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WITH CONTRIBUTIONS BY

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Strategic Implications of the EU Crisis

Working Paper No. 21 of the European Security Forum

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Chairman's summing-up

François Heisbourg*

The French and Dutch rejections of the Constitutional Treaty have opened up a period of deep and protracted difficulties for the European Union. The strategic implications of the new situation are compounded by the fact that foreign and security policy was one of the areas in which significant innovations have been provided for by the treaty.

In presenting his paper on the American perspective, Jeff Gedmin disputed the notion of a 'crisis' in the literal sense of the word, preferring the word 'malaise'. He underscored the limited extent of '*Schadenfreude*' in Washington. According to him, there was now a good chance to move away, on both sides of the Atlantic, from moralising attitudes, to have a more dynamic debate on the future of Europe. The director of the Aspen Institute Berlin noted that the strategic glue between the US and Europe was not as readily provided as before by common values (but not 'clone' values) or common interests (we all have 'sharper elbows' and our interests don't always coincide). But when addressing the question of transatlantic co-operation, his view was that it was necessary to think through the alternatives to sticking together.

Timofei V. Bordachev, from the Institute of Europe, put forward the proposition, in his presentation, that the EU crisis means the end of a 'normative empire'. While emphasising the absence of mutual trust in the EU-Russia relationship, he considered that the future of the European integration project cannot be abstracted from the form of co-operation with Russia, in effect a European-Russian future. He added, in response to the chairman's question about the nature of the glue binding Russia and Europe, that the aim was to extend 'peace in Eurasia' in the same way that the EU's goal had hitherto been 'peace in Europe'.

Charles Grant underlined the importance of interests in providing the glue between the US and the EU as between Russia and the EU. Pressed by the chairman on the issue of the ultimate limits of the European Union, the director of the Centre for European Reform defended the virtues of ambiguity within the context of existing treaty language (which mentions 'Europe' without defining it in geographical terms). Like Jeff Gedmin, he was wary of using the word 'crisis', which conveys the impression that European integration is essentially treaty-driven whereas recent examples (the Services Directive, the European Arrest Warrant) show otherwise. He considered that in the case of CFSP, political will is more important than institutions. In presenting the proposals made in his paper concerning variable geometry, he recalled the need to define those areas which would need to be common and not variable (e.g. trade, competitions, single market, fisheries, regional policy, elements of CAP, border control, environment). He added that his suggestion of "associate membership of CFSP" could include Russia.

In setting the stage for the first round of discussion, Robert Cooper made several points. In his view, too much hubris had accompanied the Constitutional Treaty project, moving away from the methodology of Jean Monnet or, to use a British precedent, of Bagehot: We forgot to do things which are effective rather than dignified or decorative. He noted that there had indeed been little *Schadenfreude* in the US, but, rather more so in Russia, because of opposing views on enlargement (i.e. for Moscow, the less enlargement the better, for Washington the more the better). On the ultimate limits of Europe, he asked the rhetorical question if the Mediterranean or the Sahara was the limit of the EU to the South. On the issue of associate membership of CFSP, he stressed not only the limited appeal of such halfway-house solutions (countries want a seat at the table) but also the limited ability of a still weak CFSP to cope with such an approach (hence the 'no' to Norway's ideas on this score).

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In the first round of discussions, one participant noted that variable geometry would have occurred even with the Constitutional Treaty. And even those who want variable geometry need to explain who would define the areas that would not be subject to variable geometry. On a different note, the same person observed that ‘output legitimacy’ had reached its limits. He made the point that the arrest warrant had been struck down by the German constitutional court in part for reasons related to national sovereignty.

A member of the Commission staff stressed, *inter alia* (as had Jeff Gedmin), that the smaller states had to be ‘brought along’ in the EU integration process. He also emphasised that CFSP had not been a contentious item in the French and Dutch referenda. His view was that there will be a need for a new treaty down the road if the EU wants to have an EU foreign minister. This point was underscored by a Dutch speaker, who asked how the EU could deal with Asia if the ‘malaise’ is unresolved. Another participant raised the risk of ‘protectionist groupings’ arising in the case of variable geometry while a member of CEPS noted that enlargement would be slowed down without a treaty.

In response, Charles Grant raised the issue of eventual extension of the EU’s ‘enlargement leverage’ as far afield as North Africa or Russia or Kazakhstan. He agreed that the Constitutional Treaty should be considered as dead. He suggested that the existing treaties could provide the basis for deciding what would not be eligible for variable geometry.

Robert Cooper noted that one would indeed need a Constitutional Treaty to have an EU foreign minister. He noted that, although it is possible in theory to create the *service d’action extérieur* (SAE) without a treaty, one would still have to decide to whom the SAE would report, which brings one back to the foreign minister. The Croatian Accession Treaty could possibly be used to incorporate elements of CFSP-related language.

He reminded participants of the recent speech given by the Belgian foreign minister in Florence, observing that not every EU country would be interested in every CFSP issue. On the issue of the EU’s limits, he considered that this was a divisive debate whose time had not yet come.

Timofei Bordachev took the view that the EU crisis had really started in 1997, when variable geometry was introduced and that variable geometry kills solidarity.

In the second round of discussions, Russian participants pointed out that the EU-Russia Partnership and Co-operation Agreement would expire in 2007. A member of CEPS took exception to the idea that the EU had ceased to be a ‘normative empire’, noting that Russia lay outside the EU’s system of norms and values.

On the issue of the EU’s limits, one participant observed that the French *départments* in Algeria had been covered by the original treaties in the 1950s, while Cyprus had been included in the Council of Europe at the same time, thus reminding us of the many meanings which could be given to the word ‘Europe’...

A Finnish participant noted that the EU had made substantial progress in the field of defence, citing the creation of battle groups and the European Defence Agency. He wondered where this would lead us in the next 20 years. A Japanese speaker suggested that the real crises were budgetary or political (e.g. the leadership conflict between Mr. Blair and M. Chirac) rather than constitutional. Cherry-picking could deal with the latter.

A Canadian participant also took the view that the incremental progress on European Security and Defence Policy (ESDP) and JLS, combined with the inevitable leadership changes in Paris and London, could get the EU beyond the current malaise. He added that with the accession of Croatia, the Nice Treaty would become obsolete in terms of its voting weight provisions. This could be an opportunity for broader change in the form of a new treaty.

In response, Timofei Bordachev considered that the EU had not been a serious player with Russia, either before or after the rejections of the Constitutional Treaty. The latter had not changed things much from that standpoint. Russia was not getting as much leverage as it could in its relations with the

EU from its position in the field of energy, where its policy has essentially been one of a mere seller of oil and gas.

Charles Grant did not concur with the view that “variable geometry kills solidarity”. In his view, the ‘EU-3’ on Iran, the policy towards Ukraine and the Euro were all positive examples of solidarity. He agreed with the role of defence in helping the EU move forward. As to where defence convergence would be in 20 years, he foresaw common procurement, enhanced pooling of assets and the development of the EU’s military intervention capability.

In conclusion, he observed that Russia’s values and attitudes were different from those of the EU, but noted that whereas Russia’s values could change, the sheer size of Russia would not, thus bringing us back to the question of the EU’s limits.

American and European Malaise?

A European Perspective

Jeffrey Gedmin*

I think I first really grasped what ‘*Schadenfreude*’ means by living in Germany these past four years. I can think of countless examples, of course, but most recent and poignant, perhaps, was the column I came across in the newspaper *Tageszeitung* (taz). The writer actually took the view that it was a good thing that hurricane Katrina hit the United States (he felt “joy” in his heart). He added for good measure that it was a pity Katrina was not able target supporters of the American President and members of the US military (Philipp Mausshardt, 2 September 2005).

This may be an example of anti-Americanism, but it also is in piece with the moral competition some European elites insist on promoting with the United States. Recall, for example, the overheated, sanctimonious rhetoric one heard for a time from European capitals over Kyoto. It seemed a touch unreasonable. The United Nations intergovernmental panel on Climate suggests says that, without ratification of Kyoto, the average global temperature will rise about 1 degree Celsius by 2050. The same group forecasts that with the implementation of Kyoto, the temperature will still rise 0.94 degrees. As Italian defence minister Antonio Martino (himself an economist) has pointed out, that’s a whopping difference of 0.06 degrees a half century. Incidentally, a dozen European countries that signed Kyoto are slipping rapidly behind their treaty obligations today, a fact that does not seem to cause much huffing and puffing on opinion and editorial pages and talk shows in Europe. It is that eco-reactionary George W. Bush, maintains for example the *Independent* newspaper, who is the real “threat to the world”.

What is the difference between US and European approaches to the Greater Middle East? You can find a candid and rather astonishing answer on the website of the German foreign ministry, says Dr. Gunter Muhlack, Commissioner for the Task Force for Dialogue with the Islamic World:

We do not want to impose our view of the world and our philosophy on our partners. Here I have the feeling there is a big difference between the American and European approach. Europe is no longer interested in power games. The world we want to see is a world of lasting peace based on justice and the rule of law.

This moral competition with America is nothing new, of course, and like anti-Americanism itself it has a long history and tradition. Barry Rubin notes that in the 1780s, a French lawyer named Simon Linguet, surely speaking for more than a few at the time, argued that America was being built by the dregs of Europe and would in due course become a dreadful society bent on the domination of the continent and the destruction of civilization. Nor is the attempt of European elites to caricature American presidents and US positions anything new. The current affairs magazine *Der Spiegel* insisted that we Americans want to have everything our own way in our own ‘McWorld’ in an editorial written during the glory days of that great and beloved multilateralist Bill Clinton. As for current American attitudes toward Greater Middle East by the way, President Bush’s view, in his own words, is that “when the soul of a nation finally speaks, the institutions that emerge may reflect customs and traditions very different from our own. American will not impose our form of government on others.”

I wonder whether a touch of humility on both sides of the Atlantic will provide space for much overdue reflection and introspection. I think we have an opportunity. The administration in Washington was beginning to realise well before the president’s re-election to a second term that the way in which the US had dealt with key allies in recent years was counter-productive, to put it mildly. This was one of the conclusions in a recent book by Yale historian John Lewis Gaddis titled “Surprise, Security, and

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the American Experience,” a slender volume the president, his national security adviser and top NSC members were reading in summer 2004. The President had even invited Professor Gaddis to the White House for a discussion.

Indeed, if the European reaction over Kyoto tended toward hysteria, Washington’s own management of the issue was defined by arrogance and incompetence. Likewise, American public diplomacy failed badly to explain American reservations about the International Criminal Court and, for that matter, pressing US concerns over Saddam’s Hussein’s quest to escape sanctions and continue his armament programmes. I have a feeling American hubris may fade, at least momentarily, and for this there are certainly other reasons as well.

The mismanagement of hurricane Katrina was a disaster for the Bush administration. Social Security reform, which was to be a centre piece of the President’s second term, has foundered. Iraq continues to present enormous challenges. The president’s popularity has plummeted. The indictment of Vice President Cheney’s aide Scooter Libbey and the ongoing investigation of potential wrongdoing in the CIA leak case of the president’s top adviser Karl Rove have also badly damaged the administration. The ill-fated choice of Harriet Meiers for a seat on the Supreme Court was another recent blow to the President’s standing and prestige.

At the same time, from an American perspective Europe looks hardly to be in the best of shape. You would be hard pressed to find much evidence of *Schadenfreude* in Washington. In Britain, Tony Blair’s power has begun to wane. In France, the nation-wide riots of recent weeks have begun to provoke a serious national debate, which will understandably devour enormous amounts of time and political capital in the months ahead. The American-led intervention in Iraq has damaged America’s standing in France. I wonder if our French friends fully appreciate how, in the US, the image of France has taken a beating as well. In October, a French magistrate brought former UN Ambassador Jean-Bernard Merimee in for questioning on an allegation that he took a bribe from Saddam Hussein for 11 million barrels of oil. Others accused in wrongdoing in the UN’s oil-for-food scandal thus far include: Charles Pasqua, a senator and former interior minister; Serge Boidevaix, the former secretary general of the Foreign Ministry; Patrick Maugein, chairman of the oil company SOCO, who is also close to Jacques Chirac.

Germany has its own problems of course. We are still waiting for a new government. The Grand Coalition that is being formed will try to focus on economic reform, a process that is now certain to move forward at snail’s pace. With low growth, 11% unemployment (19% in Berlin), meagre defence spending, an ageing population, declining birth rates, does anyone really expect Germany - Europe’s largest economy - to be a force for action and a leader in Europe in the years to come?

This is the backdrop to the collapse of the EU’s constitutional process. You do not have to be a Euro-pessimist to see that Europe is likely to be stalled for the next couple of years. Further enlargement appears increasingly unlikely, deeper integration at the moment unthinkable. Charles Grant is right when he wrote recently that the European Union is "neither dead nor dying". There is reason to believe, though, that both the US and EU may tend now towards self-involvement, a regrettable and potentially dangerous scenario for the next couple of years.

In the short-term Iran continues to pose a formidable challenge to the transatlantic community. Europeans whisper that military force will not halt the Mullahs’ drive for a nuclear weapon. The Americans make no secret of the fact that they believe diplomacy is doomed to fail. Both may be right. Meanwhile, Syria shows signs of meltdown. The future of Iraq still hangs in the balance. In East Asia, we must cope with proliferation and prepare for the coming unification of Korea. And of course, how we help manage the rise of a peaceful China over the years ahead is probably one of the most serious tasks the transatlantic community has to ponder.

There has been a fair amount of commentary in Europe about Euro-scepticism and anti-Europeanism in the United States. This is part of a larger and largely phoney debate. There is broad consensus in the US in favour of a strong Europe. Even the dreaded neo-conservatives have called for years for greater defence spending and reform of European economies, measures that would make Europe stronger. A

stronger Europe will be less envious and resentful of American power. Once the current imbalance of power is addressed, it may become easier to forge common strategies on a variety of security issues.

How Europeans choose to organise themselves remains chiefly a European matter, even if we talking heads like to hector time to time from the bleachers. In truth, Americans have had, in this respect, concern about one thing, a concern shared on both sides of the aisle in Washington: that the new Europe, whatever its organisational arrangements, be Atlantic in orientation, inclusive toward the young democracies in central and Eastern Europe and open to helping the United States solve the global, strategic problems of the day. This seems like a reasonable proposition if there ever was one.

The Strategic Implications of the EU Malaise: Enlargement, Variable Geometry and a Stronger Neighbourhood Policy

An American Perspective

Charles Grant*

The EU's malaise in 2005 is the result of at least four problems: economic failure, institutional blockage, diminishing legitimacy and lack of leadership. The poor performance of the core euroland economies has made many people fearful of change, whether it comes in the form of new EU treaties or fresh rounds of enlargement. The failure of the Constitutional Treaty has left a cloud of uncertainty over the EU's institutions. Partly as a consequence of those economic and institutional problems, the legitimacy of the EU has diminished among many sections of European public opinion. And finally, throughout its history the EU has never experienced such a striking lack of leadership. The Commission is weak, while most of the large member states have leaders who appear to care little about the fate of the European Union.

This essay examines the strategic consequences of the EU's malaise and, in particular, the threat to further EU enlargement. It suggests that an extension of the principle of 'variable geometry' could help to revive prospects for enlargement. And it proposes a form of associate membership for countries that have no hope of joining the EU.

Ever since the 1970s, there has been a close link between 'deepening', the movement towards a more integrated Union, and 'widening', the enlargement of the Union. Political elites in core countries such as France have always been reluctant to 'widen' the EU, understanding that a larger Union would find it difficult to integrate. They feared that the British wanted enlargement in order to fulfil the Thatcherite dream of an EU that was little more than a glorified free trade area, with weaker institutions and a diminished sense of solidarity. A wider Europe, of course, would also reduce the influence of France, Germany and the Benelux countries.

But despite these reservations, the EU has continued to enlarge – in 1981, 1986, 1995 and 2004. The French and others sceptical of enlargement, such as federalists, swallowed their reservations. They did so because they extracted a price. This amounted to a series of treaties that created a more integrated Europe – those negotiated in 1985, 1991, 1997, 2000 and finally the Constitutional Treaty, signed in 2004 but unlikely to ever enter into force. The British, Nordics and some other enthusiasts for enlargement were never particularly keen on treaty-based integration, but put up with it in return for enlargement. (The Germans sat in the middle of this debate, pro-deepening, because of their generally federalist approach to the EU, but also pro-widening, so that their neighbours could join the club.)

This implicit bargain between deepeners and wideners has driven the EU forward for the past 20 years. The demise of the Constitutional Treaty has therefore done much more than bring an end to treaty-based integration for the foreseeable future. It has also created major obstacles to further enlargement of the EU.

Appetite for enlargement was deteriorating even before the French and Dutch referendums. France had changed its Constitution in March 2005 such that any country wishing to join after Bulgaria, Romania and Croatia could not do so without a positive referendum in France. Indeed one reason why French people voted 'No' to the Constitutional Treaty was to protest against the 2004 enlargement, which had been unpopular in France. In both France and the Netherlands some of those voting 'No' did so because they opposed Turkish membership (although the treaty had nothing to do with Turkey).

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Evidently, there are many reasons why people oppose further enlargement, in addition to an apparent wish to end deepening. Some voters fear that people from accession countries will steal their jobs while others do not want Muslim countries in the EU. But there is no doubt that the French and Dutch referendums have darkened the prospect of a much wider Europe. Since the referendums most of the serious contenders for the French presidency – including Nicolas Sarkozy, Dominique de Villepin and Laurent Fabius – have spoken out strongly against Turkish accession. So have Angela Merkel, Edmund Stoiber and other senior German Christian Democrats. Austrian leaders have been especially hostile to Turkey, almost vetoing the opening of accession talks in October 2005. In many EU countries, senior officials, politicians and pundits are arguing that the EU should not expand into the Balkans, Turkey or elsewhere until and unless it can strengthen its institutions.

That argument is not unreasonable. Proponents of enlargement need to show that the EU's policies and institutions could function effectively in a wider Union. Nevertheless, it would be a tragedy for the EU to postpone further enlargement indefinitely. The Union's greatest success has been its ability to spread democracy, prosperity, security and stability across most of the continent. Of course, there has to be a geographical limit at some point – North African countries are not in Europe and so cannot join. But for the EU to define precisely its future borders for all time would have a disastrous impact on would-be members beyond those borders.

If the EU ended talks with Turkey, the extreme nationalist and Islamist elements within Turkish politics and society would be strengthened. The impact of the EU shutting the door on the Western Balkans would be worse still. Would fragile constructions such as Bosnia and Macedonia hold together? Would Serbia ever be able to swallow the bitter pill of independence for Kosovo without the prospect of EU membership for itself? And if the EU said “never” to countries further afield, such as Ukraine, Moldova, Belarus and Georgia, how could it hope to influence their development?

Can Variable Geometry Save Enlargement?

Despite enlargement's gloomy prospects, Europe's leaders could, if determined, resuscitate the process. First, they should boost Europe's economic growth. As long as millions of Europeans are unemployed, or fear for their jobs, they will naturally be reluctant to welcome new EU members and their workers. Second, EU leaders should lead, explaining to electorates that extending the single market and good governance across the continent enhances their prosperity and security.

Third, politicians should work to revive the EU's legitimacy in two ways. They should ensure that the EU focuses on policies and actions that appear relevant to citizens' lives, such as encouraging educational exchanges, making it easier for people to live and work outside their home country, or helping to retrain those who lose from globalisation. And they should improve the way the institutions work, for example by giving national parliaments a bigger role in decision-making and by allowing the media into the Council of Ministers. Much can be done without changing the current treaties.

This essay concerns itself not with these three points, but rather a fourth way of promoting the cause of enlargement. EU leaders should make better use of variable geometry, the idea that not every member state need take part in every EU policy area. Already, of course, some EU countries opt out of the euro, the Schengen agreement or EU defence policy. The current treaties allow groups of member states to move ahead in certain policy areas, under the so far unused ‘enhanced co-operation procedure’. An *avant-garde* group could also emerge independently of the EU institutions. Schengen started as an inter-governmental accord before being folded into the EU treaties.

More variable geometry could help enlargement in three ways.

- If the countries that aspire to a ‘political union’ were able to build *avant-gardes* in certain policy areas, and thus revive a sense of forward motion, they would be less likely to oppose further widening of the Union.

- EU governments should also try to persuade EU applicants to accept long or possibly indefinite transition periods that would postpone their full participation in some EU policies. Again, that would make enlargement more palatable for some doubters.
- For neighbours of the EU that are unlikely to join in the foreseeable future, the EU should offer a tighter form of association than its current neighbourhood policy. The EU should hold out the possibility of neighbours being able to join the Common Foreign and Security Policy (CFSP) as ‘security partners’. Such a scheme, if successful, could reduce the number of countries seeking full membership.

Greater Use of Avant-Garde Groups

The current trend towards variable geometry is unmistakable. For example, seven member states signed the Treaty of Prüm in May 2005, a kind of ‘super-Schengen’ agreement that among other things enables the signatories to share information on fingerprints and DNA, and to co-operate on aircraft security. More informally, the interior ministers of Britain, France, Germany, Italy and Spain, the so-called ‘G-5’, work together on counter-terrorism. And then there are issue-based sub-groups of members, such as that of Britain, France and Germany, the ‘EU-3’, which leads EU policy on Iran. All these groupings promote European interests or integration. In a wider, more diverse EU, it is inevitable that some countries will not take part in every policy area. This trend should be welcomed and not resisted. Any forum that has 25 or 27 governments represented around a table is seldom likely to be useful or effective.

The variable geometry envisaged here is different to the idea of a ‘hard core’ or ‘concentric circles’ that is periodically floated by senior French politicians, including Jacques Chirac, Valérie Giscard d’Estaing and Dominique Strauss-Kahn. Their idea is that France and Germany should lead a group of integrationist members into a new organisation that would establish closer co-operation across a broad range of policy areas, rather than one particular area. Those left in the outer circle would be in the EU but not the new core. This scenario has never been very plausible because of the institutional, political and judicial difficulties that would ensue, and because few German leaders are amenable to the idea. It has become even less plausible in recent years because Franco-German leadership has gained a poor reputation among many other members and because of the weakness of the governments in Paris and Berlin.

This essay suggests an alternative scenario, based on the current situation, in which several *avant-garde* groups, each with a different membership, would overlap.

Evidently, variable geometry – whether in the form of treaty-based enhanced co-operation clubs established outside the treaties or informal groups focused on particular policies – entails risks. However, most of the potential pitfalls can be dealt with.

- *The danger of exclusion.* The British government has traditionally opposed variable geometry, fearing that if it stayed out of a group it would lose influence in the EU and that if it later tried to join it might find the door bolted. Any *avant-garde* group is entitled to establish entry criteria for those who wish to join. But these criteria need to be interpreted in an objective manner to ensure a member state is not excluded for the wrong reasons. The Nice Treaty’s rules on enhanced co-operation give the Commission just such a policing role. The countries that signed the Treaty of Prüm have said explicitly that, if their venture is a success, they will invite other member states to sign in 2008. The problem of exclusion is more pronounced for informal groupings. When the ‘EU-3’ began their Iranian diplomacy, other member states resented being left out. However, the subsequent involvement of Javier Solana, the EU’s foreign policy chief, who reports back to the other governments, has reassured most of them.
- *Avant-garde groups could weaken EU institutions.* Groups established outside the framework of the treaties, whether formal or informal, risk undermining the role of the Commission, Parliament and the European Court of Justice, to the extent that inter-governmental arrangements do not

involve EU institutions. But precautions can be taken to ensure that such groups mesh smoothly with the institutions. For example, when the Schengen agreement was established – initially, outside the EU treaties – the Commission was invited along as an observer. The signatories of the Treaty of Prüm have taken care to ensure that it is compatible with EU law.

- *Variable geometry is ‘undemocratic’.* That is true, to the extent that neither the European nor national parliaments have oversight of inter-governmental organisations. However, *avant-garde* groups are only as undemocratic as governments choose to make them. If a group of member states created an ‘enhanced co-operation’, the European Parliament would play a role (for normal Community business, the Parliament’s consent would be required, on foreign policy the Parliament would merely be informed and on Justice and Home Affairs it would be asked for an opinion). Other sorts of *avant-garde* grouping need not be unaccountable. Thus the president of the European Central Bank appears before the European Parliament’s monetary affairs committee. The Western European Union, a defence sub-group that has largely merged with the EU, still has its own parliamentary assembly, consisting of representatives from national parliaments. Other inter-governmental groupings could create their own systems of parliamentary oversight.
- *Variable geometry could lead to the unravelling of the *acquis communautaire*.* The more you allow some countries to pick and choose, the greater the risk that others will demand the right to opt out of existing policies they dislike. British Conservatives, for example, talk of using variable geometry to pull Britain out of the common farm, fisheries and foreign policies. The EU therefore needs to define the set of policies that every member must take part in. This should include trade, competition, the single market and its four freedoms (of goods, services, capital and people), fisheries, regional policy, overseas aid, some common rules on agriculture, some environmental rules, some co-operation on borders and policing, and a common foreign policy. That leaves subjects such as the euro, the co-ordination of budgetary and tax policy, border controls, the harmonisation of criminal justice and defence policy as suitable for variable geometry.

The countries in the euro may well see virtue in co-ordinating their economic policies more closely. They are already talking of harmonising corporate tax bases (though not rates). They may wish to create a stronger external representation for the eurozone. Jean Pisani-Ferry, of the Bruegel think tank, has suggested that there is a much stronger case for eurozone members to co-ordinate their structural reforms than there is for the wider EU membership to do so. At some point the euro countries may even wish to simplify and strengthen the currently ragged rules of the Stability and Growth Pact.

The other area where more variable geometry is likely is in the domain of justice and home affairs. The Schengen agreement was a successful piece of variable geometry, conceived outside the treaties but later shifted into them. The recent treaty of Prüm suggests that more variable geometry is on the way, as do the ‘G-5’ meetings of interior ministers.

Transitional Arrangements

When a country joins the EU, it is normally subject to ‘transitional arrangements’ that exclude it from full participation from certain policies for a number of years. Sometimes these work to the benefit of the new member. East Europeans who joined the EU in 2004 will not have to apply all the (very costly) environmental rules for up to seven years. Sometimes the transitional arrangements work, supposedly, in the interests of the old members. Thus 22 of the old member states have insisted on limiting the right to work of citizens from the new member states for seven years.

Most applicants naturally resist that kind of measure, resenting the implication of a status that is ‘membership minus’. However, some applicants and future applicants should think very seriously about tolerating some long or even indefinite transitional periods. The biggest reason why many people fear Turkish membership is that they fear its workers will take their jobs. Free movement of labour would be good for Turkey and in most respects good for the existing member states. But given Turkey’s current poverty – with per capita GDP at around 30% of the EU average – fears of Turkish immigration are understandable. Turkey should be prepared to envisage a provision that would, for

example, allow a member state to limit inflows of Turkish labour indefinitely, but only for as long as Turkey's per capita GDP was below 50 per cent of the EU average.

Once Turkey had been in the Union for a few years, many member states would probably not wish to apply such restrictions. After all, the Turkey that joins the EU, if it does, will be very different from, and much richer than, the Turkey of today. Some Turks would see membership with limits on free movement of labour as an insult. But Turkish negotiators should, as a last resort, be prepared to accept such limits. Turkey would be much better off inside the EU, with restrictions, than outside. This would be a kind of variable geometry, in the sense that not every member would be taking part in every policy. Like the other kinds, it should make enlargement less threatening to those who fear it.

Associate Membership of the CFSP

Turkey and Croatia have started accession negotiations. Macedonia, Serbia, Bosnia and Albania are likely to start negotiations at some point. If Montenegro and Kosovo become independent, they too will probably become candidates. Such countries are currently far from being ready for membership. However, if these Balkan states make good progress, and if they can convince the French electorate that their people share European values, they may be able to join the EU in the long run.

But there are other countries, further afield, that have very little prospect of joining. Ukraine, a large country with a lot of farmers, has enhanced its democratic credentials over the past year. But apart from Poland and Lithuania, very few member states are keen to see it join the Union. Belarus and Moldova are unquestionably in Europe, but are very far from meeting the basic conditions for membership. Georgia believes itself in Europe, as do its neighbours Armenia and Azerbaijan, though many Europeans would disagree. Unlike Armenia and Azerbaijan, Georgia has undergone a quasi-democratic revolution and is keen to move closer to the EU.

Over the past two years the EU has started to implement a new European Neighbourhood Policy (ENP), which aims to enhance ties with the countries that have no prospect of joining in the foreseeable future. The point of the policy is to turn the countries of North Africa, the Middle East, the South Caucasus, and the EU's eastern hinterland into a 'ring of friends'. The EU has already negotiated country-specific or tailored 'action plans' with Ukraine, Moldova, Israel, Palestine, Tunisia, Jordan and Morocco. Others, such as the three Caucasus countries plus Egypt and Libya are now starting to negotiate action plans. Each plan sets out the reforms the neighbour intends to undertake to align its economic and political system with European norms. It also sets out what the EU can offer in terms of trade, aid, political contacts and participation in its programmes.

The neighbourhood policy is a sensible initiative and it is too soon to judge its effectiveness. But the EU seems to be having difficulty in fleshing out the promises that it has made in the action plans. Several Commission directorates-general have moved too slowly to deliver on commitments made under the ENP (DG External Relations being an exception). And many of the member states appear unenthusiastic. Some of those most hostile to enlargement are in no hurry to deepen ties with countries just beyond the EU's borders. For their part, the neighbours have moved very slowly to fulfil their promises.

In time, hopefully, both the EU and its neighbours will make a real effort to implement the action plans. But even if they do, a more fundamental problem will remain. Most of the neighbours believe that the neighbourhood policy does not go far enough in offering to integrate them with the EU. Nothing in the policy or the action plans mentions the possibility of the neighbours ultimately joining the EU. This limits the EU's ability to influence its neighbours. The EU probably needs to offer juicier carrots in order to wield meaningful influence. It should therefore beef up the ENP by rewarding the best-performing neighbours with 'security partnerships' – in effect, much closer ties to the CFSP.

This author owes this idea to a conversation with Salome Zurabashvili, the former Georgian foreign minister. She said that while Georgia was not yet ready for the rigours of the single market, it would benefit hugely from being part of EU foreign policy. As far as she was concerned, Georgian involvement in the CFSP would bring with it an implicit security guarantee.

She is right that the neighbours should not try to adopt most of the *acquis communautaire*. Their economies are too backward to thrive in the single market and their administrative systems are not capable of enforcing the EU's 80,000 page rule-book. However, the neighbours could adopt the foreign policy *acquis*, which is mostly declarations rather than legislation, without much difficulty. Adopting policies is much easier than enacting laws – both technically and politically. Candidate countries often find the implementation of EU law very politically painful. But aligning a country's foreign policy with that of the EU is seldom so sensitive.

The European Economic Area could offer a kind of analogy for neighbours becoming 'security partners' of the EU. In the EEA, Norway, Iceland and Liechtenstein are consulted on the shaping of single market rules but cannot take part in the formal decision-taking. When the EU takes a decision, the EEA countries have to accept it. But while the EEA is about economics, and has no bearing on foreign policy, the proposed security partnerships would work the other way round. These partners would engage in the CSFP but not in the single market.

Suppose that Georgia and Ukraine make good progress with reform, and the EU asks them to become security partners. How might this work? The EU governments and those of Georgia and Ukraine would agree that they had common interests on certain subjects. The security partners would then join in discussions on those issues. But while they would help to shape EU policy, they would not take part in decision-making. When the EU decided on a common policy, the associates would have the right to sign up to it (opting in) or not. Each partner would have a small team of diplomats in the Council of Ministers' Justus Lipsius building, sending representatives to the relevant committees and working groups. The partner would also send a senior diplomat to attend and speak at the Political and Security Committee when the subjects covered by the security partnership were discussed.

Under such arrangements, the security partners would be more intimately involved in the CFSP's institutions than are current candidate countries such as Croatia and Turkey (Bulgaria and Romania, having signed accession treaties, are allowed to take part in EU meetings). Candidates have the right to associate themselves with EU foreign policy, but they do not have diplomats in the CFSP machinery. Therefore the concept of security partnerships could not work unless candidates for full membership were included in discussions on foreign policy (that, in itself, could have a positive impact on the EU's accession talks with these countries).

Security partnerships should not be just about procedures and institutions. The point should be for the EU and its partners to help each other to deal with real problems. The flow of benefits should not be just one way, from the EU to the partners, but in both directions. For example, some neighbours could help the EU to stabilise some of the very problematic regions that adjoin them.

Suitable areas for co-operation between the EU and its security partners could be, for example, the Caucasus, the Balkans, counter-terrorism, non-proliferation and the Middle East Peace Process. The partnership should also extend to the European Security and Defence Policy. Already, some countries in the ENP send troops on EU military missions, but their involvement should be extended. Security partners should be encouraged not only to send troops and other essential personnel on ESDP operations, but also to take part in their management.

This kind of link to the EU would probably have a beneficial impact on the neighbours concerned. Their diplomats would learn how the EU made policy. Their governments would be acclimatised to European ways of working. The model proposed is very different to the NATO-Russia council, which treats the NATO countries and Russia as two distinct entities. In contrast, this idea would aim to integrate neighbours into EU foreign policy as a way of bringing them closer to the EU more generally.

There is a risk that the arrival of security partners in the Council of Ministers would make the EU's diplomatic machinery more complicated and slow it down. Therefore it would be wise for the EU and its partners to start off by working together on only a limited range of issues. And if the EU did find the involvement of partners overly burdensome, it would have the right to press ahead and decide its own policies. Conversely, if the partners found that their views were disregarded and that their

presence was merely symbolic, they could pull out of discussions on a particular subject. Or they could resign from their security partner status.

One obvious criticism of this concept is that it would fail to deter neighbours from applying for membership. After all, Jacques Delors designed the EEA to prevent EFTA countries from seeking EU membership, but most of them did so anyway. However, faced with a choice between no membership and CFSP membership, some neighbours might prefer the latter. If a large group of member states suddenly started campaigning for full Ukrainian membership, the government in Kiev would of course have no incentive to pursue membership of the CFSP. But in the current climate that seems unlikely.

In any case, the point of the proposed security partnerships is not to dissuade neighbours from applying to join the EU, but rather to encourage mutually beneficial co-operation. As with the action plans that exist under the ENP, the security partnerships should contain implicit conditionality. The partners that were most helpful to the EU could expect more economic and political dividends in their broader relationship with the EU.

In the long run, if Russia becomes a truer democracy and a better respecter of civil liberties than it is today, the EU should consider offering it this kind of scheme. Some analysts will argue that member states such as Poland and Latvia would never agree to embrace Russia in such a way. But if at the same time the EU extended the same offer to countries such as Moldova, Armenia and Azerbaijan – assuming that political and economic freedom were firmly entrenched in those countries and in Russia – would Poles and Latvians really be so hostile?

Other analysts will say that Russia is too proud to ever agree to be treated in the same way as Ukraine and Georgia. Today that is the case, but one may imagine that, at some point in the future, Russia might see that participation in a broader CFSP zone could help it to build friendly relations with its neighbours. In any case, the prize of involvement in EU policy-making would be attractive to many liberal Russians, who may one day be more influential than they are today. If the EU could extend its CFSP across the entire continent, its members, Russia and the countries between them would probably all get along better.

The Strategic Implications of the EU's 'Crisis' 'Odd-Insider' Perspective

A Russian Perspective

Timofei V. Bordachev*

Russia is becoming more and more of an insider in European political and economic life, although there are no signs of its own 'Europeanisation', at least in the sense now generally accepted at the official level in the European Union. Russia and the European Union are linked by centuries of shared history, culture, tradition and economic interdependence. This interdependence cannot be destroyed even by today's preoccupation (in Moscow and some European capitals) with oil and gas pipelines.

The 70 years of the Communist experiment made an additional contribution to Russia's 'Europeanisation' by instilling in Russians a deep devotion to the idea of social solidarity and support for weak individuals by the state and society. In other words, contemporary Russian lifestyle is much closer to (old) French Orleans than to New Orleans.

Irrespective of the real intentions of the official authorities and contrary to the tactical interests of part of the Russian business community, European standards and rules for regulating economic activities are becoming increasingly customary in this country. The well-being and stability of more and more Russian businesses are becoming dependent on decisions made by the Council of the European Union rather than by the Russian government. The 'road maps', approved by Russia and the EU at their May 2005 summit, will also contribute to this process.¹ Even though their overarching goal – the establishment of an open and integrated market – will not be reached for some time, the fact that the guidelines exist will steer Russia, however slowly, towards the EU's social and economic model. In terms of security policy, despite the fact that its internal situation can be considered as a challenge in itself, Russia shares with the EU the sense of facing a threat from transnational crime, unstable regions in the southern periphery of Eurasia and the potentially explosive (or aggressive) consequences of the transformation of some countries in the Far East.

All these factors point to a Russia that has ceased to be only an external partner of the EU but a Russia that has already evolved into an 'odd insider' of European politics. It shares not only the same soil with the EU, but also most of the same fears and threats. This conclusion leads us to the following four observations to help us analyse the consequences of the current crisis in the EU both for the future of Europe as a whole and for Russia's approach to European integration:

1. Russia is a European country that is now outside the European integration process;
2. the transformation of the European integration project and its final shape will be key in determining Russia's place in the European space;
3. the transformation and viability of the European integration project cannot be dealt with in isolation from EU-Russia co-operation and
4. the complexity of the situation and the recognition of the EU's crisis at the highest political level mean that it is possible to move away from a literal interpretation of the political documents adopted in recent years by the European Commission and the Russian government. In any case,

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¹ See Russian–EU Road Maps (Russian version) at the Kremlin website (http://www.kremlin.ru/interdocs/2005/05/10/1940_type72067_87994.shtml)

these documents have become part and parcel of the crisis of the EU's foreign policy and its relations with Russia. Nothing in them is worthy of praise but it is too late to criticise them.

Building on this analytical framework, it can be assumed that further enlargement and Russia's inclusion in it in some form within 10 to 15 years will be among the major consequences of the EU's crisis (which reached its peak in 2005). It can be assumed that, by the year 2020, Russia and other European countries, including current EU member states, will be able to closely co-ordinate the management of a considerable amount of their political and economic resources.

The end of the 'normative empire'?

Some may say that statements like this are debateable and sound overly optimistic, at least today. However, even several months ago no one could have predicted that in the autumn of 2005 the European Union would be absorbed in heated debates about its own future, while its main supranational body, the European Commission, would be paralysed from being unable to exercise its own authority and to perform the functions of a supra-state actor in full.

The machinery of European integration has quickly turned into an international community of political and economic actors torn between calls to "integrate further" (Brussels) and proposals to "divide according to interests" (London). The institutional crisis in the EU, which began in 1997 and which has now reached close to its peak, is most likely to run for another ten years. So now is precisely the time to think about the foundations for a Europe that will be built, in the foreseeable future, from the Atlantic to Vladivostok.

Looking back, 2005 will be seen as the end of the European Union's "widening and deepening" phase and as the beginning of a slow recovery, a return to the fundamentals of European integration. 'Enlargement', a mechanical expansion of the EU's 'normative empire' based on the introduction of more and more new exceptions, deepening the EU's de facto division, has come to an end. It has culminated in the 'New Neighbourhood' programmes and the joint EU-Russia road maps.²

'Deepening', the development of a purely regulatory function for 'Brussels', which has replaced the transfer of competences and which is also based on countless hidden exceptions, cannot work in its previous guise any longer either. This practice has resulted in attempts by the incumbent European Commission to overcome the division of the member countries into groups and to initiate macroeconomic changes. The year 2005 is not a time for decisions. It is rather a time for reflection.

Three challenges

An unbiased analysis of the events of the last decade shows that the EU has been heading towards crisis since 1997 and that the enlargement and the drafting of a Constitutional Treaty were attempts to prevent the crisis from getting worse. Both attempts failed to achieve the desired effect. Let us now consider in more detail the main elements of the European crisis, which are characteristic of both the situation inside the EU and of its relations with other European countries.

First, there is a problem of trust from a substantial part of the population and elites in the EU countries and beyond towards the European integration process. The double failure of the ratification of the EU Constitution has changed public moods. The percentage of the Constitution's opponents has increased even in countries that were once ardent supporters of it. The leaders of those countries initially declared that they would hold referenda on the Constitution.

The mutual confidence between member countries and their citizens has fallen sharply. Internal solidarity within the EU has been undermined. Some of the 'engines of European integration' do not hesitate to conclude unilateral deals 'on the side', which trigger indignation, legally quite unfounded,

² M. Emerson, *Four Common Spaces and the Proliferation of the Fuzzy*, CEPS Policy Brief. No. 71. Centre for European Policy Studies, Brussels, May 2005 (http://shop.ceps.be/BookDetail.php?item_id=1224).

among the states of ‘New Europe’. The most recent accession of ten new member countries from central, eastern and southern Europe into the EU was an important factor in this respect as it has introduced a much greater degree of diversity to what had been a more or less uniform European Union in terms of social, political and economic development as well as mentality. Although the candidate countries were required to adhere to all ‘common policies’ and areas of integration unconditionally, their internal make-up (their attitude to sovereignty and the state, the quality of their political processes, the absence of a culture of compromise and hawkish foreign policies) mean that they were a far cry from the principles, rules and norms that had been developed in western Europe over decades.

It has to be admitted that the majority of the new member states are not yet ready to conduct political dialogue in the language of western Europe. In this sense the ‘enlargement’, as an extrapolation of norms and rules that have been developed in ‘old’ Europe, has proven to be much less successful than expected. The enlargement has considerably increased the number of so-called small states within the EU but has not strengthened the supranational bodies, as these countries might have wanted. The legacy of the Communist period is still marked in some of the new EU members and this has influenced the general level of political culture in the Union. The EU has become less able, as a political body, to set and implement large-scale strategic tasks. Moreover, the conduct of some of the new member states, often unintentional and devoid of evil intent, has led to the revival of conservative rhetoric and aroused ‘demons of the past’ (nationalism) in some of the EU founder countries.³

Similar changes have taken place in relations between EU citizens and ‘Brussels’, i.e. the Commission. ‘Brussels’ which has never enjoyed much popularity, has found itself in an even more difficult and ambiguous position. The democratic shortfall with respect to the processes of European integration and the alienation of the supranational bureaucracy, centred in and personified by the European Commission, from ordinary EU citizens, have become even more glaring problems. The Commission’s ‘re-nationalisation’ and the adoption of the ‘one country, one commissioner’ principle have fuelled national egoisms. The integration process has proceeded smoothly only when major decisions are made in Brussels and when they are obediently endorsed by the political elites of the member countries. But after decision-making was entrusted to the citizens, the process stalled.

Second, there is a crisis of the European institutions and the governability of the processes taking place in the EU’s political and economic space. The authority of the European Commission and its ability to perform political and technical functions have been called into question and seriously compromised in the last few years. Clearly setting down the Commission’s powers, as proposed in the Constitutional Treaty, was an attempt to overcome this consequence of the EU’s enlargement. At the same time, things must have gone too far and ‘Brussels’s’ attempt to safeguard its powers through the Constitution has produced the opposite result.

There have been no formal changes in the division of powers. However, after the admission that the EU is “not in a crisis, but in a deep crisis⁴”, the process of giving the Commission additional powers has slowed down markedly, even in areas where these powers are required to accomplish the tasks set by the EU member states. At the same time, there has been a certain redistribution of forces inside the European Union, between individual countries and supranational institutions, and between the EU Commission and the European Parliament. The Commission, headed by José Manuel Barroso, was a lame duck from the very beginning after it received several setbacks when commissioner nominees were being approved by the European Parliament. The political defeat suffered by Barroso in the European Parliament in October 2004 has undermined the Commission’s reputation.

³ Less than two weeks before the referendum in the Netherlands, public opinion polls showed a sharp increase in the number of the Constitution’s opponents. The increase took place after a Eurovision song contest where East European countries allegedly voted for each other, thus preventing singers from ‘old’ Europe from winning the contest.

⁴ See statement of Luxembourg Prime Minister Jean-Claude Juncker on June 18th: <http://www.eu2005.lu/en/actualites/communiqués/2005/06/17jcl-pf/index.html>.

The crisis in the summer of 2005 has eroded the Commission's authority still further and, at the same time, strengthened the European Parliament, the only supranational body in the European Union to be elected directly. However, the fact that the European Parliament does not have any real opportunities or the legal grounds to take charge of the situation may create a dangerous vacuum until such time as it can act as a pan-European source of political legitimacy.

A recent meeting of the Council of the European Union, which discussed transport, telecommunications and energy issues, is a good example of this. It considered granting the Commission a 'vertical' mandate for negotiations with Russia and China in the field of air transport. The Commission had submitted the request in March 2005 when the office of Jacques Barrot, Vice-President of the European Commission in charge of transport, made public an ambitious plan to create a common air space with these two partners.⁵ The ministers of the 25 member states turned down the Commission's proposal and said that relations with non-EU countries in the field of civil aviation would continue to be based on bilateral agreements. Moreover, the Council fixed the EU states' right to conduct negotiations and conclude agreements with non-EU countries on their own. In addition to this, the Council demanded that the Commission seek a complete and unconditional abolition by Russia of trans-Siberian overflight payments now made by EU airlines. It emphasised that an unconditional fulfilment by Russia of this requirement was a "prerequisite for making further progress with the Russian Federation".⁶ The Commission was thus put in an exceptionally difficult position, and the only way out of it is to co-operate with the Russian government.

The EU's crisis of governability has largely resulted from the practice of making exceptions so that the enlargement process would go ahead despite the inability of a majority of the new member countries to meet all the membership requirements. The history of European integration has many examples of specially introduced exceptions, such as the Schengen system and the European Currency Union. Now, however, there are so many exceptions that they are starting to define the very nature of the EU:

- ❖ The practice of exceptions was legally set in stone by the Amsterdam Treaty of 1997 (Art. 11 – 11a).
- ❖ Never before have proposals to build a 'Europe of exceptions' been discussed as a possible scenario to preserve the viability of the entire European project.

The latter refers to the theory of a 'Europe of variable geometry', which proposes formalising the possibility of member countries being able to establish closer associations according to their capabilities and wishes in order to keep the policy of 'widening and deepening' afloat.

The issue of how viable this strategy could be for pan-European institutions and solidarity is hardly worth a serious discussion. But if the logic of establishing 'clubs of interests' should be continued, the freest possible association would be for the EU flag to be hoisted in front of official buildings, as is now done in Georgia.

In general, the range of national priorities (in conducting economic policy - liberalising the market or, on the contrary, maintaining the emphasis on its maintaining high standards in terms of social conditions; in setting foreign policy priorities, and assessing threats) has grown much wider since the 2004 enlargement than was expected. In terms of security, the lack of a shared vision and a 'major' threat has prompted some European countries to present their national agendas as pan-European ones. The European interest is, however, more than a simple sum of the national interests of EU member states. As a result, the benefits generated by the EU's collective strength and capabilities have proven insufficient to compensate for the formal reduction of individual countries' roles and delegation of sovereignties to the supranational level.

⁵ A Framework for Developing Relations with the Russian Federation in the Field of Air Transport, COM(2005) 77 final: http://europa.eu.int/comm/transport/air/international/doc/com_2005_0077_en.pdf

⁶ Press Release - 2671st Council Meeting. Transport, Telecommunications and Energy. Luxembourg, 27 and 28 June 2005. 10285/05 (Press 156) (<http://ue.eu.int/ueDocs/newsWord/en/trans/85602.doc>).

The EU's inability to formulate a shared set of interests for the 25 member states has led to growing national egoisms and the formation of groups of countries with shared interests in domestic and foreign policies. This also refers to relations with Russia, where we can see at least three groups with different interests and different ideas of a rational approach – the alliance of France, Germany and Italy; the group of new member states and 'Brussels'. The Commission's report of February 2005 provides an example of an artificial formulation of the European interest. The report proposed is both softer and tougher toward Moscow and its rulers. Subsequent analytical studies which followed up on the Commission's initiatives, by that time already approved by the EU Council, proposed going over to the principles of almost open competition in relations with Russia, including on issues from the field of human rights and other humanitarian issues, however paradoxical this may sound.⁷

Another vivid example is a proposal to demonstrate 'tough love' (!) towards Russia, which can mean very different things to different people.⁸ It seems that the 'love' was to emanate from Berlin and Paris, while the 'toughness' was to be displayed by Riga and Warsaw. The result is well-known. Such proof of the EU's inability to work out a shared strategy with regard to a major European nation outside the EU is telltale evidence of the loss of governability within the entire European Union.

Third, there is an obvious crisis in the strategic goals of the European integration project. If we set aside destructive proposals on reform of the EU, which can either turn it into a 'gentleman's club of interests' or completely destroy the supranational 'supporting structure' of the EU, the choice of proposed strategic goals will be limited as never before. The EU's development into the most competitive economy in the world by 2010 would be quite an ambitious task that would go well beyond the task of preserving the social model that distinguishes Europe and the European way of life from the US and third world countries. The protection of 'socially responsible' Europe from Anglo-Saxon encroachments would also be a huge and hardly attractive task.

The protection of human rights - from the threat of their being eroded under the banner of the struggle against the terrorist threat - would also hardly lay a good foundation for the political unity of the governments and citizens of the EU. Not all EU citizens are equally threatened by international terrorism and not all have the same vision of where the limits for the state's interference in people's private lives lie. A still worse foundation for European unity would be technical or economic tasks stemming from the EU's increased ambitions on the international stage and its attempts to play the role of a global power. Initially, the main integrating factor was peaceful intentions based on benefits for each party. Substituting this policy with belligerence to the outside world would bring about a complete failure of political efforts.

Reflected in Russia

All three crises are fully reflected in the EU's relations with its largest European partner – Russia. The crisis of confidence, or rather the complete absence of confidence, is almost openly admitted by politicians and officials on both sides.⁹ There is evidence of a crisis of governability in the 'impressive' rates of implementation of agreements and in the 'enthusiasm' of administrative bodies of Russia and the EU in this field. There are many people who can confirm what I said about a project for the establishment of a European college at the Moscow State Institute of International Relations. The project was given the green light at the Russia-EU summit in the autumn of 2004 yet has never

⁷ K. Barysch, *The EU and Russia – Strategic partners or squabbling neighbours*, Centre for European Reform, London, May 2004 (<http://www.cer.org.uk/publications/564.html>).

⁸ S. Everts, *Tough Love to Russia*, London, 2003 – for information on the CER Russia programme (see <http://www.cer.org.uk/world/russia.html>.)

⁹ See representative survey of Russian academics, business and officials taken during the brain-storming session in January this year. Late results of the brain-storming have been published as: *Russia's European Strategy: A New Start*, *Russia in Global Affairs*, No. 3, July-September 2005; *Russia - EU Relations: The Present Situation and Prospects*, Brussels, CEPS, July 2005 (http://shop.ceps.be/BookDetail.php?item_id=1246&).

made it further than the blueprint stage. The crisis in strategic goals is pretty self-evident as it is fully reflected in the unintelligible wording of the documents on the ‘four common spaces’. All the three difficulties in Russia-EU relations are interconnected. There needs to be a comprehensive approach to solve them in a long-term manner. Otherwise, a failure to meet any of the three challenges would bring a halt to progress in the other fields, as has happened repeatedly over the last 15 years.

The problems facing Russia-EU relations have been discussed in a large number of analytical works, so there is no need to focus on them all here. Moreover, this paper is not intended only as an analysis of problems inside the EU and in its relations with other European countries. At the same time, these problems can offer subjects for political and expert discourse both ‘inside’ and ‘around’ the EU in the next few years. Of special importance is the problem of the two sides’ lack of a common strategic goal.

This problem is best illustrated by the strategic documents on bilateral relations, adopted by Russia and the European Union in 1999.¹⁰ In those documents, the parties set out their own goals for co-operation and rapprochement, which differed both in the substance and the ways to achieve these goals. The EU, following the paradigm of ‘enlargement’ in different forms, gave top priority to Russia’s transformation. Moscow assigned more importance to establishing an equitable dialogue between two independent actors of international relations and did not link its co-operation with the EU to changes in the Russian economy or society. The lack of a shared strategy of Russia-EU relations was the focus of numerous seminars and conferences held in subsequent years outside the framework of official top-level dialogue. Following the changes that have taken place in Russia’s domestic policy since 2000, the two sides have preferred to avoid this subject completely. They have never formulated a common goal for their co-operation and, quite possibly, the crisis in the EU will promote a more in-depth discussion of this issue.

High politics

What changes of a conceptual nature may occur in EU foreign policy, particularly vis-à-vis Russia, as the EU recovers from the current crisis? There are but a few options, given the EU’s internal constraints, decades of experience of integration and external factors.

By all appearances, European integration will see a slowdown in the EU’s foreign policy as it emerges from its crisis. There will need to be some kind of inward-looking analysis to bring the EU closer together and improve the quality of transnational European democracy and the authority of the EU institutions. In the meantime, it cannot be ruled out that a less self-assured EU will require a sufficiently reliable partner who will, at least, neither compete with Europe nor bring economic pressure to bear on it. This may be the basis for more trust-building.

As regards relations with the largest European nation outside the EU, an attempt at a neo-functionalist approach – exploring the integration phenomenon in terms of getting new political benefits from closer co-operation in purely technological spheres – may turn out to be an exciting intellectual exercise. For all its seeming advantages (a rather successful record of the 1950s, relative equality of the participants and the easing of normative requirements imposed on them), such a vision of the future will hardly ever materialise. In the short term, functional co-operation may indeed be useful to some extent at the very basic level but this cooperation will be too meagre for this approach to be considered as promising when it comes to the strategy of developing relations.

The EU’s own record of the past few years goes to show that even in-depth economic integration is insufficient for the purposes of diminishing the impact of strictly nationally specific political behaviour and motivation in the decision-making process. The dramatic changes the United

¹⁰ With regard to the Common Strategy of the EU on Russia, see: www.eur.ru/eng/neweur/user_eng.php?func=rae_common_strategy; with regard to the Medium-Term Strategy for the Development of Relations between the Russian Federation and the EU (2000–2010), see: www.eur.ru/eng/neweur/user_eng.php?func=apage&id=53.

Kingdom's 'European' policy has undergone over the past 18 to 24 months, just as the EU's own record of the mid-1960s, put it beyond all reasonable doubt that political leadership at the national level may have a decisive role to play even in the midst of apparently profound economic integration. As far as Russia is concerned, one of the partners lacking economic motivation (a high assessment of potential advantages) that made possible the implementation by the EU founding fathers of their visionary plans in the 1950s, may, regrettably, be decisive. The partners' potential contributions are hardly comparable except in the sphere of space exploration. Integration in such a narrow field would hardly amount to much in political terms. Rather, it may itself fall victim to political circumstances.

The bottom line is clearly Russian and EU convergence in standards and values. However, this is hardly attainable even in the medium term. Given that completely conflicting value systems caused a crisis within the European Union, the issue of new countries' formal association with or accession to the EU should be given even more thought.

The slowing down of the European Union's rate of expansion (instead of 'enlargement') – legal expansion, above all – may contribute towards a more sustainable form of co-operation with Russia. This co-operation cannot, at this juncture, include elements of integration and will proceed along the lines of a search for more equitable forms of understanding each sides' national priorities as they take shape in the course of internal political processes. In that case, co-operation will be particularly surefooted. Further attempts at blending 'pragmatism' of relations (as declared in the statement to the effect that Russia is not going to join the EU) with a pursuit of 'integration' expressed in the so-called roadmaps is unlikely to be successful.

In this respect, promoting *de facto* equality in developing a joint agenda (dominated by the EU's approach until recently) could become a priority in Russia's relations with EU-centred Europe in the wake of the EU crisis. The more so as external international circumstances favour rapprochement between Russia and the European Union.

That could be spurred on by another consequence of the 2005 crisis - a higher standard of internal democracy and transparency within the European Union's decision-making mechanism. Until recently, EU policy towards Russia has been shaped by the European Commission largely as an extension or a simplified version of plans for co-operation with 'new neighbour nations'. As a result, the gap between the official order of the day and the two sides' real potentialities grew wider, and reviews of bilateral relationships focused on polishing decisions already made at the bureaucratic level. Making this process more open to EU member states and representatives of their expert community, on the one hand, and to Russian experts, on the other, may lead to more balanced policy documents.

On the whole, since all the three elements of the EU's crisis can be identified in its relations with Russia as well, the answer to these challenges may have a wholesome effect on the future of Greater Europe from the Atlantic to Vladivostok. The possibility of Russia joining the community of nations that transfer their sovereign rights to the supranational level is still a distant prospect. Nevertheless, the process of EU recovery getting underway following the summer 2005 events may set the stage for such truly strategic developments.

... and low politics

Apart from the much more vivid discussion about the future of the EU and its external policies, the EU crisis may have several far-reaching consequences at the lower and medium levels of European life, including Russia-EU relations (low politics). Of them, the most important one will be the beginning of a major discussion about internal democracy and democratic legitimacy in the European integration process. The discussion of Europe's future, with this Constitution or another, cannot be conducted without the at least intellectual engagement of Russia (Russians), the 'odd insider(s)' and the largest European country remaining outside the EU. It would be worth involving Russian experts, public figures and businesspeople in European forums, conferences and round-table meetings.

The EU could also improve the quality of communication between citizens and supranational bodies in Brussels. This area can open new opportunities for the EU's relations with Russia and its non-governmental actors. In the long term, the direct interaction of supranational EU bodies, businesses and societies of the two sides will help create an atmosphere of confidence – something that the relations between Russia and the European Union and, perhaps, between the EU countries themselves, lack most of all. In the sphere of business, the representation of interests is a major factor of stability in the European integration model. The degree of Russian and EU interdependence is so considerable that official bodies of the two sides must make efforts to broaden the frameworks and opportunities for the representation of business interests in Moscow and Brussels. Lobbying by civil society is no longer the preserve of companies alone and it must be supported at the state level. Otherwise, it will continue to be replaced with other forms of interest protection. In this individual case, Russia and the European Union now need the following:

- ❖ a common legislative base for representing private interests (a special agreement on access to government information and participation in preliminary consultations);
- ❖ the allocation of state funds to support the activities of representative offices of business associations in Moscow and Brussels; and
- ❖ investment (support) in the training of Russia's EU experts.

To sum up, the European Union, which is now in a state of internal difficulty and uncertainty, is a major political and economic actor in contemporary Europe. It thus deserves greater attention both in terms of expert analysis and consideration as a partner.

About the European Security Forum

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The Centre for European Policy Studies (CEPS) and the International Institute for Strategic Studies (IISS) joined forces late in the year 2000, to launch a new forum on European security policy in Brussels. The objective of this *European Security Forum* is to bring together senior officials and experts from EU and Euro-Atlantic Partnership countries, including the United States and Russia, to discuss security issues of strategic importance to Europe. The Forum is jointly directed by CEPS and the IISS and is hosted by CEPS in Brussels.

The Forum brings together a select group of personalities from the Brussels institutions (EU, NATO and diplomatic missions), national governments, parliaments, business, media and independent experts. The informal and confidential character of the Forum enables participants to exchange ideas freely.

The aim of the initiative is to think ahead about the strategic security agenda for Europe, treating both its European and transatlantic implications. The topics to be addressed are selected from an open list that includes crisis management, defence capabilities, security concepts, defence industries and institutional developments (including enlargement) of the EU and NATO.

The Forum has about 100 members, who are invited to all meetings and receive current information on the activities of the Forum. This group meets every other month in a closed session to discuss a pre-arranged topic under Chatham House rules. The Forum meetings are presided over by François Heisbourg, Chairman of the Foundation for Strategic Research, Paris. As a general rule, three short issue papers are commissioned from independent experts for each session presenting EU, US and Russian viewpoints on the topic.

The Centre for European Policy Studies (CEPS) is an independent policy research institute founded in Brussels in 1983, with the aim of producing sound policy research leading to constructive solutions to the challenges facing Europe.

The International Institute for Strategic Studies (IISS), founded in London in 1958, is the leading international and independent organisation for the study of military strategy, arms control, regional security and conflict resolution.



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