 and to avoid the recreation of hard borders separating the Union from its neighbours. Indeed, the Union faces a set of substantially new challenges in its neighbouring area that cannot be addressed through old policy instruments.

But the changed geographical configuration of the Union itself has also stimulated a more fundamental debate on the significance of its external borders, the direction and ultimate goal of enlargement, and its implications for the Union’s own political and cultural identity. The future of the ENP will no doubt be heavily influenced by the evolution of this debate and the political decisions it will give rise to.

Since the launch of the ENP there have been two major and interconnected developments that are likely to affect the EU’s policies towards its neighbours: the failure of the constitutional reform process and the emergence of a growing ‘enlargement fatigue’.

Taking into account those factors, five main scenarios for the future evolution of the EU’s relations with its neighbours can be envisaged, with ensuing consequences on the ENP and its capacity to integrate neighbouring countries.

A first scenario envisages a paralysed and more internally fragmented Union. If the current differences between EU member states on both enlargement and constitutional reform prove insurmountable, it could become increasingly difficult for the Union to give a consistent strategic direction to its relations with the neighbouring countries. The current crisis triggered by the rejection of the Constitutional Treaty could worsen, leading to a growing decision-making paralysis. In this case, the level of EU engagement with its neighbouring areas is also likely to decrease. In particular, if the uncertainty about the future of European integration grows, deepening the Un-

1) *This session draws heavily from Michele Comelli, Ettore Greco and Nathalie Tocci, “From Boundary to Borderland. Transforming the Meaning of Borders in Europe through the European Neighbourhood Policy”, forthcoming on the EU-CONSENT project website www.eu-consent.net*

ion's current identity crisis, the EU could become more and more reluctant to introduce measures or reach agreements aimed at integrating neighbouring countries. Moreover, under this scenario, the more integrationist countries, frustrated with the failure to give the Union a more effective institutional setting, could opt to form a core group pursuing more advanced forms of integration through ad hoc arrangements or institutional mechanisms. In sum, under this scenario, the failure to solve the current contrasts between the member states on the future of the integration process would result in a Union at the same time less open towards the outside and more fragmented on the inside.

A second scenario would instead see the EU evolve into a larger yet unreformed Union. Even if Member States fail to reach a new compromise to relaunch the process of constitutional reform, they could decide to go ahead with the enlargement process. Indeed, the constitutional crisis has not resulted so far in an overall review of the enlargement strategy. The enlargement plans would be implemented by institutional default or more under the pressure of the aspiring countries or the US, than on the basis of a consistent strategic design. Without the constitutional treaty, the EU's Common Foreign and Security Policy would continue to suffer from fundamental institutional shortcomings that, among other things, would limit the Union's ability to exert effective influence over its neighbours. Offering the prospect of membership would remain the key instrument in the Union's hands to induce internal changes and stabilization in those countries. An unreformed Union could therefore see no other choice than to continue to use the enlargement policy as a surrogate for its lack of effective foreign policy. If the eastern European neighbours are offered the prospect of membership, as this scenario implies, EU policy towards them would not be based anymore on the ENP but on more traditional pre-accession strategies. As a result, the EU's 'circle of friends' envisaged by the ENP would be divided into two or, more probably, three circles: the East European countries which would be plausibly offered a membership prospect, the Caucasian countries, whose EU future would remain undetermined, and the Mediterranean ones, which continue to be excluded from future enlargement plans. The Union would have to develop different policies towards the latter two groups of countries, which present radically different geopolitical challenges. An even larger but unreformed Union would, in any case, present many internal imbalances, which would give rise to continuous internal contrasts and crises.

A third scenario envisages a Union focussed on its internal reform, including the strengthening of CFSP. In the coming years, the agenda of the Union could be increasingly dominated by the problems of internal reform. Under

this scenario, renewed attempts to revive the Constitutional Treaty or to enact other forms of substantial institutional reform would be coupled with the choice of putting the enlargement process on hold. The implementation of enlargement plans would be made conditional on the entry into force of the treaty changes. Member States would place growing emphasis on the Union's 'absorption capacity' as a pre-condition to accept new members. If this criterion, in itself rather vague, is given a stringent interpretation and is linked to the requirement of institutional reform, many aspiring countries would see their chances of joining the Union substantially reduced, if not compromised. Turkey's membership would be the first victim of this shift in the Union's priorities. Unlike under the first scenario, the Union would continue to have a wide-ranging external projection, perhaps even more so than today, but it would be reluctant to develop new forms of integration with the neighbouring countries and it would be more cautious in accommodating their demands. Moreover, if Member States actually manage to give more teeth to CFSP and to elaborate a more articulate foreign policy strategy, as they would try to do under this scenario as a matter of priority, they would probably pay closer attention to the geopolitical factors affecting their relations with the neighbouring countries. As a result, they could adopt an approach towards their partners that, compared with the current one, would be based more on realpolitik considerations and less on the principles and mechanisms on which the ENP is predicated. By the same token, the Union could also introduce greater differentiation in its policies towards the various groups of neighbouring countries. The ENP could eventually be replaced by a different policy or set of policies, more tailored to the specificities of the individual neighbouring regions. This third scenario would thus see the superseding of the ENP and its replacement by more traditional foreign policy approaches. The aim of creating security, stability and prosperity in the EU neighbourhood would also be abandoned. Fortress Europe would prevail on the outside, while on the inside the Union would become more cohesive.

A fourth scenario is that of a status quo plus Union. This is an intermediate scenario, which envisages the prolongation of the current situation with only incremental changes for several years to come. Persistent divergences between member states would prevent any major reforms of the institutional set-up, in particular of the CFSP mechanisms. However, unlike under the first scenario, the EU would not be paralyzed. Limited reforms would be introduced, although they would be a far cry from those envisaged by the Constitutional Treaty. At the same time, the prospect of further enlargement would continue to raise widespread opposition. This would remain mostly focused on Turkey. As a result, the implementation of the enlargement plans could become more selective and cautious. In particular, accession nego-

tiations with Turkey could prolong beyond 2014 and their outcome would remain uncertain. In general, Member States would fail to agree on a new strategy to deal with the deepening versus widening dilemma. In this situation of persistent uncertainty concerning the direction of the European project, Member States may prefer to abstain from introducing major changes in the current configuration of the ENP unless new exogenous factors emerged such as a major crisis in relations with Russia. Cooperation and partnership with neighbours would continue to develop, but at a much slower pace than hoped for by the neighbours and envisaged in the ENP's original aims and objectives.

A fifth and final scenario envisages a reformed and externally more dynamic Union. Under this scenario the Member States would manage to re-launch the constitutional reform, salvaging all or the bulk of the Constitutional Treaty, and in a relatively short period of time – by the end of this decade – complete the ratification process. This could re-energize the Union and, to a certain extent, also make it easier to proceed with enlargement. More generally, a reformed and thus more self-confident Union could prove more dynamic in developing its external policies. In this context, relations with neighbouring countries would probably undergo major changes. With more effective foreign policy instruments at its disposal, the Union would become more active in promoting the stabilization and democratization in its neighbourhood. As in the third scenario, geopolitical considerations would play a more prominent role than they do today in determining the Union's cooperation and integration plans with individual neighbouring countries. As a result, distinct sets of policies would probably be carried out towards Eastern and Southern neighbours, with a greater potential for integration for the former than for the latter. In sum, the ENP would cease to exist, at least in its present form. But a Union with a greater external projection capacity would not abandon, but rather intensify its effort to redefine its external borders to make them increasingly compatible with deeper forms of integration with its neighbouring partners. Particularly towards the east, EU actors would most likely seek to create integrated border areas through external governance or integrationist foreign policies. Towards the south instead, the task would be far more arduous. The Union would be called upon to devise new foreign policy instruments, which depart from the integration method, but which are equally effective in fostering openness, inducing cooperation and domestic change in the political, economic and institutional realms of these countries.

Conclusions

As already explained, it is difficult to give a precise assessment of the results achieved so far by the ENP and to identify its more likely prospects, that are very much related with developments in the (crisis) of the constitutional reform process of the EU and in the enlargement debate. In any case, while it is not sure at all that the ENP will stay in its present shape and will not get more customised according to the group of neighbouring countries (Eastern neighbours, South Caucasus neighbours, Southern neighbours), it is more likely than not that the EU will attach much importance to its neighbouring countries. It is indeed not possible to be an effective global player in international relations without being successful in its own near abroad. Neighbouring countries themselves, although with some differences among them and with some reservations, are willing to embark on the ENP and to carry out internal reforms.

In addition, if enlargement process continues to slow down, with the risk of a block after the accession of Bulgaria and Romania, the ENP might also be used as a back-up strategy for the countries that have started negotiation accessions with the EU but cannot conclude them successfully.

Finally, if the ENP is to stay in its present form and to serve the purpose for which it was devised, some of its elements must be reformed in order to induce neighbouring countries to co-operate with the EU more effectively. An example might be to single out only the most important parts of the EU acquis with which these countries should comply, while inviting them to co-operate more strictly on issues such as political dialogue and foreign policy.

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Ukraine in the Black Sea Region: New Challenges and New Possibilities

At the beginning of my presentation, I would like to dwell on the very concept of the Black Sea Region which has been playing an important geopolitical role for many centuries. This concerns not only the countries that belong to the Black Sea area, but also other states that have been trying to use this region in their political affairs. As a link putting Europe and Asia into a single geographic and economic space, the Black Sea Region has often been a matter of confrontation among big countries and empires. It actually remains in the same status nowadays as well. Today, the Black Sea countries see their region with its very advantageous location as a kind of a stronghold to consolidate their positions on the Balkan peninsular, in the Eastern Mediterranean region and Transcaucasia, as well as to get to the Middle East, Northern Africa, and further to the East.

Some countries located around the Black Sea: Bulgaria, Romania, Moldova, Ukraine, Russia, Georgia, and Turkey. The Black Sea Economic Cooperation Charter, however, has been signed by 11 states, including Albania, Armenia, Azerbaijan and Greece. Also, a number of countries, such as Austria, France, Germany, Italy, Poland and Tunisia, have acquired the Black Sea Economic Cooperation observer status. The Black Sea cooperation primarily aims at developing beneficial conditions for the cooperation in the areas of trade, industry, transport, communications systems, science and technology, agriculture, tourism, and environment.

The majority of the Black Sea countries are young states that acquired independence in their foreign policies only rather recently. Possible lack of experience of the new independent state, and unpredictability have resulted in extremely negative, and even tragic consequences. The most evident vectors of instability over the recent time has been the conflict between Ukraine and Romania about Zmiyinyi Island and the tension in the relations between

Turkey and Greece due to the complexities associated with the settlement of the Cyprus issues,

As a matter of fact, the Black Sea area has become one of the most dangerous regions in the world, even a sort of a source of instability and threats. Taking into account that all eleven countries are also parts of other regional and subregional systems with their tangles of contradictions, one can just imagine the burden of the problematic knots that appears at multiple levels at the same time.

However, the Black Sea region should not be considered as only a place of conflicts and misunderstandings. It is important to emphasise its huge economic value, as it has considerable oil and gas deposits. In addition, this is the area where many important transport routes come together. For main international actors the cooperation with the region has rather more positive features, then negative.

The majority of the countries in the region are European states both in geographic terms and the logic of their existence and activities: almost all of them have a very distinct foreign policy orientation towards the integration leader – the European Union; they also participate in the leading European international organisations which consider the regional cooperation as a political step towards building the single Europe. This, of course, cannot fail to have its impact on the policies of NATO and the EU, which recently have considerably strengthened their attention to the Black Sea region. Stability and peace, absence of international conflicts in this region is the guarantee of stability in entire Europe.

In the geopolitical sense, the Black Sea area is extremely important for Ukraine both in terms of its economic, and national security positions. Building its own foreign policy and proceeding from its political and economic considerations, Ukraine aims to set up multi-polar system of international cooperation. Such a system shall ensure stable political and economic security of the state due to the extension of international contacts which shall not only stimulate Ukraine's integration into the European community, but also strengthen the country's influence in many regions, promote trade and production development, and help in the search of promising markets.

As concerns Ukraine, its Black Sea cooperation can be considered both in broad, and narrow terms. In narrow terms, it means cooperation between the territories with direct access tight economic links to the Black Sea. This level of regional cooperation is deeply rooted in the former border and coast

trade. An example of cooperation at this level is creation of the Euroregions “Upper Prut” and “Low Danube” and free economic area of Galati (Romania) – Giurgiulesti (Moldova) – Reni (Ukraine) set up at a trilateral meeting between the presidents of Moldova, Romania, and Ukraine in Izmail in July 1997.

In the broader sense, it means involvement of the entity economic potential into the Black Sea cooperation. Such regional cooperation shall be based on the diversification of the directions and improved flexibility of business activities all over the country. It is at this level that the general principles of integration cooperation are defined, and rules are developed to regulate the operation of companies and individuals in the foreign trade area, as well as economic mechanisms to encourage regional cooperation are established.

The biggest interest in the Black Sea integration was expressed by the local authorities of the territories adjacent to the Black Sea. Local authorities are doing their best to intensify the process of the Black Sea integration through active involvement of bank structures to the implementation of big projects in the domains of industry, transport, telecommunications, tourism, and environmental care. The role of local authorities in the formation of the area of economic cooperation may also become more influential due to creation of various associations, in particular of business nature.

Ukraine as a strong regional country within its considerable economic potential is trying to pursue an active policy for the realisation of its interests within the Black Sea region. Ukraine expresses its interest in the implementation of the projects within the framework of the Black Sea Economic Cooperation as concerns the upgrade of oil procession plants, creation of new capacities, in particular building of terminals on the Black Sea coast for storing oil and gas, making research on the use of untraditional sources of energy, technical re-equipment of steel mills, and multilateral programmes for the production of electronic device for various industries.

The Black Sea region (and not in the last turn Ukraine) brings together the main oil transportation routes both in East-West, and in South-North directions. Thus, Ukraine has many possibilities for close cooperation with Black Sea countries. However, the strengthening of these relations may be impeded by the difficulty with the definition of the system of priorities in this region.

For Ukraine, it is important to make a comprehensive and conceptual assessment of its economic interests within the Black Sea Economic Cooperation, define the degree of its integration into the structure of this organisation,

practical ways to achieve the expected results and the potential consequences. The future of Ukraine is associated not only with the Black Sea region; therefore it is so important not to make a mistake in the definition of the economic strategy and tactics. It is also necessary to develop a system of priorities in the relations with Black Sea countries, find the ways to reconcile the interests between the Black Sea Economic Cooperation countries and other international organisations, as well as mechanisms to overcome political contradictions, and to define its place in the world economic system.

It is in the national interests of Ukraine to turn the Black Sea region into the area of peace, security, and stability. Therefore, it is a new challenge for Ukraine to find mutually acceptable and beneficial solutions through reconciliation of the national interests pursued by the countries of the region. Thus, it would be advisable for these countries to unite their efforts and work together on the development of a demilitarised area in the Black Sea region. Realisation of this idea will help to establish trust and mutual understanding between these countries, which is very important at the background of the aggravation of conflicts in the neighbouring regions: on the Balkans, the Caucasus, and the Middle East.

In the conclusion, I would like to emphasise the main thing. The key new challenges and possibilities for Ukraine in the Black Sea region is the necessity to speed up further integration, establish functioning interstate institutions to make the most of the regional geopolitical and economic potential (in particular, as a transit region), and create an efficient security system.

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**“Supporting Cross-Border Cooperation
between Turkey and the European
Neighborhood Linking Turkey’s
EU Accession Process and the
Development of the ENP”**

The Remaining Iron Curtain on Turkish-Caucasian Borderland

Borders have both material and symbolic uses. They can have a very obvious physical presence and even where visually indistinct, they are typically the bearers of a wider symbolism as the material embodiment of history. They are often seen as encapsulating a history of struggle against outside forces and as marking the limits of the community or society. Borders are filters with highly variable degrees of permeability or porosity. Borders look inwards and outwards: they simultaneously unify and divide, include and exclude.

The Turkish-Caucasian border had been the traditional frontline between Turkey and Russia : these borderlands at the edges of the Russian and Ottoman Empires had been most of the time battlefields. Turkey’s Caucasian border was part of the Iron Curtain during the Cold War and has become NATO’s South Eastern border after the end of the bipolar system. Turkey, along with Norway, was one of the two flanking states of NATO that shared a land border with the USSR. The former Turkish-Soviet stretches over 619 km.

In the early 1990s, the days of Turkey sharing a land border with the USSR ended. Turkey discovered in her vicinity a new world that had been separated by an “Oriental iron curtain” for 70 years. Turkey shares a 276 km long border with Georgia, 325 km long border with Armenia and a 18 km long border with Azerbaijan, the Autonomous Republic of Nakhitchevan.

Turkey 'discovered' her new neighbour, Georgia, with the opening of Sarp/Sarpi border gate in 1988, and the opening of a second gate at Türkgözü at Posof/Vale in 1994. The opening of Dilucu crossing in 1993 created links between Iğdır and the Azeri enclave of Nakhitchevan. In the meantime, the Turkish-Armenian border was sealed in the context of an escalation of the Upper Karabagh conflict. On March, 28, 1993, Armenian forces launched a new offensive to establish a second corridor between Armenia and Upper Karabagh through the town of Kelbajar, north of Lachin, causing a new flood of Azeri refugees. On 3 April 1993, following the Armenian attack against the Azerbaijani city of Kelbajar, the Turkish government retaliated by stopping the supply of wheat across the Turkish territory to Armenia by sealing the Turkish-Armenian border post; a decision that also ended direct communication between the two countries. Since 3 April 1993, opening the border has been directly linked to the resolution of the Upper Karabakh issue. After the official closure of Doğu Kapı/Akhourian in 1993, direct land communications with Armenia were severed and a proposal to open a second gate at Alican/Makara, near Iğdır, was postponed.

Since the beginning of Turkey's accession process to the EU, the closed Turkish-Armenian border has been attracting increased attention. The issue of whether a candidate might integrate the EU with a sealed border has been raised. The issue of the opening of the Turkish-Armenian border has never been among the Copenhagen political criterias that Turkey has to comply with. However the Turkey Progress Reports of the European Commission have been calling for the opening of the border. The 2005 Turkey Progress report is just pointing to the fact that "Turkey's border with Armenia remains closed"¹. The theoretical debate about whether a closed border can be an obstacle for the accession has lost of the relevance with the accession an divided island, Cyprus. Nevertheless, preserving hermetical borders contradicts the European philosophy. Efforts at reducing the barrier functions of borders and transforming borderlands into an area of opportunity have been one of the major achievement of the European integration.

Cross-Border Regionalism and the European Integration

The political economy of borders and border regions is particularly revealing of unequal and asymmetrical relationships. Almost by definition, for the states involved, the political (and often military) aspects of borders generally take precedence over their economics. So borders can affect regional economies by splitting economic catchment areas and by increasing transaction

1) Turkey, 2005 Progress Report, Brussels, 9 November 2005, SEC (2005) 1426, COM (2005) 561 final

costs. Tariffs, differences in language and customs, and actual or potential political instability can all inhibit cross-border trade and production, rendering border regions economically as well as geographically peripheral.

The Community Initiative INTERREG was created in order to promote cross-border, transnational and interregional cooperation. The aim is to tackle the structural development difficulties of border areas in two respects: on the one hand by addressing the institutional separation of border communities and the resulting economic and social separation; on the other hand by improving the actual peripheral location of cross-border regions in relation to their respective national economic centers.

3 STRANDS IN INTERREG PRIORITY

Strand A comprises cross-border cooperation between adjacent regions and supports projects in the fields of socio-economic development, planning, culture, infrastructure and related fields.

Strand B promotes transnational cooperation between national, regional and local authorities with the aim of achieving better integration within the Union through the formation of large groups of European regions.

Strand C promotes interregional cooperation and aims to improve the effectiveness of regional development policies and instruments through large-scale information exchange, cooperation projects and sharing of experience (networks).

At the European Council in Berlin in 1999, the particular contribution that the Interreg Programme makes to cohesion in the Community by promoting cross-border, transnational and interregional cooperation and balanced development of the Community territory was stressed. The task is to be carried on with, Interact, which will build on the achievements and capitalize on the expertise developed through INTERREG and intensify cooperation between border areas, Member States and neighbouring countries.

The European Neighborhood Policy and Cross-Border Cooperation

The European Neighborhood Policy (ENP) stems from the imperative to develop a strategy towards bordering states and regions. The policy objectives underlying the ENP are inextricably linked to the nature and function of EU borders. In theory, the essence of the ENP is that of allowing the EU to devise an alternative to enlargement while preventing future EU borders from becoming hard exclusionary boundaries and developing instead into integrated borderlands. At the micro-level, the objective of the ENP is to prevent the creation of alienated borderlands, border areas in which interaction is almost non-existent because of the barrier function of the border, the im-

perative being to prevent “new dividing lines at the external borders of the EU 25”.

The development of cross-border cooperation (CBC) and sub-regional integration is thus perceived as an important component. At the macro-level, in the words of the 2003 EU security strategy, the aim is to foster, through inclusion but without membership, a “ring of well-governed countries”, the ENP was conceived as a way to respond to this challenge and develop close relations with the neighbors to the East and South. The ultimate and ideal aim is the extension the European governance area; by applying the *Acquis* beyond the EU’s external border.

Originally limited to the four Western Newly Independent States and ten Mediterranean Countries, the coverage area of the ENP was extended, following the Brussels European Council decision of 17-18 June 2004, to include the three countries of the Southern Caucasus.

The new financial instrument, the ENPI, which will be introduced in 2007 to cover the 2007-2013 period, will address particularly the area of CBC through joint programs bringing together regions from Member States and partner countries sharing a common border. A structural funds approach, based on multi-annual programming, partnership and co-financing will be used since the cross-border cooperation component of the ENPI will be co-financed by the European Regional Development Fund (ERDF).

Geographical coverage

The ENPI will cover all the borders between EU Member States on one side and countries covered by the ENP on the other side. It will also support trans-national cooperation involving beneficiaries in at least one Member State and one partner country and replace existing internal and external cross-border programs in Member States and partner country regions adjacent to the future EU external border.

The strategy paper(s) for CBC will be mainly aimed at establishing the list of joint cross-border programs. The eligible territorial units of Member States and partner countries have been defined as all NUTS-III level regions along land borders and sea crossings of significant importance and all NUTS-II maritime regions facing a common sea basin. These programs should normally be bilateral across land borders or sea crossings of significant importance and multilateral for maritime regions.

Cross-Border Cooperation on Turkey's Western Borders

The Instrument for Pre-Accession Assistance will address both the current Candidate Countries (ie Turkey, Croatia, FYROM) as well as the potential future candidate countries (Albania, Bosnia & Herzegovina, Serbia, Montenegro). One focus of the new instrument will be on CBC between the current EU Member States on the one hand and the (potential) candidate countries on the other.

IPA CBC will operate on both sides of the border on the basis of one set of rules. Consequently, IPA CBC will be jointly financed by external relation as well as cohesion funds from the new "European Territorial Cooperation" objective (Interreg), Funds will be drawn from two headings of financial perspectives: ERDF funds are to be matched by an (at least) equivalent allocation of IPA/ENPI funds¹. The EC is willing to combine, through the IPA CBC, cohesion and external relation objectives, the specific concern is to take into account the specific need of external borders.

Eligible regions

As far as geographical eligibility is concerned, the same rules will apply as under the Structural Funds European Territorial Cooperation Objective. Eligible regions will be Nuts III regions along land and maritime borders between Member States and adjacent (potential) Candidate Countries as well as regions along the maritime borders separated by max 150 km.

Consequently, cross-border programs will operate on Turkey's Western borders, namely between provinces on the Turkish-Greek and Turkish-bulgarian borders. Theoretically, a cross-border program between Turkey and Cyprus becomes thinkable. Small scale cross-border programs have already started between Turkey and Bulgaria on one hand and between Turkey and Greece on the other. The Commission decided to address the EU's 2007 external border as soon as in October 2003 with amendment of the Phare-CBC regulation to include the external borders of Romania and Bulgaria. Nowadays the Turkey-Bulgaria Cross-Border Cooperation Program is supported by the 2003 Pre-accession Financial Assistance Program. A Joint Programming Document for 2004-2006 was prepared.

1) *The proposed ERDF funds allocated to European Territorial Cooperation objective have been reduced by the latest agreement of the Council from 13.2 to 7.5 billion Euro. Approx. 12% of this amount will be allocated to IPA/ENPI CBC at external EU borders and matched by the same amount of IPA/ENPI funds.*

Border Management – Challenge on Turkey’s Southern and Eastern Borders

The Commission’s paper on “Issues arising from Turkey’s Membership Perspective”¹ emphasize strongly that Turkey’s accession to the EU would present a sizeable challenge in term of border management. The external border of the EU would be significantly lengthened. The borders with Bulgaria and Greece will be internal, the external land border would be extended to Georgia (276 km), Armenia (328 km), Azerbaijan (18 km), Iraq (384 km), Iran (560 km) and Syria (911 km). To this new external land border of 2 477 km should be added the Black Sea blue border which runs for 1 762 km and the Aegean and Mediterranean blue border which runs for 4 768 km. The paper acknowledged that Turkey already devotes considerable resources to border management in order to ensure its own security and stresses that Turkey would through accession, and in particular after the possible lifting of internal borders, become responsible for ensuring an efficient protection of the new external border and hence have to play a key role in ensuring the security of the Union itself.

Consequently, border management issues are among major priorities of the Turkey’s accession process. Turkey’s inclusion in the Schengen-zone and the lifting of internal borders will depend on the evaluation of its border management practices.

Alignment with the EU Acquis on Border Management and Preparation for the Implementation of the Schengen Acquis

The improvement of the capacity of the public administration to develop effective border management in line with the acquis and the best practices of the EU was listed in the short and medium term priorities in the 2003 Accession Partnership. The full implementation of the Schengen, which will affect relations with the non-European neighbors, is also among medium term priorities.

A National Action Plan to implement the Integrated Border Management Strategy was adopted in 2003. Important steps have been taken to align with the EU Visa Negative List. By May 2003, 75% alignment with the said list was achieved. As a first step, Turkey introduced visa requirements for six Gulf countries (Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and United Arab Emirates) which the EU subjects to visa requirements, as of September 1st 2002. As a second step, thirteen countries (Indonesia, Republic of South Africa, Kenya, Bahamas, Maldives, Barbados, Seychelles, Jamaica, Belize, Fiji, Mauritius, Grenada and Santa Lucia) have been listed for visa requirements, and these entered into force between May-july 2003

Turkey will adapt her visa stickers to the norms of the EU and the International Civil Aviation Organization (ICAO). More dramatically, Turkey has to stop issuing visas at borders.

1) *Commission Staff Working Document, Issues Arising From Turkey’s Membership Perspective* {Com(2004) 656 Final}, Brussels, 6.10.2004 Sec(2004) 1202

Fight against Illegal Migration

A National Action Plan for alignment with the acquis on migration and asylum was adopted in March 2005. The sub-working groups under the Asylum, Immigration and External Borders Task Force, which consist of experts from the relevant public institutions and organizations have adopted national strategy papers on these three topics as a result of their semi-annual meetings, workshops and legislative screening activities. A series of training, reorganization and legislation activities on the issue of asylum will be undertaken in accordance with the strategy papers on the EU harmonization process in the field of immigration.

Turkey's Neighborhood and the EU

In the same EC paper, Turkey's neighborhood is depicted as traditionally being characterized by instability and tensions. Turkey's accession will raise expectations regarding EU policies towards the Middle East and the Caucasus. Indeed, Turkey could be a factor for enhancing stability and the role of the EU in the region, but its membership would present challenges as well as opportunities in the field of foreign affairs. Much will depend on how the EU itself will take on the challenge to become a fully fledged foreign policy player

However, EU's and Turkey's neighborhoods are increasingly overlapping. This is particularly true for the Black Sea region and the Caucasus, full fledged partners in the ENP. Only the linkage between Turkey's EU accession process and the ENP would transform the later into a sound strategy, and make it an efficient tool supporting sub-regional integrations and efforts aiming at conflict resolution. The priorities in the Justice and Home Affairs field shouldn't define the Common Foreign and Security Policy objectives.

Extending Cross-Border Cooperation to Turkey's South and Eastern Borders

It is therefore important to avoid transforming Turkey's south and eastern borders into security fences. The extension of cross-border cooperation programs to Turkey's south and eastern borders will contribute to border security, that can't be only by the improvement of border management practices. On a practical level, there is a pressing need to start perceiving Turkey's borders as the future EU external border.

Both the ENPI and the IPA will aim at fostering sub-regional integration dynamics. The ENP papers are giving recommendations on the development of regional cooperation and integration as a mean to address certain issues arising at the enlarged EU's external borders.

A specific provision is expected to be included in the ENPI regulation to allow the possibility for countries not covered by the instrument, and in particular Turkey, to participate in multilateral maritime programs. On the other hand, the IPA will also finance the participation of partners from (potential) Candidate Countries in the transnational programs under ERDF objectives (South East Europe program), sea basins (Mediterranean and Black Sea). Furthermore, the ENP Strategy Paper underscores that “in view of the fact that the ENPI will be an instrument particularly adapted to respond to the specificity of cooperation across external EU borders, the extension of its geographical scope to candidate countries and pre-candidate countries may be considered at the time of drawing up the regulation concerned”.

Cross-Border Cooperation practices have played an important role in stabilizing Eastern Europe. Mindful of Europe’s history of shifting borders, the EU during the 1990’s set an accession pre-condition that the borders were sacrosanct and non-negotiable. Border change is referring to changing the symbolic meanings and the material functions of existing borders in situ. This was important for the security of the continent but made harmonious relations in border regions even more of a necessity, especially in formerly disputed, sensitive regions. Lessons learned should be applied eastward.

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**PRIVILEGED BY EU/NATO
NEIGHBORHOODS: Moldova's
Commitments towards integration**

I am very pleased and honored to participate in conference, and I would like to express my appreciation for the hard work invested in it by ICHD, and in particular by Tevan Pogosyan, my friend and colleague. With your permission, I would like to focus my presentation on the opportunities posed by the expanded Neighborhood of EU and NATO, having 3 ingredients to the comparative overview I will attempt to do on this regard: geography, internal cohesion and vision. Geography – this is what we cannot change, but which may have a great competitive advantage to the path of integration aspired; Internal Cohesion – as a ferment to any substantial development, and usually used as a provider of civic commitment to achieve or dispute competitive strategies; and the Vision, in our case, it is clearly referred to a full-fledged and institutional integration in the EU.

I. Background:

Some of my colleagues have pointed out earlier to the so-called ‘asymmetric perception’ on ENP. Indeed, we are very much concerned with the fact that the EU Commission has almost excluded from the official speeches any further references to a possible membership or integration in EU for those which remained outside of the latest waves of accession. But, the ENP cannot be seen as a substitute to EU membership. Simply, because we are not neighbors to Europe, but to EU, and we cannot perceive ourselves as neighbors to Europeans, being Europeans by culture, by language, faith and aspirations. Is it the ENP or not good enough to us? This is clearly a frontal question, which requests to see what is ‘good’ and what could be ‘enough’ in our case.

Moldova is certainly privileged by its proximity to the expanding Western Alliances. Thanks to its geography, size and cultural links, Moldova is cer-

tainly a part of the rediscovered South-East Europe. It is already taking full benefits from the 'accession dividends' paid directly or indirectly to it by its neighboring Romania, as well as the Central European countries which are certainly an institutionalized part of the enlarged Europe. It is therefore absolutely natural and legitimate to see its future as a prospective candidate for EU integration. Of course, we shall all be aware that integration is not gifted to those who do not help themselves. Getting a different statute in relationship with EU was of paramount importance because it served as a catalyst for domestic reform, while the promise of enlargement created an atmosphere in which strategic incentives were put on domestic leaders to reconcile.

But, nevertheless, nothing can replace a gradual, but profound EU membership. There is a certain risk which is largely related to the overspreading negative statements towards future waves of integration in EU. I think that the lack of integration perspectives can inhibit the pro-European economic and social reforms. On the other hand, there is no any particular identity of south-eastern Europeans that would need to keep Moldovans, Ukrainians outside of the EU format. By contrast to the Middle Eastern Neighbors, there are no cultural or civilization drawbacks for Moldova's European identity. No one can rightly tell us why Moldova, alike Ukraine or Georgia shall be denied from the perspective to accede sometimes as a full-right member of NATO or EU? No one can stop us to use Copenhagen criteria, political, economic and administrative instruments, in our domestic legislation, so as to turn down everything that makes us today, perhaps, ineligible, or unappealing.

To understand why a neighborhood cannot be seen as satisfactory, nor overwhelming to our countries, one shall look attentively to the different paths of transition explored in our countries.

2. Projecting EU integration:

1. Since the collapse of the USSR, 'returning to Europe' was the most appealing political paradigm of change to the countries that emerged from the Soviet (in fact – Russian) 'geopolitical hemisphere'. This implied a strong emphasize on national identity, recovering of historical memory, and efforts towards forging a civic statehood. Integration of the Baltic States into NATO and EU was seen almost as a practical textbook to other nations on how they can succeed in securing their domestic cohesion, modernize economies and societies. The 'discrete charm' of this integration created a kind of 'successful transition' pattern that guided elites and fostered nations towards democratic and economic reforms. But, Moldova apparently failed to book a ticket

on that train, and real bunch of justifications are usually brought here: domestic instability, the 1992 short but fierce territorial conflict in Transnistria, limited size or no strategic resources which explains the lack of genuine interest towards Moldova, and, even a so-called 'donkey complex', cited here to describe the often stumbling block of indecisiveness between looking West or East, with all aforementioned respective consequences.

2. But, blaming ourselves for these undisputed mistakes; one cannot dilute the extent of responsibility of the West. Thus, while the EU policy towards the Baltic States was largely inclusive, wide-generous and far-reaching, it remained quite inflexible towards the rest of the CIS, and to Moldova, in particular. It provided statute first-approach to the most advanced part of the ex-USSR, while failing even to mention the necessary standards which could be requested from those countries, which hoped to met equal or almost equal treatment. Sure, the shift was made not by Government, but mainly by citizens and their perceptions on the geopolitical identity in their states. I would not dig into the subjective or objective reasons behind this approach, which played certainly a huge role in keeping us outside of the main policy views of the EU. Since 1994, a PCA shaped the relationship of the EU with Moldova, but the PCA focused mainly on trade and economic co-operation, and was only a modest extension of the 1989 EC-USSR Agreement, if compared with the political relevance of the EU agreements signed with the rest of the CEE countries. The promise of enlargement was sometimes more powerful than the reality in the last decade. The initial PCA, signed in 1994, did not proved to be satisfactory to us, despite various ways of interlocked cooperation with the EU.

3. Recovering from the Russian financial crisis (February 1998), which brought significant losses to the national economy of the country, Moldovan elites realized that only the EU perspective could ensure the country's security, stability and prosperity. The crisis of 1998 exposed to its greatest magnitude the vulnerability of Moldovan economy and shattered many of the dreams linked to Moldova's pro-CIS course, stressing the need for increasing strategic orientation towards EU as a real 'exit strategy' out of CIS, read – Russian suzerainty rules. Chisinau has seen it as an evolutionary step likewise other Balkan and Baltic states succeeded to sign on, as 'Agreement of Accession to EU'. As the Southeast European status was the next best accession pathway to EU and, definitely preferable to the lack of regional perspectives for the rest of NIS/CIS, Moldovan diplomacy decided to focus its efforts to join the Stability Pact for South Eastern Europe. The prospects to sign a SAA attracted as a magnet from the very beginning, but for Moldova it had a special value because of the chance to gain a statute of a 'South

East European state', much promising than the ex-Soviet 'brand'. A Membership in the Stability Pact was received only in June 2001, after the CPM gained the power in Moldova, and similar memberships have been received for SECI, while in 2006 for the Process of Cooperation of the South Eastern European countries.

4. Since 2001 till end of 2003, Communists attempted to map Moldova in the most-nostalgic 'Russian tones'. Full integration in the Russia-Belarus Union and revision of the privatization results were, then, the main elements of the governing program, while the EU was almost omitted as a priority. Apparently, this helped Moldova to improve slightly its relations with Moscow for almost 2 years, but in spite of gaining huge leverages of influencing domestic politics, the Communist leadership had to cancel soon almost all references to their election program, i.e. redistribution of ownership, or joining Russia-Belarus Union since taking the office. With the exception of the Friendship Treaty, signed in October, 2001 with Russia, they were unable to meet their election promises, as even the participation in the Euro-Asian Economic Community was provided to Moldova only as an observer, and not as full-rights member. Similarly, in September 2003, Moldova got no invitation to join the EFTA (Economic Free Trade Agreement), set up by Russia, Ukraine, Kazakhstan and Belarus, which was seen in Chisinau as a policy to marginalize Moldova by the 'CIS great four'. On the same day of returning from Yalta, President Vladimir Voronin commented exiguously the emerging EFTA, stating that this is a result of the overall CIS 'failure, which is a distrustful, ineffective and unstable club of states'. Subjective and objective assessments made Chisinau already by the end of 2003 to totally change the priorities of the country, while turning westwards.

5. In less than one year, the programmatic views of the ruling party changed almost to its opposite. With the failure of the Kozak Memorandum in late 2003, Moldova's leadership was in search for new alternatives to previous CIS-based approach, while revising its earlier pious relationship with Moscow's administration.

Although remained in power, the Communists changed towards West prior to March elections in 2005. Of course, the 2005 election results brought to the light a new paradigm of cooperation among political actors – the paradigm of 'national consensus' on a specific list of practical priorities, as we believe that the best solution for accelerated integration with EU is to make a domestic offer that should be almost irresistible in order to win the confidence of EU, and even our own euro-skeptics, as well as to overcome the opposition of those who want to see us only behind some sorts of new 'Ber-

lin walls', this time, made up of visa restrictions, prohibitive trade-arrangements, negative stereotypes associated with the 'post-ex-soviet identity', and many other policies aiming only to keep us outside of the euro-gravitation. The time frame depends only on the performance of each country, on the seriousness of its political leadership, on the will and cohesion of the population for the EU-course of each country, and on the capacity of adapting to the new rules of the region. Prospects of EU membership are the kind of benefit that impinges the states and nations to bear the costs of it.

6. It seems that the west-wards orientation in Moldova displays the attempt to catch up the last chance to be seen on the agenda of future integrations. This shift was quite cost-effective and timely step, and, if compared with the Georgian and Ukrainian 'color' revolutions, it leaves to Moldova's political actors at least one revolution in reserve. Already on February 26, 2005, Moldova signed the Action Plan with EU (the first one signed with a CIS state), which - in spite all its objective limitations - proves to be a new framework of dialogue and guidelines to our cooperation with the EU. It is to be emphasized that the APs represent a new-generation agreements, launched by the EU in relation to its immediate neighbors, with the aim to build a new sort of cooperation with countries at the border of the enlarged EU-Wider Europe, based on 'shared political and economic values'. While, the ENP aim to compensate the lack of immediate path for integration to the states remaining outside of political integration, EU officials are keen in trying to fight back any specific data on future integration deadlines, making some analysts to say that the 'era of the success story' with EU is over'.

7. Signing a new generation of cooperation agreements with EU, our countries intend to benefit fully from the advantages promised in Brussels, i.e. and known as 'the four freedoms: trade, capitals, visa-free regime, and services'. Signing Actions Plans with its neighbors, the ENP implies to the EU to create an enhanced statute of political dialogue, a pathway toward prosperity and democratic stability, over the next five years as Brussels seeks to extend the zone of peace, stability, and prosperity to countries around the EU. On the basis of its Action Plan Template, Moldova aims to modernize its economy and institutions to the existing EU standards. Sequencing reforms and combining domestic efforts with EU support is clearly a considerable incentive to the transformation of the country. This is apparently perceived today as a unified element of the political consensus in Moldova: for its political elites, as well as for the ordinary people, a ferment for continued domestic reforms, modernization and stability.

8. A number of key-reforms have been started in 2005, such as: a comprehensive judiciary reform, central and local public administration reform, regulatory policy reform, and other vital steps to reduce governance flaws, increase accountability of the governments and expand the rule of law into the whole society. When that is achieved, European accession is a matter of formal agreements. Massive education campaigns should be conducted aside reforms. The Action Plan has a clear instrumental role in reshaping the policy agenda in Moldova, and this encompasses mainly on principles, norms and standards, guarded by well-equipped institutions, tied together by common values. Integrating the EU into the resolution of the Transnistrian conflict, increasing the participation of Moldova in the European economy and the structural reforms will, in the long run bring Moldova in the position of asking for EU accession.

9. Sometimes, we tend to regard the non-accession clause as a consequence of poor homework execution, and something that can be changed. The widespread belief within the political class is that ‘as soon as the reforms are better implemented and the economy is in better shape, the non-accession clause will be ruled out for Moldova’. Another frequent mistake is to look on the governing elites as to a kind of ‘speedy Gonzales’, whose initiated reforms will start produce immediate results, but the realities on the ground are usually more complex, and less rewarding for the pioneers of transition. Of course, not everything fits to our expectations yet. After one year of the EU-RM implementation, there is still a chronic lack of capacities to adjust mechanisms and policies towards the EU standards and regulations. Adequate EU awareness and skills within the staff of the various state agencies and ministries are still dramatically missing. In fact, few public officials outside of the Ministry of Foreign Affairs and European Integration know even the basics of the EU and EU architecture, and very few of them show real capacity to learn from the lessons of transition, while quite a bit of the state bodies remain literally untouched by the reforms. Poor financing, and excessive reliance on the external funding prohibit innovative solutions, while allowing some of the civil servants to show no commitment at all to the key-sectors they are in charge for. There is also a stark opposition from the bureaucracy that fears the staff-cuts and the “war on corruption”, as well as massive re-organization of the public administration.

10. On its part, the EU has also imported parts of the most anguishing problems of Moldova. The EU designated its special representative to deal in Moldova with the conflict resolution in Transnistria. The EU also gained an observer seat within the current conflict settlement format aside Russia, US, OSCE, Moldova and Ukraine, while in the same time, it set a EU Delegation

in Moldova and granted it a GSP+ trade package. That entails a greater cooperation of Moldova and the EU in the field of wide areas of domestic reforms, and a greater role for the EU in the settlement of Transnistrian conflict, i.e. monitoring of the moldo-ukrainian border regime, mediation of the conflict, etc. One of the main reasons for the ENP creation was to assist the systemic transformations in the countries, which were not included nor invited to join any sort of SA agreements with EU, but were judged as 'extremely important' for security reasons (migration flows, territorial conflicts, border disputes). In 2006, we can seriously consider the effects of the one-year implementation of the Action Plan with EU. Although it does not guarantee an immediate accession statute, a successful implementation is a key to reset long-delayed domestic reforms.

11. Public support is almost exclusively 'pro-European' in Moldova. Judging only on the recent polls, citizens' support in joining EU is estimated at 77%, with only 9% against it. Half of the population sees the EU as the main trade partner of the country. The fact that public perception is a way ahead of the real economic and political facts proves the symbolic value of Europe to Moldovan society. Russia is perceived as Moldova's main partner by 52%, while 32% think Russia makes also the most political and economic threat. Only 8% of Moldovans view EU as being a threat. As for the political orientation, the pro-European views are even more striking. Integration is valued not only because of the appeal of the 'cultural' Europe, but also about perceived institutional links, expected benefits, and hoped potential membership in the most prestigious club of developed states, as compared with the 'ex-Soviet' one, current-CIS, NIS, or any other oxymoron, which reminds us about the uncompleted transition, both in economic and political terms.

12. Integration 'fatigue' in EU, which explains today the reluctance to accept us as candidates for accession, makes us to look for adequate priorities of action, and the best policy is to fill in with the right content the democratic and market-based institutions that have been transferred from the West in many of our post-soviet societies in a pure mechanical way, without the real meaning and spirit of the political culture. Some may say that it's too late or it's too little, to achieve this objective when no one in Europe is, apparently, in favor of a new wave of integration. It is a tacitly accepted dogma that Europeans are fed up with costs of integration, and that the 'digestion' is needed. Cynicism and pessimistic views on future prospects of integration became since the last referendums in EU almost a bon tone in the public speeches, while the 'optimists' have to show more than courage, a candid naïveté which has its own political and public costs.

II. Expanding Euro-atlantic links:

13. In the same time, the need for stronger euro-atlantic ties is becoming exceptionally important in Moldova, and not because of the copy-paste replications from the region, as some would imply, but because of deep insecurity complex, which cannot be resolved outside of an overarching partnership with the North-Atlantic Alliance. Since May 2006, Moldova has already an approved IPAP with the North-Atlantic Council, serving as a blue-print for deeper Moldova's relations with the Alliance, and thus, this enhanced partnership is seen in Moldova as a farewell to its 'post-soviet identity'. Moldovan officials say that Moldova's goal is to join the common security system in the Euro-Atlantic space. Chisinau is interested today in any technical and financial assistance from NATO for the evacuation or scrapping of Russian ammunition stockpiles in Transnistria and withdrawal of Russian military equipment and troops. In the same time, Euro Atlantic integration can be seen as the most effective guarantee against self-isolationism, or violent pressures imposed on these countries from outside. Moreover, IPAP deals extensively with implementing defense, political and economic reforms and it also concerns human rights in the country. It depends also on the strategic magnitude of enlargement as an 'open-door' policy, which cannot reach its full-meaning and philosophical scope on prosperity, freedom and security for everyone in Europe, unless it expands eastwards, transform older rivalries into friendships, build trust, confidence, and pave the way towards common values and aims.

14. Surveys show the existence of an important group of respondents in Moldova (almost 30-35%) with clear-cut NATO-minded attitudes. This group seems to be quite positive towards joining NATO for Moldova, and ready to assume the costs and stages of the changes. By contrast, another group of respondents (20-25%) is more conservative, setting some 'conditions' for the NATO membership, or unwilling to support this policy. It is to be emphasized that these views are in strike contract with the opinions on EU integration. Over 35% believe that the expansion of relations with NATO, through an IPAP, will result in 'strengthening national security', while 33% believe Moldova shall follow the example of the first 10 states, which adhered recently to the EU, after being integrated in NATO. Of course, joining NATO/EU is not a 'piece of cake' for our countries. It requires significant efforts, and not only the walking talking of the politicians. The largest part of the population (35%) think that the best way to ensure country's security is a 'neutral statute', 23% - full and unconditional integration in NATO, while 15% - Moldova shall be part of the CIS Collective Treaty.

15. By multiplication and diffusion, this approach served as a strong incentive to reset the security sector reform and the framework of regional cooperation, to inspire new trust and confidence building in bilateral relations, which is a key to enhanced coordination among our countries. No any country, like Ukraine, Moldova and Georgia will feel secure unless they will be fully integrated in the EU and NATO. The complexity of the euro-Atlantic institutions, sophistication of the modern threats make us to see the integration into the euro-atlantic space as imminent, and definitely linked with the process of EU enlargement, which brings civilization cement towards vulnerable Moldova, Ukraine, Georgia, and other ex-soviet entities.

16. The timeframe of the future EU/NATO format depends however on the speed of domestic reform and, not only on the gratitude of the Western agencies, leading the process. What Moldovan authorities realize today is that European integration is more a matter of internal politics than a matter of foreign affairs. Sometimes, maybe our ambitions look different to someone in the West. Ukraine is large and geopolitical attractive, while Moldova is small and too vulnerable yet to its domestic weaknesses, largely infused by third-parties sponsorship or even direct sponsorship of separatist movements. While Ukraine has announced its firm NATO membership course, Moldova keeps saying about its neutrality, despite the obvious facts which every logical or logical argument on neutrality. In fact, Moldova's neutrality has never been seriously considered in the West, nor by Russia, whose arms and special services took under its de facto control a considerable part of the territory and population of Moldova, by hijacking by force, or by privatization the constitutional bodies, creating thus an ideal 'spring-board' for its influence over the region, a hot-spot of smuggling of goods, exports of arms. So, when some politicians are still reluctant to accept a full-fledged pro-NATO stance, public opinions react and learn fast and in the most positive way.

17. Of course, Russia didn't abandon the idea to control the former Soviet space, i.e. the Baltic States, despite EU and NATO membership. Political and economic pressures continue to be applied which makes us particularly sensitive to what is happening further east and south-east of our national borders. In Moscow's eyes the only difference between the Baltic states and the in-between countries is that the former now belong to the second tier of Russian influence while those countries that have not escaped into the EU and NATO are yet not protected and hence fall into the first tier or sphere of influence. The only way to change this situation is to become really integrated and inter-operational with the Western institutions. Let's look again on the Baltic states who had a tough time to resist against Russian's annexationist policies, which used a huge plethora of tools, but they have never gave up

their way, not ultimately, because of democratic solidarity of the West with their own aspirations, and legitimate rights.

18. So, it is not a coincidence that the failure to adopt EU Constitution, resulting from the Dutch and French negative vote, was quickly followed by a huge offensive of Russia to regain its political, economic and 'so-called' historical right to keep the whole region of the former USSR under its 'condominium', as a kind of legitimate 'war-trophies', and not as of independent states, internationally recognized. Over support provided to rampant crime-torn suspects, in Transnistria, Abkhazia and South-Ossetia, direct financing of the separatist regime, its military, militia and special services, prove evidence on Russian culpability for these conflicts, which can only prolong the metastasis of the separatist enclaves that deny the legitimate rights of people to live within a rule of law state, disrupt business stability and dismay hope to see these regions fully integrated territorially. The short but highly mediated gas-episode in the winter of 2005 illustrated to its utmost how Russia's Gazprom attempts to substitute diplomacy and politics through economic blackmail, and ultimatums, which cannot be regarded as legitimate means in a civilized world.

19. This approach is fully applicable in the conflict regulation process. For years, Moldovan authorities have fully relied on someone's help, typically on Russia, hoping that the good 'lord'/barin vseh rassudit/ will judge in the end the right situation, but in spite of numerous concessions, separatist enclave became more arrogant, better equipped, fully-armed. But, only after 2004, a new paradigm of conflict resolution through democratization, demilitarization and decriminalization, harbored by the civil society, and positively assimilated by politicians across the region, changed the principles, which are key- for a democratic solution of the region. The NAC had repeatedly stated that the Treaty on Conventional Forces in Europe will be no ratified until Russia withdraws fully its forces from Moldova "unconditionally and completely'. In the same time, the EU installed its first BAM at the moldo-ukrainian border, appointed its Ambassador to the 5+2 talks, and opened up its political representation in Moldova.

20. The Ukrainian government agreed in December 2005 to institute a new customs regime on its border with Moldova, including the Transnistrian section, to ensure the transparency of all trade and the sovereignty of Moldovan customs regulations – an agreement that was implemented as of March 2006. The new customs regime on the border, combined with Ukraine's agreement to the EU BAM, reflects a radical shift in Kyiv policy towards supporting Moldovan sovereignty de facto and not only de jure, towards aligning

with EU approaches towards the conflict. Despite significant wavering after the Orange Revolution, Kyiv has finally changed its approach towards both Moldova and the settlement process. Ensuring the legality and transparency of trade across the Ukrainian border is key to creating new conditions around the conflict, because it will strengthen the Moldova government and induce the normalization of economic transactions in and around Transnistria while placing pressure on the separatist authorities.

21. No significant changes occurred however in the Russian's involvement in this conflict. For Russia, it has become a front line in a struggle for influence in the former Soviet Union and for ensuring that Russia's voice is respected in the overall European security order. For Moscow, the settlement of the Transnistrian conflict has become a small part of a wider game in which rising EU influence in the shared neighbourhood is seen to be occurring at the expense of the Russian voice. So, no concrete steps to evacuate Russian troops out of the country have been successful so far, as Russia was pushing towards an unacceptable, unfair federalization, while the separatists used this situation to earn huge money from smuggling, exports of arms, and illegal privatization. Today, divergences run deep, while Russia has shown a preference for bilateral relations with Moldova, and not trilateral (with the EU and/or the US), and even less multilateral. Moscow has rejected the European argument that the Kozak proposal was too flawed to be acceptable. The prevailing view is that a zero-sum struggle for influence is being waged.

22. It is crystal clear that Moldova cannot be very much successful here without strong support of the Western allies on its side, through an increased internationalization of the conflict. Initial positive steps shall be followed by more harsh policies towards the repressive nature of the regime in Transnistria. No excuse shall be admitted here, irrespective to the ethnic belonging, or political sympathies. Despite some hopes of a nuanced opposition emerging inside Transnistrian politics, there has been no breach within the elites of the separatist region on the central questions of independence and relations with Russia. In the last year, the authoritarian nature of the regime has only hardened, with a well-orchestrated information campaign against the so-called 'blockade,' and new laws tightening control over NGOs in the separatist region. These changes offer new opportunities for pursuing conflict settlement, but they have also entrenched old difficulties.

III. Lessons learned from the first steps of EU enlargement

In terms of lessons learned, it is very important to always take only the commitments you can observe. The monitoring process is severe and fair, and it

is a question of credibility to report only what's on the ground, implemented and reformed. And the credibility is lost only once! What are the lessons learned after the first year of Action Plan implementation in Moldova.

- First of all, there is need for more effective reforms and more concrete results in the implementation of the Individual Action Plans which have to replace pure symbolic integration by institutional convergence. Instead of getting discouraged, the Ministry of Foreign Affairs and European Integration, which is in charge of the Moldova-EU Action Plan, is both motivated and pressured to accomplish more.
- Second, more conditionality should be accepted and included in the country – EU common framework, because this conditionality should be paired with objective evaluation of the concrete policies. Nothing could spur the Moldovan government's reforms like negative appreciation from the part of European Commission. In the same time, Moldova, Ukraine and the rest of EU neighbors may consider the creation of common bodies that would be representative to speak out common interests towards the EU. In particular, this may help them to associate to assimilate some parts of the *aquis communautaire*; it may facilitate their accession to a number of EU instruments, such as: Security and Foreign Policy, Judicial and Home Affairs, Environment, Trade, etc. It may create an additional leverage to influence EU to make accessible some parts of the structural funds to their recognized neighbors.
- Differentiation mechanism shall be accepted and advocated in relationship with EU. That is because EU course involves multiple trade-offs for the countries involved, particularly on the bilateral links, which could be greatly influential to overcome the pessimistic views expressed by the EU Commission. This may create an exceptionally appealing roadmap for Ukraine and Moldova towards formal/gradual acquisition of the criteria which are met by the EU members. The benefits are also obvious to us, as well as for the EU. Therefore, it is obvious that the place of Moldova within Europe and the perceived finality of the European integration process can impact greatly future performances. On the basis of this argument, Chisinau and Kiev officials cannot accept any treaty of neighborhood, which has not prospects of integration, even when they are promised after a very long period of time.
- Therefore, a fourth component is to increase and expand the use of bilateral relations in promoting domestic reforms. Another very important point is to maintain a very close relation on bilateral grounds, with all the member countries. It is very necessary to have a very strict agenda in meeting officials from all EU countries so that you can check, step by step, all concerns and new ideas, and to have a good information program for all European citizens. The last events proved that the influence of European citizens in

the accession policies can be very important, and can be showed in the most delicate moments. So it is a good pro-active policy promoting the information on reforms, development and people from the new aspirant country. The absence of this incentive would certainly discourage the neighbors from the socially and politically costly reforms, and this argument seems to be quite substantiated.

- The fifth important point is to be referred to the transfer of experiences and lessons learned in the process of accession. Every country has unique experiences in negotiating different chapters and good ideas can come from every single experience. Good preparedness can avoid the prolongation of negotiations. If some countries have concerns related to one problem or another, it is a good step to ask for a councilor on the specific chapter, a councilor that comes from this particular country and can monitor and help to the suitable solution to the problem. It is better to have this form of co-participation at the process, because somebody involved knows better the difficulties and will issue recommendations that make sense.
- Last but not least, take all the available help that is offer to you from the neighboring EU-accessed countries. Our experience proved that all EU countries are interested to help, and not to make barriers in the process. The concerns that often appeared are legitimate and are referring to the possibility of the population to accept and assume the reforms, changes and adjustments. Our experiences showed that the Baltic States, Romania, Poland and Ukraine were the first to propose their support, because it is in their national interests to increase their own contribution to the regional security, to emphasize the country's potential and mutual benefits. Euro skeptics blame us for being too exalted, too unrealistic, but how can they request us to be different? Countries with no aspirations for integration loose nothing if they will be not integrated in institutional terms, while we may loose everything.

Conference Photos









Notes

