

The Arab Spring, the Eurozone Crisis and the Neighbourhood: A Region in Flux

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Introduction

The year 2011 was momentous in the European Union's neighbourhood. Struggling to deal with the effects of the eurozone crisis and with the European External Action Service (EEAS) in the process of being established, the Union was confronted with one of its greatest foreign policy challenges yet: the popular uprisings in its southern neighbourhood. The EU's efforts concentrated on providing a new response to these events through a revised European Neighbourhood Policy (ENP) and supporting the international efforts in Tunisia, Egypt and elsewhere. However, the EU was criticized once again for its failure to act forcefully and coherently during the Libyan crisis. Meanwhile, developments in the east and particularly in Belarus and Ukraine also provided evidence of the limited effectiveness of the ENP, with democratic reforms stalling in most of the region. The EU's enlargement policy made some progress with the closure of accession negotiations with Croatia, but the usual problems (bilateral disputes, ethno-nationalism and corruption) remained.

To be sure, Croatian accession was one of the few success stories in 2011. It was even more remarkable considering that 2011 marked 20 years since the declaration of independence of Croatia and the start of the war in the country. However, the signing of the Accession Treaty was largely forgotten during the European Council in December because of the eurozone crisis and the United Kingdom's position on the Fiscal Compact. Notwithstanding this success, the EU was unable to have a distinct impact in its neighbourhood because of a combination of factors: the sovereign debt crisis, institutional problems linked to the implementation of the EEAS and a lack of consensus among its Member States.

This article first provides an overview of the impact of the eurozone crisis on the EU's neighbourhood policies and the enlargement process. The crisis raises important challenges not just for the EU itself, but also for the candidate countries and EU neighbours. It also risks undermining one of the cornerstones of EU foreign policy: conditionality. Second, the article examines the role of the newly established EEAS in dealing with the political and security challenges coming from the neighbourhood. As will be shown below, the picture here is mixed. The EEAS was able to achieve some successes in the Balkans, where the EU can hold out the prospect of membership; however, it failed to deliver in the ENP region during its first year of operation. The article then moves on to discuss developments in the EU's neighbourhood – in particular, in relation to the Arab Spring, eastern Europe and the enlargement process. Just as the EU had to respond to unprecedented popular uprisings in the Middle East and North Africa, the tendency in the

eastern neighbourhood was towards more authoritarianism. Although there might be a temptation to become inward-looking given the internal problems affecting the EU, the neighbourhood still remains a key challenge for European policy-makers.

I. The Impact of the Eurozone Crisis on the Neighbourhood

The eurozone crisis threatens not only the internal dimension of the integration process, but also the EU's role in the world and its international image. In the neighbourhood, the sovereign debt crisis has had a fourfold impact. First, although the EU remains officially committed to its enlargement policy and the ENP, the eurozone crisis risks increasing the 'enlargement fatigue' among political leaders and draining support from public opinion within the Member States. Second, in times of economic crisis, Member States might become more reluctant to share the financial burden of further enlargement (and other neighbourhood policies). Third, the economic crisis has worsened the economic problems that some of the candidate and neighbouring countries face. And last but not least, the euro crisis is set to decrease the EU's attraction power among candidate countries and neighbours, especially where the EU does not hold out the prospect of membership. Let us examine each of these in turn.

After years of institutional reform, the entry into force of the Lisbon Treaty was meant to mark a new phase in the EU's foreign policy with the appointment of the new High Representative and the establishment of the EEAS (Dinan, 2010; Whitman and Juncos, 2009b). However, the sovereign debt crisis has put a new brake on those ambitions. A more inward-looking Europe, concentrated on how to solve the crisis through the negotiation of a new fiscal treaty, means that European leaders have less time for the neighbourhood, enlargement and European foreign policy more generally – and indeed many other policy areas. Among the public support for enlargement is also at a low at 42 per cent, while opposition to further enlargement is up to 47 per cent (Eurobarometer, 2011, p. 58). And although public support for a common foreign and security policy remains high (at 64 per cent), polls consistently show that the economic situation continues to be the main concern among EU citizens (Eurobarometer, 2011, pp. 23–6).

While financial considerations have always played a part in discussions about EU enlargement,¹ the sovereign debt crisis is set to complicate matters even more. Financially, the neighbourhood policy does not constitute a significant burden for the EU. At around €24.3 billion, the financial commitment to the candidate countries and neighbours through the Instrument Pre-Accession (IPA) and the European Neighbourhood and Partnership Instrument (ENPI) represents a very small percentage of the EU's budget (less than 3 per cent). For instance, in the new Multiannual Financial Framework (2014–20) presented by the Commission in June 2011, the proposed budget for IPA stands at €14.1 billion, which according to the Commission represents a stable budget, at the same level as the current funding programme running from 2007 to 2013 (European Union, 2011). Despite these modest figures, the eurozone crisis has drawn attention to the lack of convergence between European economies, in particular between the north and the south, and the risks associated with it. This will weigh in any decision to enlarge the EU as it will require more

¹ For example, the French and Italians raised concerns with the 1981/86 enlargement fearing transfers would be diverted to Greece and the Iberian Peninsula and Spain raised similar questions about the enlargement to the central and eastern European states (CEEs).

transfers to the poorer economies of the candidate countries; with the exception of Iceland, GDP per capita in the candidate countries is well under the EU-27.

The economic crisis has also been felt in the EU's neighbourhood, with some of the candidate countries (Serbia, Bosnia and Iceland) amongst the most affected (see Whitman and Juncos, 2011). For instance, in 2009, the EU had to create an IPA crisis package of €200 million to support the economies of the Western Balkans. Iceland's decision to apply for EU membership was also directly linked to the consequences of the collapse of its bank sector. The eurozone crisis raises new doubts regarding Iceland's membership bid, though. The weakness of the euro and the fact that the new fiscal pact will require a stronger budgetary discipline has reduced the economic and political incentives of joining the EU. Hence, more recently, Icelandic politicians even floated the idea of adopting the Canadian dollar instead of the single currency.²

More worryingly, the euro crisis risks decreasing the power of conditionality which is at the heart of the EU's most successful foreign policy – that of enlargement. A case in point is that of Turkey. As its economy continues to grow as well as its confidence as a regional power, the attractiveness of EU membership recedes, particularly since membership talks have been at a standstill for the last five years. In the words of Turkey's former ambassador to the EU, Volkan Bozkir: 'The EU dream has come to an end for the world. There is a paradigm shift. The EU is no longer the same Union that provided comfort, prosperity and wealth to its citizens as in the past'.³ The soft power that the EU has traditionally been able to exercise in its neighbourhood is now being eroded. The success of the EU's model has been put into question as the financial and economic crisis bites into the economies of the Member States and leads to economic stagnation (see the contributions by Hodson and Connolly in this issue). With Europe in decline, Russia will also exert more attraction on the countries of eastern Europe. For many of the eastern European countries, Russia currently offers more incentives than the EU in the form of potentially cheaper gas – as the deal between Ukraine and Russia about the Russian Black Sea naval base in Sebastopol illustrates. By comparison, the ENPI offers more modest financial rewards at higher costs of adaptation. And although the EU has committed more money to the Middle East and North Africa as a response to the Arab Spring (see below), the economic crisis has also limited the financial response to the crisis. Despite having agreed on a policy that promised more access to funding, EU markets and mobility,

[M]ember [S]tates have so far failed to deliver much: Budget constraints limited the money they were prepared to offer to 5.8 billion euros in direct funding; populist fears about immigration restricted offers of greater mobility for students and workers; and protectionist sentiment, fuelled by economic difficulties, precluded any real opening of markets, especially to North African agricultural products. (Väisse, 2012)

In sum, in the short and medium terms, the financial and economic crisis has limited the time and attention to these policies, but also the range of tools that the EU can deploy in its neighbourhood to support the transitions of countries in the Mediterranean, eastern Europe and the Balkans. In the long term, it could have an even more damaging and

² *EUobserver.com*, 15 March 2012.

³ *EUobserver.com*, 18 November 2011.

lasting impact on the EU's ability to promote its values and norms as the incentives of joining the single market and the single currency continue to wane.

II. The EEAS and the Neighbourhood

The establishment of the EEAS at the end of 2010 was seen as an opportunity to re-energize the EU's foreign policy more generally and its neighbourhood policy in particular (Allen and Smith, 2011). However, even before it was fully operational, the EEAS was presented with a vast challenge in the form of the Arab uprisings. As stated in its first year report:

The political and economic context for the launch of the EEAS has been particularly challenging. The global economic crisis and tensions within the euro zone, together with the Arab Spring, have dominated the international agenda. At the same time, public administrations across Europe are under acute budget pressure, with consequences for the diplomatic services of Member States. This is hardly the ideal backdrop for the launch of a new service for the external relations of the Union. (EEAS, 2011, p. 1)

Despite these challenges, the EEAS achieved some relative successes, especially in the Western Balkans. Under the leadership of Catherine Ashton, it was instrumental in promoting talks between Serbia and Kosovo. Launched in March 2011, the talks have not been ground-breaking (Serbia still does not recognize Kosovo's independence) and were severely disrupted by violence in North Kosovo, but have led to some (yet limited) progress in the normalization of relations between the two. For instance, Kosovo and Serbia have agreed to recognize their university diplomas, and to carry out joint custom checkpoints in North Kosovo. There has also been progress on issues of civil registry, car insurance and licence plates. Moreover, since December, Serbia allows Kosovo citizens to come to the country and move freely with documents issued at the border.⁴ The EEAS also played a crucial role in promoting stability in Bosnia and Herzegovina, helping avert a crisis when the president of Republika Srpska, Milorad Dodik, decided to drop his proposal of organizing a referendum after his meeting with Catherine Ashton on 13 May 2011.⁵ The referendum on the State Court and the prosecution was seen as a direct assault on the role of the international community in Bosnia, the High Representative and the Dayton Agreement.⁶

Beyond the Balkans, the role of the EEAS has been more modest and somehow disappointing (Brattberg, 2011; Menon, 2011). This can be explained by the fact that the EU has less tools at its disposal in the ENP region (notably, it lacks the membership prospect). In addition, the lack of consensus among the Member States has undermined the role of the EEAS. On Libya, the High Representative issued several declarations on behalf of the EU (see, for example, European Council, 2011d). The High Representative was also active in the preparation of EUFOR Libya (European Council, 2011b) – a military operation to support humanitarian assistance operations in Libya if requested by

⁴ *EUobserver.com*, 23 December 2011.

⁵ *BalkanInsight*, 13 May 2011.

⁶ The referendum would have asked Republika Srpska citizens: 'Do you support laws imposed by High Representative in Bosnia, in particular the laws on Bosnia's state court and prosecution?'

the United Nations Office for the Co-ordination of Humanitarian Affairs (OCHA). However, the operation was never deployed. On 22 May, Ashton opened a liaison office in Benghazi and later an EU delegation was opened in Tripoli.

As discussed below, there was some evidence of improved co-ordination between the EEAS and the Commission in the form of joint crisis platforms and joint initiatives such as the March communication *Partnership for Democracy and Shared Prosperity in the Southern Mediterranean* (Commission, 2011f) and the revised Neighbourhood Strategy. However, the response of the EU to the Arab uprisings still suffered from a lack of coherence, in particular, between Member State and EU policies – a perennial problem in many policy areas. The biggest failure was the fact that the EU could not agree on a united response to the Libya crisis and that a decision on military action was taken outside the EU's framework. The vote on Palestinian membership in Unesco was also another example of the inability of the EEAS to provide for a more coherent action where the Member States remain divided.

III. The Arab Spring and the EU's Neighbourhood Policies

The high degree of stability and stasis in the EU's south and eastern neighbourhood changed dramatically in early 2011. The events in North Africa that were subsequently to be dubbed the 'Arab Spring' ushered in changes within the EU's southern neighbourhood that were akin to those in eastern Europe in 1989. The pace and interconnectedness of the uprisings matched the changes in CEE two decades earlier, but a 'return to Europe' was not the central leitmotif of the Arab Spring – rather a set of uprisings against long-entrenched forms of authoritarianism.

The EU, alongside other external actors such as the United States, was unprepared for the events of the Arab Spring and struggled to formulate an appropriate policy response. In addressing the events in its southern neighbourhood the EU grappled with two issues. First, as mentioned in the previous section, the new foreign policy innovations introduced by the Lisbon Treaty were not yet fully operational and the new EEAS was still being constructed. This created a capacity deficit in the EU's mechanisms to respond to a foreign policy challenge. Furthermore, it severely constrained the capacity of the High Representative to fully exploit the main innovation of the Lisbon Treaty – that is, the drawing together of the EU's common foreign and security policy (CFSP) and its external relations.

The second issue was that the ENP was not designed as a policy for crisis management, but rather as a policy for the EU's medium- and long-term engagement with its neighbours. Consequently, the architecture of the ENP remained largely unchanged by the events across North Africa and the eastern Mediterranean in 2011 and 2012. Moreover, the EU's objectives for the region have not changed substantially with the Arab Spring. This is primarily because the EU has not posited an alternative policy offering with, for example, enlargement to the south and eastern Mediterranean not a policy option.

In many ways, 2011 presented a major juncture for the ENP: never before did the EU produce as many strategy documents on the ENP in one year as it did in 2011 (European Council, 2011c; Commission, 2011a, c, e, f), nor was the increase in the ENP budget ever as significant in relative and absolute terms, not to mention the fact that it comes at a time

of profound economic crisis within the EU.⁷ This was partly in response to the momentous developments in its southern neighbourhood, partly the result of a longer review process triggered by the implementation of the Lisbon Treaty, but also due to a flawed policy design and the mismatch between ambitions and resources (despite the increases to the latter).

The ground for the reinvigoration that the ENP has seen over the past 12 months was partially prepared in recent years as we have noted in the preceding three reviews of the neighbourhood (see Whitman and Juncos, 2009a, 2010, 2011). In recent years the Eastern Partnership has been the primary centre of developing activity within the wider ENP and with the Union for the Mediterranean (UfM) a much less successful initiative (see Whitman and Juncos, 2009a, 2010, 2011). In 2011, despite another Eastern Partnership summit in September, the focus of the ENP shifted decidedly to the southern neighbourhood as the Arab Spring began to engulf the region from early 2011 onwards in developments at least partly reminiscent of the events in CEE after 1989. The relatively routine policy process of the ENP was thus suddenly presented with significant challenges and opportunities at a time when its place and role in the post-Lisbon environment was still being defined.

On 25 May 2011, the High Representative of the Union for Foreign Affairs and Security Policy and Commission Vice-President, Baroness Catherine Ashton, and the European Commissioner for Enlargement and Neighbourhood Policy, Štefan Füle, presented a new communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, underlining the new possibilities for close co-operation between the emerging EEAS and the enlargement and ENP portfolio (in the Commission). Boldly entitled *A New Response to a Changing Neighbourhood* (Commission, 2011e), the document was the outcome of a review of the ENP that began in summer 2010 in response to the changes of the Union's new foreign affairs set-up under the Lisbon Treaty. The *New Response* communication proclaims the need for a new approach 'to build and consolidate healthy democracies, pursue sustainable economic growth and manage cross-border links' and specifically mentions 'stronger political cooperation on [...] security [and] conflict resolution matters' (Commission, 2011e, pp. 1, 3). Crucially, and thus reaffirming a persistent theme across a decade of EU strategy papers on the ENP, the communication insists that 'the new approach must be based on mutual accountability and a shared commitment to the universal values of human rights, democracy and the rule of law' and puts significant emphasis on both positive and negative conditionality (Commission, 2011e, pp. 2, 4).

The new ENP mission statement recognizes that addressing threats to stability is an interest that the EU shares with the countries of the southern neighbourhood and, at least implicitly, makes a connection between the two categories in seeing problems in the neighbourhood among the causes of security threats beyond its geographical boundaries, including for the EU. More to the point, organized crime, international terrorism, and so on are, to some extent, symptoms of underlying problems, such as the lack of civil and political liberties and economic opportunities, in the countries of the southern and eastern

⁷ The Commission proposed a total budget for the ENP for the period 2014–20 of €18.2 billion, reflecting a 40 per cent increase on the current budget (Commission, 2011d).

Mediterranean, which may be addressed by the breadth of policies that comprise the ENP, including institution building, economic co-operation, and co-operation on a range of security issues that fall into the areas of common security and defence policy (CSDP) and justice and home affairs (JHA).

Looking back over close to a decade of ENP, the track record of these policies to achieve their strategic goals of strengthening the prosperity, stability and security of the EU and its neighbours is less than stellar. Among all the countries of the southern neighbourhood, only two – Morocco and Jordan – have fully implemented, and moved beyond, their original action plans. In recognition of this, the EU granted them ‘advanced status’ in 2008 and 2010, respectively. Yet, one might question, for example, how much Morocco really has advanced since the inauguration of the ENP in 2003: the conflict in the western Sahara (after all, one of the security challenges in the southern Neighbourhood constantly referred to in EU documents) is nowhere nearer a resolution than it was eight years ago.

Is this likely to change now? The *New Response* document signifies a certain degree of continuity in its commitment to democracy, economic development, sub-regional co-operation and regional differentiation that has characterized the ENP since 2003. What is, if not new, so far at least more explicit, is a greater emphasis on conditionality and political and security co-operation. The revised ENP strategy proposes a ‘more-for-more’ approach to guide the EU’s relations with its neighbours: more trade and mobility in return for more political and economic reforms. Thus, the EU seeks to ‘enhance [its] involvement in solving protracted conflicts’ (Commission, 2011e, p. 5). However, rather than outlining concrete steps that go beyond the implementation of ENP (and CFSP/CSDP) to date, the emphasis is on continuing what already happens (and has arguably not been very effective): membership in the Middle East Quartet,⁸ opposition to violent border changes, using operational presence through existing missions to back reform efforts, and employing instruments that promote economic integration and sectoral reform to support confidence-building measures and conflict resolution objectives (Commission, 2011e). The only partially innovative new initiative is that the ‘EU intends to enhance its support for confidence-building and outreach to breakaway territories, for international efforts and structures related to the conflicts, and, once that stage is reached, for the implementation of settlements’ (Commission, 2011e, p. 5).

Here is where the EU may be able to find (yet again) a niche for an effective contribution to stability in its neighbourhood through the instruments that the ENP offers. Consider, briefly, the case of Libya. While the UN-authorized military intervention was a Nato operation almost solely conducted and led by Europeans – first and foremost the United Kingdom and France – the EU has not so far played any significant role. Clearly constrained by its economic and financial crisis, the real blow to concerted and unified EU action was dealt by the German abstention during the vote on UN Security Council Resolution 1973.⁹ Until then, the EU had been fully supportive of UN actions and contributed to enforcing sanctions against the Gaddafi regime. A joint statement by the President of the European Council, Herman Van Rompuy, and the EU High Representative, Catherine Ashton, on the day the crucial UN resolution was passed already indicated

⁸ The members of the Quartet are the United Nations, the United States, the European Union and Russia.

⁹ For a record of the 6498th Meeting of the UN Security Council, see UN Security Council (2011).

more lukewarm support of the EU, noting its readiness ‘to implement this Resolution *within its mandate and competences*’ (Rompuy and Ashton, 2011; emphasis added) and the subsequent Council Conclusions three days later unsurprisingly offered no more than ‘CSDP *support to humanitarian assistance* in response to a request from OCHA and under the coordinating role of the UN’ (European Council, 2011a; emphasis added). At that time, the Nato military operation, carried out predominantly by military forces of EU members Britain and France, was already in full swing. A starker contrast could hardly be imagined.

The EU did follow up with a Council Decision on an EU military operation in support of humanitarian assistance operations in Libya, setting up operational headquarters in Rome and preparing various scenarios (European Council, 2011b). Embarrassingly, a request for the activation of EU military assistance was never made. EU Military Staff and assets were, however, involved in the evacuation of EU citizens from Libya and third-country refugees via Tunisia.

While it is easy (and not wrong) to belittle the inability of the EU to offer any substantial military support during the Libyan crisis (even though it did, through its Member States, clearly have the necessary capabilities), the EU has been an important player in a different way: by providing significant humanitarian assistance, worth over €150 million by October 2011. An additional €25 million is available for short-term stabilization needs, as well as a further €60 million for assistance in the transition process. These will include measures decided together with the transitional government to build up state institutions; to support civil society, human rights and democratization; to provide health services; and to assist with border management and security sector reform (Commission, 2011b).

The statement by the High Representative following the fall of Sirte and the death of Gaddafi clearly indicates the Union’s willingness to become a strong partner of the new Libya (Ashton, 2011). The case of Libya demonstrates in an exemplary way that the countries of the Arab Spring in the southern neighbourhood, which are going through a challenging, and at times violent, transition process now, and the EU need each other economically and politically (as did and do the CEE countries that joined the EU in 2004 and 2007 or are now covered by the Eastern Partnership). These countries’ successful transition to democracy is crucial to stability in the EU’s southern neighbourhood, and thus to the EU’s security, and it is here where the ENP will have to prove its mettle.

IV. Eastern Europe

In a year that saw the democratic revolutions in the EU’s southern neighbourhood, the trend in the east was the opposite: towards political stagnation and a deterioration of the political climate. For instance, Freedom House ratings for many of the countries in the eastern periphery have worsened since 2006 (for example, Armenia, Georgia, Ukraine and Kyrgyzstan); the only country that experienced an improvement during this period was Moldova.¹⁰ These trends are particularly worrying given the fact that it was in this part of the world that the EU had actively sought to exercise its normative power through the ENP – by contrast, the Union had mostly supported the status quo in its southern flank.

¹⁰ See rankings at: <<http://www.freedomhouse.org>>.

Moreover, the shift of focus in EU policies from the east to the south is taking place as Russia seeks to increase its influence in its former sphere of influence. For instance, in October, Vladimir Putin outlined his plans to establish a 'Euroasian Union' with other former Soviet countries, based on the EU model.¹¹

The response by the EU to these developments was timid, reactive and inconsistent at times, concentrated as it was on trying to deal with the consequences of the eurozone crisis and the Arab Spring. Its strategy towards the region continued to be framed within the ENP and the Eastern Partnership. However, it is clear that the main targets of the renewed ENP policy discussed in the previous section and its emphasis on 'more-for-more' were not its eastern neighbours – which had already enjoyed such an approach in the context of the Eastern Partnership – but the southern Mediterranean countries. While this focus is understandable bearing in mind the historic nature of the revolutions taking place in the south, it might be short-sighted if one considers the worrying trends in the east. It is still unclear, however, how eastern countries might benefit from the increase in funding promised by Brussels and new initiatives aimed at promoting 'deep democracy' such as the Civil Society Facility and the Polish-sponsored idea of establishing an American-style European Endowment for Democracy.

As far as the Eastern Partnership is concerned, the Polish Presidency organized the biannual summit in Warsaw in September (which had originally been planned to take place during the Hungarian Presidency) (see Ágh on the Hungarian Presidency and Pomorska and Vanhoonacker on the Polish Presidency in this issue). Belarus and visa liberalization were high on the summit's agenda. The Eastern Partnership summit did not produce any concrete outcomes beyond a joint declaration of the parties expressing their commitment to the guiding principles of the Eastern Partnership already agreed at the 2009 Prague summit (European Council, 2011c). However, it presented another opportunity for the EU to remind its eastern neighbours that increasing political association and economic integration with the EU remains directly linked to progress in the areas of democracy and the rule of law.

In 2011, the Rose and Orange Revolutions seemed a thing of the past, with many of the regimes in the region turning towards authoritarianism. A case in point was that of Ukraine, which was downgraded by Freedom House to 'partly free' in 2011. The detention and then sentencing to seven years of prison of former Prime Minister Yulia Tymoshenko was for many a clear example of the increasing politicization of the rule of law in the country. Mrs Tymoshenko was charged with procedural irregularities over a gas deal with Russia.¹² The Ukrainian security forces were also accused of other human rights violations and clamping down on civil liberties (Amnesty International, 2011). As a result of these developments, Yanukovich's visit to Brussels in mid-October was postponed. Yet, the EU's response was rather hesitant, alternating between those that threatened with suspending the negotiations on the Association Agreement and the Deep and Comprehensive Free Trade Agreement,¹³ and those that called for a more tepid response and the mobilization of more financial and non-financial incentives (such as visa liberalization) to trigger pro-democracy changes in the country (see European Parliament, 2011). Despite these

¹¹ *EUobserver.com*, 4 October 2011.

¹² For his part, President Yanukovich made his own gas deal, trading a reduction in the price of gas for an extension of the lease of the port of Sebastopol to the Russian Black Sea fleet.

¹³ *European Voice*, 19 December 2011.

concerns, the final text of the Association Agreement was agreed in December with a view to initialling the Agreement in 2012. Once again, Ukrainian negotiators failed to get a promise to join the EU explicitly recognized in the text of the Treaty, which only refers to 'Ukraine's European choice and aspirations and confirms its European identity'.

The situation in Belarus also deteriorated further in 2011. The crackdown that followed the presidential elections of 19 December led to the arrest of hundreds of protesters and of opposition leaders (see Whitman and Juncos, 2011). Notwithstanding initial disagreements on the appropriateness of sanctions to deal with the Belarusian regime, on 31 January the Council decided to (re)impose sanctions including travel restrictions and an asset freeze on those individuals involved in the events. These measures were subsequently extended to include other officials and an arms embargo. Some Member States also continued to lobby for more 'people-to-people' contacts and other policies aimed at facilitating the development of Belarusian civil society and democratic opposition. Lithuania's President Dalia Grybauskaitė also wrote a letter to the Commission to look into ways to promote visa facilitation for Belarusian citizens. These measures, however, did not seem to have any impact on Lukashenko's regime, with more evidence of a clamp down on independent media emerging during the second half of the year.

Moldova constituted the exception in terms of democratic development, although a two-year stalemate over the election of the president by the parliament raised some concerns among EU policy-makers about the ability of Moldova's political parties to reach an agreement.¹⁴ Despite these problems, Moldova continued to make progress in the negotiation of an Association Agreement and visa dialogue and was also preparing to launch negotiations on a Deep and Comprehensive Free Trade Area (DCFTA).

Relations with countries in the South Caucasus remained hostage to political instability and the unresolved frozen conflicts of South Ossetia and Nagorno-Karabakh. Developments in Azerbaijan were particularly worrying regarding violations of freedom of expression and assembly, with non-governmental organizations (NGOs) reporting increasing levels of harassment of political opponents, activists and journalists in the country. Despite some statements by High Representative Catherine Ashton, the position of the EU was always going to be a difficult one, given Member States' economic interests in the country's energy resources. Relations with Georgia made more progress with the conclusion of two agreements on visa facilitation and readmission at the beginning of the year.

V. Enlargement

As mentioned earlier, the economic crisis has put more (financial and political) strains on the enlargement project. Although this trend was already visible after the big bang enlargement of 2004–07, enlargement has receded even further in the list of priorities of the Union, with EU policy-makers' attention concentrated on the euro crisis. This, no doubt, has caused disillusionment among candidate countries, reflected in declining popular support for EU membership in candidate and potential candidate countries. For instance, when asked whether EU membership was a 'good thing', only 41 per cent of Turkish respondents, 30 per cent of Croatian respondents and 26 per cent of Icelandic respondents agreed with this statement (Eurobarometer, 2011, p. 35). Yet, despite these

¹⁴ *EUobserver.com*, 16 November 2011.

difficulties, the enlargement process continued to move forward in Croatia, Iceland, Montenegro and Serbia in 2011, although not much progress was reported in the cases of Turkey, Macedonia, Albania and Kosovo.

In its 2011 annual report, the Commission announced a new 'enlargement approach'. With a view to avoiding the kind of problems faced during the 2007 enlargement to Romania and Bulgaria, the Commission is set to focus even more on the rule of law. From now on, the first chapters to be opened during accession negotiations will be those dealing with the judiciary, justice and home affairs and fundamental rights; they will also be among the last to be closed (Commission, 2011g).¹⁵ Apart from its emphasis on the rule of law, the 2011 enlargement strategy identified the following priorities: strengthening public administration reform, ensuring freedom of expression in the media, boosting regional co-operation and reconciliation in the Western Balkans, promoting sustainable economic recovery and growth, and extending transport and energy networks.

The year 2011 was momentous for Croatia as it concluded accession negotiations with the EU. Although some progress was still needed in areas such as public administration reform, reform of the judiciary and in the fight against corruption, the last four chapters were closed in June 2011 paving the way for Croatia to join the EU on 1 July 2013. This date was confirmed by the European Council in its December's Conclusions, which also agreed that Croatia will from now on participate as an active observer in all Council meetings (European Council, 2011f). The Commission annual report noted that there was 'a high-degree of alignment with EU rules in most sectors' (Commission, 2011g, p. 34), but that Croatia still needed to strengthen the administrative capacity necessary for the implementation of the *acquis*. Croatia and Slovenia met on several occasions to discuss the implementation of the Border Arbitration Agreement signed in 2009 to resolve the border dispute between the two countries. Given the negative impact that bilateral disputes are having on the enlargement process, it was remarkable to see the adoption by the Croatian parliament of a declaration on promoting European values in southeast Europe stating that bilateral issues, such as border issues, must not obstruct the accession of candidate countries to the EU. The referendum on accession was held by Croatia in January 2012, with 66 per cent of the voters supporting EU membership (33 per cent voted against). However, as it was the case with prior referendums held in CEE countries, the turnout was very low (at 44 per cent).

The other two candidate countries to have made some progress were Iceland and Montenegro. The former continued to advance in its process of accession to the EU with the opening of six chapters in 2011, of which four were provisionally closed. Although Iceland shows a high level of alignment with EU rules, in particular in the chapters covered by the European Economic Area and the Schengen Agreement, there are still significant challenges, for instance, in the area of fisheries. A solution to the Icesave dispute with the Netherlands and the United Kingdom was still out of reach after a second referendum rejected a proposed package to compensate British and Dutch depositors. Waning public support for EU membership is still a concern. In a recent poll, only 26.3 per cent of the respondents supported accession to the EU, while 56.2 opposed membership.¹⁶

¹⁵ It is worth noting, however, that chapters are only 'provisionally closed' (that is, they can be reopened if a candidate country does not fulfil its commitments). It is only when all negotiations with the candidate country are concluded that chapters are definitively closed.

¹⁶ Bloomberg, 29 February 2012.

Montenegro continued to make headway in its process of accession to the EU, fulfilling the recommendations made by the Commission in its opinion the previous year. This led to the European Commission recommending the opening of accession negotiations in its October Progress Report. Following the Commission's recommendation, the European Council gave a green light to the launch of the process on 9 December 2011 with a view to opening accession negotiations in June 2012. In line with the new enlargement approach, the Council tasked the Commission to examine compliance in the area of rule of law – especially regarding corruption and the fight against organized crime – in a report to be presented in the first half of 2012.

By contrast, progress in the case of the other two candidate countries, Macedonia and Turkey, remained stalled because of bilateral issues. The opening of accession negotiations with Macedonia continued to be blocked by Greece because of the name dispute. In the case of Turkey, the Cyprus issue meant that no new chapters were opened or closed during 2011. Although rhetorically both the EU and Turkey remain committed to the process, in practice there were many signs of a deterioration in EU–Turkey relations. Tensions between Turkey and Cyprus also rose over offshore gas exploitations. Turkey complained after the Greek Cypriot government announced drilling for oil and gas in the eastern Mediterranean sea. Turkey retaliated a week later by sending its own exploration ship to the north of the island. In relation to these rising tensions in the area, the Council affirmed the need to avoid ‘any kind of threat or action directed against a Member State, or source of friction or actions, which could damage good neighbourly relations and the peaceful settlement of disputes’ and also stressed ‘the sovereign rights of EU Member States [. . .] to explore and exploit their natural resources’ (European Council, 2011e, p. 5). The declaration by the French Assembly about the Armenian genocide issue did not help European–Turkish co-operation either. Observers pointed to the worsening of the freedom of the press and minority rights as an indication of a weakening of the EU's influence. Turkey has also grown more confident in its foreign policy and remained actively involved in the Arab revolutions and the Middle East.

Serbia made significant headway towards membership during 2011. With the arrest by Serb authorities of the two remaining war criminals wanted by the International Criminal Tribunal for the former Yugoslavia (ICTY), Ratko Mladić and Goran Hadžić, one of the main obstacles in its path to the EU was removed. This also showed that EU conditionality might still have some leverage in the Western Balkans. Serbia also demonstrated goodwill with its participation in the EU-mediated talks with Kosovo (see above). For these reasons, the Commission recommended granting candidate status to Serbia in October, ahead of the next parliamentary elections in the country in May 2012. Notwithstanding this progress, tensions in the north of Kosovo increased during 2011. Violence broke out in July after Kosovo police were deployed to two custom gates in the border with Serbia. A border checkpoint was burned down and a policeman shot dead by Kosovo Serb protesters in the Jarinje crossing. New violent events took place later in the year when Kosovo Serbs erected barricades in the area to impede the access to the border points by Kosovo officials, which led to clashes with the Nato-led mission, KFOR. Serb President Tadić called on the protesters to remove the blockade, but some Member States did not feel Serbia was doing enough to put an end to the violence in Kosovo. The December European Council seemed to take this view as it postponed a decision on the status of candidate country until the next European Council meeting in

March. The European Council also noted the following conditions relating to the issue of Kosovo: the need 'to show credible commitment [and] further progress in moving forward with the implementation in good faith of agreements reached in the dialogue, including on IBM [Integrated Border Management] [. . .] an agreement on inclusive regional cooperation [in order to] enable EULEX and KFOR to execute their mandates' (European Council, 2011e, p. 5). However, some Member States are becoming more open to the idea of finding an alternative solution to the situation in the north of Kosovo which could entail some form of autonomy.¹⁷

Bosnia and Albania, together with Kosovo, remained the laggards in the region. Political instability in these cases prevented further progress towards accession. In Bosnia, the country remained without a government for most of 2011 as political parties failed to agree on the terms of a new one following the general elections of October 2010. It was not until December that the main political parties agreed to the formation of a coalition government, which was a requirement for the disbursement of much needed funds from the International Monetary Fund (IMF) and the EU.¹⁸ Although a potential crisis was averted by the High Representative in the spring (see above), ethnic tensions remained high and stalled the reform agenda. The only notable development was the appointment of Peter Sørensen as Head of the Union Delegation and EU Special Representative (EUSR) in July – a first step in the process of disbanding the Office of the High Representative and increasing the EU's presence in the country.¹⁹

In Albania, the continuing political stalemate that followed the 2009 elections (see Bechev, 2011) affected the adoption of reforms and, for another year, the Commission's report noted that not enough progress had been made to recommend candidate status. The year began with opposition-led protests against the government which turned violent, resulting in four deaths. The local elections that took place in May were also marred by irregularities, mainly in the capital Tirana. By the end of the year, however, there were some signs that the main political parties were willing to find a solution to the crisis.

Conclusions

The year finished with the EU's relations with its neighbourhood in a greater condition of uncertainty than has existed since the early 1990s. The combination of the eurozone crisis and the events of the Arab Spring have created a high degree of uncertainty as to how the EU's role might develop in the coming year.

The eurozone crisis has already had a spillover effect on the EU's neighbourhood policies and the enlargement process and is impinging on the candidate countries and EU neighbours. The prolongation of the crisis risks undermining one of the cornerstones of EU foreign policy within the neighbourhood which is the EU's conditionality requirements for a deepening of relationships and the EU's capacity to offer rewards in response. The bright spot was Croatian accession being secured. For other candidate states the record was highly variable with limited progress for Montenegro, Iceland and Serbia. All

¹⁷ *EUobserver*, 28 November 2011.

¹⁸ *European Voice*, 29 December 2011.

¹⁹ Prior to this, the international High Representative was also double-hatted as the EUSR.

other candidate states made little headway in tackling the underlying problems that they need to confront if membership is to be a realistic prospect.

The EEAS has had a very mixed record over the past 12 months in dealing with the political and security challenges within the neighbourhood. The EEAS was able to achieve some minor policy successes in the Balkans, where the EU can hold out the prospect of membership. But it largely failed to deliver in the ENP region during its first year of operation and struggled to provide a cogent response to the Arab Spring and events in eastern Europe. The EEAS' scope for the development of a greater capacity to define and implement appropriate policy responses to challenging events on the ground within the EU's neighbourhood is still unproven. Furthermore, a greater capacity for an active and leading role in crisis management in the neighbourhood remains elusive.

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