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The European Neighbourhood Policy – prospects for better relations between the European Union and the EU's new neighbour – Ukraine

1. Introduction

For the last few years the situation on the international European stage has significantly changed. Since 1st May 2004 a lot of things, issues connected with Europe have had new meanings. It is not difficult to notice that the European Union has also a new dimension. After the five rounds of enlargement, the EU has expanded from six – member entity into the world's largest trading bloc with 25 Member States and a European population of almost 460 million. Due to the fact that the EU has grown into big, complex and varied European Community, the economic, political and social stability has been wobbled. The European Union also has changed its borders. According to all these things, it is not surprising that lately there has appeared many collective voices against further enlargement. It seems to be very realistic perspective that the next enlargement will not take place in the medium term. That is why this problematic issue brought the necessity of creating a brand new policy towards new EU neighbouring countries. Countries-neighbours, not countries-candidates for being members of the EU.

2. The origin of the European Neighbourhood Policy

“The European Neighbourhood Policy is a new policy that invites our neighbours to the East and to the South to share in the peace, stability and prosperity that we enjoy in the European Union and which aims to create a ring of friends around the borders of the new enlarged EU”. These words were said by the Commissioner for External Relations and European Neighbourhood Policy, Ms Benita Ferrero-Waldner, just after the fifth round of enlargement of the European Union. So it seems to be quite obvious that the new policy was introduced by the European Commission as a response for different needs connected with the last turn of the process of enlargement.

At the beginning the European Neighbourhood Policy (ENP) was outlined in a Commission Communication from 11th March 2003 as a document *Wider Europe – Neighbourhood: a New Framework for Relations with Our Eastern and Southern Neighbours*. That Communication considered how to strengthen the framework for the European Union’s relations with those neighbouring countries that do not currently have the perspective for being a member of the EU. The Communication clearly proposed that the EU should aim to develop a zone of prosperity and a friendly neighbourhood – so called ‘ring of friends’ – with whom the EU would enjoy close, peaceful and co-operative relations. After some discussions, which took place among the members of the European Parliament and the Council of the European Union, about the document “Wider Europe”, it turned out that the conception is not as effective and efficient as the EU’s Member States expected. Due to

this fact the new document was created and proclaimed. It was a *Strategy Paper on the European Neighbourhood Policy*, which was published in May 2004 and which established the ENP as a new EU policy for external relations. This document set out in concrete terms how the European Union proposed to work more closely with new neighbours such as Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian Authority, Russia, Syria, Tunisia and Ukraine. In this document the European Union offered its neighbours a privileged relationship, building upon a mutual commitment to common values, especially a democracy and human rights, rule of law, good governance, market economy principles and sustainable development. The ENP proposes to work with neighbours to advance freedom and democracy in neighbourhood by deepening political cooperation, on the basis of shared values and common interests, to promote prosperity in neighbourhood by supporting neighbours' economic reform processes and offering significant economic integration, and to promote security and stability by working with neighbours to address development, environment and counter-terrorism issues – in line with the European Security Strategy. The European Neighbourhood Policy went beyond existing relationships to offer a deeper political relationship and economic integration. It is quite obvious that the level of the relationship will depend on the extent to which these values will be effectively shared. It is very important to emphasize the fact that the ENP is not about enlargement and does not offer an accession perspective. On the contrary, this policy is aimed at a long-term cooperation between neighbouring countries, so it implies the

fact that these states will not be able to become a legal member of the EU in a near future.

All new policy' priorities pointed by the EU and the partner countries are incorporated in agreed *Action Plans*, which cover a large number of key areas for specific actions such as political dialogue and reforms, trade and measures preparing partners for gradually obtaining a stake in the EU's Internal Market, justice and home affairs, energy, transport, information society, environment, research and innovation and social policy. At present, the implementation of the first seven ENP Action Plans (agreed in early 2005 with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine) is beginning. Their implementation will be promoted and monitored through sub-Committees and the European Commission will report their progresses in early 2007. A further five ENP Action Plans are under negotiation with Armenia, Azerbaijan and Georgia, Egypt and Lebanon. When they agree, a similar implementation and monitoring will also begin for these countries¹.

If it comes to the financial dimension of the neighbourhood policy, the European Union provides both financial and technical assistance in order to support the implementation of all objectives mentioned in the ENP. At present, assistance to the countries of the European Neighbourhood Policy is provided under various geographical programmes including TACIS (for eastern neighbours and Russia) and MEDA (for southern Mediterranean neighbours), as well as thematic programmes such as EIDHR (European Initiative for Democracy and Human Rights). For the current budgetary period

(2000-2006), the funds available were approximately €5.3 billion for MEDA and €3.1 billion for TACIS, as well as approximately €2 billion in European Investment Bank lending for MEDA beneficiary countries and €500 million for TACIS beneficiary countries. It is not meaningless that from 2007, as part of the reform of EC assistance instruments, the MEDA and TACIS programmes will be replaced by a single instrument – the European Neighbourhood and Partnership Instrument (ENPI). This will be a much more flexible, policy-driven instrument. It will be designed to target sustainable development and approximation to EU policies and standards – supporting the agreed priorities in the ENP Action Plans (as well as the Strategic Partnership with Russia, which was previously also covered by the TACIS programme). It is assumed that the ENPI will also significantly improve cross-border cooperation along the EU's external land and maritime borders with partner countries, giving a principle aim of avoiding new dividing lines. For the next budgetary period (2007-2013), the Commission has proposed €14.93 billion. Funds will be allocated to individual country programmes and they will depend on their needs and absorption capacity as well as their implementation of agreed reforms².

It is very important that planned new forms of technical assistance are being extended to also partner countries. Legislative approximation, regulatory convergence and institution-building will be supported through mechanisms which proved successful in transition countries that are now EU Member States i.e. targeted expert

¹ http://ec.europa.eu/world/enp/policy_en.htm, 20.04.2006

² http://ec.europa.eu/world/enp/funding_en.htm, 20.04.2006

assistance (Technical Assistance and Information Exchange – TAIEX), long-term twinning arrangements with EU Member States’ administrations – national, regional or local – and participation in Community programmes and agencies³.

The ENP is still a relatively young policy, first mooted in 2003, with implementation of the first ENP Action Plans only beginning early last year. But during 2005 there were seen the first slender shoots of progress, across a wide range of issues and actions, on which the policy definitely will be continued during the coming years.

3. Ukraine – the EU neighbouring country

The official relations on line European Union and Ukraine go back to the earliest 90’and base on a variety of agreements. Among all these documents the most important are following: the *Partnership and Co-operation Agreement (PCA)*, which entered into force in 1998, and the *EU-Ukraine Action Plan*, adopted and endorsed by the EU-Ukraine Cooperation Council on 21 February 2005. The last document provides a comprehensive and ambitious framework for work with Ukraine, identifying all the key areas of needed reforms. It is very important to note that the EU considers Ukraine as a priority partner in the European Neighbourhood Policy framework. The EU considers this as a “realistic vision for the future”, but for now Ukraine is not seen as a country in line for membership. Due to this in February 2005, the EU and Ukraine signed

³ http://ec.europa.eu/world/enp/funding_en.htm, 25.04.2006

and updated three-year Action Plan on bilateral relations. What is more, in December 2005 the EU granted a market economy status to Ukraine⁴.

4. EU-Ukraine agreements and future prospects for better relations.

If it comes to the Partnership and Cooperation Agreement, it has to be mentioned that this document is an important instrument in bringing Ukraine in line with the legal framework of the single European market and of the World Trade Organization system. This agreement provides a prospect for establishing a free trade area conditioned on further economic reform. Ukraine was the first country of the former Soviet Union to conclude a PCA with the European Union in June 1994. After ratification by Ukraine, the EU and its Member States, the PCA came into force in March 1998. The PCA emphasizes respect for shared fundamental values as an essential element of the EU-Ukraine partnership. It also provides a framework for political dialogue, harmonious economic relations, sustainable development and cooperation concerning other spheres. For example the institutional collaboration on EU-Ukraine line based on the presented agreement. The PCA establishes a number of bilateral institutions and provides the basis for taking further decisions as necessary. The main bilateral structures, set up by the PCA, include:

- Bilateral Summit meetings (annual) between the Presidents of Ukraine and the EU Presidency together with the

⁴ http://ec.europa.eu/comm/external_relations/ukraine/intro/index.htm#pol, 25.04.2006

President of the Commission and the EU's High Representatives.

- Co-operation Councils at ministerial level (EU-Presidency, European Commission, High Representative, Government of Ukraine).
- Co-operation Committees (senior civil servants level, chaired alternately by the European Commission and the Ukrainian side).
- Sub-Committees (experts level; supporting the work of the Co-operation Committee).

At present there are seven subcommittees, which operate and discuss different kind of issues.

The political dialogue with Ukraine covers four main groups of topics: horizontal security threats such as terrorism; disarmament and non-proliferation; regional and international issues; and democracy and human rights, including media and press freedom. On democratic principles, fundamental freedoms and human rights, the EU has supported Ukraine in its efforts to implement the relevant commitments under the PCA, as well as its membership in the OSCE and the Council of Europe, including through an active dialogue and the provision of targeted assistance. The EU has stressed that shared values are the basis for Ukraine to come closer to the EU within the European Neighbourhood Policy. The political dialogue is mainly conducted through yearly Summits, at the Co-operation Councils, and in Ministerial and Political Directors' meetings in the Troika

format. For example, The EU's Political and Security Committee meets with the Ukrainian side under each Presidency⁵.

The (7th) Summit was held on 8 July 2004 in The Hague. This meeting was the first after the historic EU enlargement on 1 May 2004 through which the EU and Ukraine became direct neighbours. Summit leaders agreed on the importance of a further reinforced relationship between the EU and Ukraine and confirmed the need to work together to contribute to increased stability, security and prosperity on the European continent, and to avoid the emergence of new dividing lines. The meeting was hosted by the Prime Minister of the Netherlands, Mr Jan Peter Balkenende in his capacity as the President of the European Council, assisted by the High Representative for the EU Common Foreign and Security Policy, Dr Javier Solana, and by the President of the European Commission, Mr Romano Prodi. It is value to mention that just after the fifth round of enlargement there appeared a need to extend the application of the PCA agreement in full to the 10 new EU Member States. Due to this the Protocol of the PCA was signed by the EU and Ukraine on 30 March 2004⁶.

The latest EU-Ukraine summit was held on 1 December 2005 in Kiev, so in the time when the European Neighbourhood Policy has become a European policy towards EU's neighbours. The leaders of the European Union and Ukraine met in Kiev for the EU-Ukraine Summit. It was the first such meeting since the election of

⁵ http://ec.europa.eu/comm/external_relations/ukraine/intro/index.htm#pol, 20.04.2006

⁶ <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/04/855&format=HTML&aged=1&language=EN&guiLanguage=en>, 20.04.2006

President Yushchenko. Leaders welcomed the fact that commitment to democracy and reform had opened new prospects for Ukraine and EU-Ukraine relations. During this meeting there appeared a very important issue. On trade and economic relations, leaders welcomed the European Commission's assessment that Ukraine has met the technical criteria for granting Market Economy Status (MES) for trade defense, and welcomed EU Member States' support for granting MES to Ukraine on that basis. EU leaders reconfirmed the goal of promoting deep economic integration between the EU and Ukraine and, in order to achieve it, looked forward to an early start of negotiations of a Free Trade Area once Ukraine has joined the WTO. EU leaders noted good progress made on the feasibility study on a Free Trade Area between the EU and Ukraine. EU leaders underlined strong support for Ukraine's early accession to the WTO, and stressed their commitment to continue to offer assistance in meeting the necessary requirements⁷.

The big step towards Ukraine was preparing and proclaiming the EU-Ukraine Action Plan concerning the objectives for closer collaboration within the new EU policy. The history of this process was following. Upon completion of Country Reports for seven ENP countries, including Ukraine, joint Action Plans were negotiated. Consultations with Ukraine on a European Neighbourhood Action Plan were launched in January 2004 and concluded in September 2004. The EU-Ukraine Action Plan was jointly adopted at a special Cooperation Council on 21 February 2005. It is based on the PCA

⁷<http://europa.eu/rapid/pressReleasesAction.do?reference=PRES/05/337&format=HTML&aged=0&language=EN&guiLanguage=en>, 20.04.2006

and an important step towards the overall process of developing the increasingly close relationship between Ukraine and the EU, going beyond co-operation, to economic integration and a deepening of political co-operation. The Action Plan provides a comprehensive and ambitious framework for further work with Ukraine. The AP is highly versatile. The quality and duration of implementation will depend on Ukraine's continued commitment to common values and its capacity to implement jointly agreed priorities and effective bilateral cooperation and coordination⁸.

It is important to mention that another document was agreed a few years ago, called The EU Common Strategy on Ukraine. The strategy was adopted in December 1999 at the Helsinki European Council in response to the recognition that more coherence was needed between the EU and the Member States' policies vis-a-vis certain partner countries. It covered a period of four years so it ended three years ago. But it is important to point that the Strategy aimed at developing a strategic partnership between the EU and Ukraine on the basis of the PCA, while acknowledging Ukraine's European aspirations and welcoming the country's European choice. It set three principal objectives:

- To support the democratic and economic transition process in Ukraine
- To meet common challenges on the European continent (stability and security in Europe, environment protection, energy and nuclear safety)

⁸ EU-Ukraine Action Plan, dostępny na stronie http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf,

- To strengthen co-operation between the EU and Ukraine in the context of enlargement; assist Ukraine's integration into the European and world economy; enhance co-operation in the field of Justice and Home Affairs.

The main purposes still exist and moreover both sides try to do their best in order to achieve all presented goals⁹.

At the end of this paper the technical assistance of EU towards Ukraine must be presented. It is very significant to note that the EU is the largest donor to Ukraine. Assistance provided by the European Community alone has amounted to more than € 2 billion since 1991. This includes assistance under the TACIS programme (including its national, regional, cross-border and nuclear safety components) as well as macro-financial assistance, support under thematic budget lines such as the European Initiative for Democracy and Human Rights (EIDHR) and humanitarian assistance provided by ECHO. Under the national TACIS programme assistance, over the period 2002-2006, has focused on three priority areas: support for institutional, legal and administrative reform, support to private sector and economic development and support in addressing the social consequences of transition. Funding under the national TACIS programmes for Ukraine has been substantially increased over the period 2002-2006 from € 47 million in 2002 to € 88 million in 2005 and expected € 100 million in 2006. In addition to support provided under TACIS National Programmes, regional assistance under the TACIS programme addresses in particular issues related to increased

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inter-state cooperation in transport, energy and sustainable management of natural resources focusing mainly on water. In the area of Justice, Liberty and Security priorities include enhanced integrated border management, combating organized crime and international terrorism and improving migration and asylum management. Support for cross-border cooperation focuses on economic and social development of border areas, efficient border management and people-to-people contacts.

In the context of the European Neighbourhood Policy (ENP) assistance starting from 2007 will be provided under the new European Neighbourhood and Partnership Instrument (ENPI). ENPI will replace the current TACIS programme as well as a number of thematic activities. Ongoing TACIS projects will of course continue to run until their planned dates of completion. Under ENPI assistance will not be limited to Technical Assistance but will cover a wider range of instruments and delivery mechanisms including Twinning and TAIEX. Through twinning the European Commission is encouraging partnerships between the administrations of Member States and candidate countries to enable the latter to adopt the *acquis communautaire*. TAIEX (Technical Assistance Information Exchange Office) has been designed to provide five main services: documentation, information and advice on Single Market Legislation, workshops and seminars, study visits to the European Commission and Member States, expertise to provide the beneficiary countries, and finally, the creation of databases on the deployment and

⁹ http://ec.europa.eu/comm/external_relations/ukraine/csp/index_csp_old.htm, 30.04.2006

results of technical assistance provided. Work on a new Country Strategy Paper for the period 2007-2013 is currently ongoing and will be finalized by spring 2006, so quite soon from now. Assistance provided under ENPI will be determined on the basis of the policy objectives laid out in the EU-Ukraine Action Plan jointly endorsed by the EU and Ukraine in February 2005¹⁰.

5. Summary

The EU and Ukraine are much determined to work together as it was shown above. This cooperation seems to be very valuable to both sides. It is not surprising due to the fact the Ukraine became a strategic EU bordering country. At each EU-Ukraine summit Ukraine declares that its strategic goal is to be fully integrated into the EU. On the other side the EU leaders all the time welcome Ukraine's European choice, stressing that Ukraine's commitment to democracy and reform opens new prospects for a considerable enhancement of the level and quality of EU-Ukraine relations. Let's hope that the reality will be as gracious as the EU and Ukraine wish, and all bilateral declarations and aims will be reached by both sides in the nearest future.

¹⁰ http://ec.europa.eu/comm/external_relations/ukraine/intro/index.htm#tech, 30.04.2006