



UNIVERSITÀ
DEGLI STUDI
FIRENZE

**JEAN
MONNET**
CENTRO DI ECCELLENZA

THE EU AND GLOBAL CHALLENGES
28 IDEAS FROM THE ERASMUS GENERATION

School of Political Science,
MA in International Relations and European Studies,
University of Florence
3 – 5 May 2017

**The Enlargement and the Neighbourhood Policy:
Introducing a Multi-level Approach**

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I. Introduction

The enlargement of the European Union could be considered as the one of the most successful processes of the integration. The Union has been started as cooperation between six states in three international organizations and now, sixty years later we can see a unified organization with 28 Member States. However there are future enlargements on the agenda but its necessity is not as clear as before. The enlargement of 2004 has shown some arguments against it, while after the British referendum we have had to deal with the possibility of the disintegration of the European Union. Therefore we need to ask that question whether we need the future expansion of the European Union. If the answer is no or it is not possible in the current form of the EU, we have to examine our Neighbourhood and Enlargement Policy. To offer a solution to this problem, we would like to introduce the concept of a ‘Multi-level Widening’ in which the EU would create a multilateral framework around the core EU with its 28/27 Member States that offers some kind of integrational perspective for those who cannot be admitted. To introduce our idea first we would like to have some words about why this issue is important to our country and after that we show some aspects of this problem.

II. Involvement of our country

Today Hungary is one of the external borders of the European Union. Our country is bordered by two non EU Member States: Ukraine and Serbia, therefore we are interested in the Eastern Partnership of the European Union and its future enlargement towards this direction. As a consequence Hungary seeks to promote the democratization and the association of the Western Balkans. To accelerate this process Hungary, with the help of the European Economic Area, created the ‘Szeged Process – From Europe to Europe’ initiative. Another example of our involvement was the Hungarian Presidency of the Council of the European Union where one of our main priorities was the accession negotiations with Croatia and the future enlargement towards the Western Balkans.

Also Hungary has close economic ties in this region due to its location. One of the main aims of our diplomacy is to strengthen these relations. This orientation of our foreign policy could be exemplified by the opening of a new Hungarian Trading House in Belgrade. The importance of trade with the countries in the Neighbourhood Policy and in the Enlargement Process could be seen in our trade data. For instance Turkey was the 3rd, Ukraine was the 5th and Serbia was the 6th non-EU export partner of Hungary in 2016. Therefore we can say that the future enlargement or cooperation in the eastern region is important not just for the EU but also for Hungary.

III. Different aspects of the problem

Europe has committed itself to the enlargement towards the Western Balkan and Eastern Europe. Therefore there are recognized candidates¹ and also there are countries that have some kind of integrational perspectives², but the future enlargements lead to the expansion of the borders of the European Union what raises some questions. Consequently there are pro and con arguments in the topic of the future enlargement. In the following we do not attempt to make a full list of the arguments because we just want to show some aspects of the problem.

On one hand the Union is based on the principles of freedom, democracy, equality, the rule of law and the respect for human rights and therefore it is hard to lock a country out if it met the criteria and could be considered as a “European country”. Also the new members have a new look on the issues of Europe and can enrich our integration with their ideas. In addition European nations have to compete with other economies in the world like China or the USA and have to protect themselves from threats caused by other nations like Russia or Iran, or terrorism and organized crime. These issues could be dealt with much easier through the cooperation by merging our power. Therefore the enlargement would help the cross-border trade and it would increase the flow of knowledge and technology between the members and also improve the FDI flow towards the new members.

On the other hand probably one of the most crucial issues is the possibility of the institutional overload. With the accession of the potential candidates there would be 33/32 members that would complicate further the already difficult decision making. Furthermore these countries would be net receivers and therefore the conflict between the net receivers and net payers would be sharpened further. In accordance with the previously mentioned issue today there is no exact determination where the final borders of the European Union would be and which countries could apply for full membership. It is an important issue, especially if we take into account that every new Member State changes the identity of the EU and we can see Muslim-Majority Nations among the applicants, such as Albania or Turkey. Beside of these there are disputes about that, if the membership for an underdeveloped country would be appropriate. They have to face with fierce competition within the Single Market of the EU and also the EU regulations will reduce their productivity and will create new costs.

Beside of the enlargement the European Union tries to promote prosperity, stability and security in 16 neighbouring states³ through the European Neighbourhood Policy. Today the ENP is mainly on bilateral level however it contains some multilateral initiatives. These are the Eastern Partnership⁴, Union for the Mediterranean⁵ and the Black Sea Synergy. Nevertheless some of these programmes cover overlapping activities and as a consequence a complex and non-transparent framework came into existence between the nations. In addition

¹ These are: Albania, Macedonia, Montenegro, Serbia and Turkey

² These are: Bosnia Hercegovina, Kosovo, Georgia, Moldova and Ukraine

³ Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova, Morocco, the occupied Palestinian territory, Syria, Tunisia and Ukraine.

⁴ With Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine

⁵ With Albania, Algeria, Bosnia and Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, State of Palestine, Tunisia, Turkey, Syria (suspended) and Libya as an observer

the final goal of these partnerships remained unclear, and the members do not have prospect about the future plans of the European Union.

As we mentioned before the European Neighbourhood Policy is mainly bilateral and with Association Agreements it creates the basis of the relation of Europe and the third country. Therefore the EU is able to initiate a personalized partnership; however there are issues with its implementation. For instance its conditionality and effectiveness can be argued. There are opinions what suggest that the Union has shown inconsistency in conditions. It can be seen in the case of Azerbaijan and Belarus where the two countries got different treatment while both of them had to face with serious issues in the field of Human Rights. Moreover the propagation of the democratic values became problematic especially during the Arab Spring. We could see how the Union changed its rhetoric from democratic values toward the rule of law in the region.

In summary we could see some pro and con opinions in the topic of Enlargement and Neighbourhood policy. We can see that it is a highly differentiated area and therefore we would like to underline some important issues:

1. The further Enlargement of the European Union can lead to ineffective decision making.
2. The countries of our neighbourhood are highly differentiated in our foreign policy and therefore it is not clear which countries can reach full member status or, if their accession is not possible, what kind of integrational perspective they have.
3. The conditionality system is ineffective and inconsistent.
4. There are overlapping processes what complicates the work of the EU and the investors.

IV. A possible solution: Multi-level Widening

We can see from the events of the last few years that the European Union is entrapped between enlargement and disintegration. Therefore we have to not just face with issues of the deepening, but also with the issues of the enlargement. However the EU made steps towards the potential candidates and partners in its Neighbourhood Policy but that remained unclear which countries can reach the Full Member Status. We can see this issue in the accession negotiations with Turkey. Also our Neighbourhood Policy became fragmented and many institutions and processes cover parallel activities. Consequently in our opinion there is a need to merge and clarify these structures.

We venture to introduce a Multi-Level approach of the enlargement to create a coherent, transparent association system that can also provide some kinds of integrational prospects for those countries that cannot reach a Full Member Status. Besides the economic integration we would like to add a security perspective to enhance the security level of Europe. However we will speak about the Neighbourhood Policy and the enlargement but in this concept we cannot use the 'enlargement' term because the enlargement means a full membership prospect in the future. Therefore we will speak about the 'widening' of European Integration.

Our Multi-level widening is based on the existing structures and on the concept of the multi-speed integration, but instead of the fragmentation of the EU's governance we would like to create a multilateral and Multi-level framework of the Neighbourhood Policy and the Enlargement Process. This form of widening can be described as concentric circles around the European Union with its twenty-eight/seven members. These concentric circles represent different levels of the integration and mean certain level of cooperation. Therefore we distinguished four levels of the integration where the fourth level is the Full Member Status of the European Union. Hence the future applicants will go through the levels until they reach their favourable integration level, while the EU can draw the line which countries can reach which certain levels.

In the following section we detail the first three levels.

1. Level: Cooperation and Partnership Area

In this concept the outer ring of the European Union would be a Cooperation and Partnership Area where the member states would cooperate in certain territories. However we can find similarities between this level and the Union for the Mediterranean, but this level would be open for every geopolitically significant country. Therefore the EU's Southern and Eastern partners can enter the Area.

In our view we do not need a huge permanent structure to this level. Probably the main aim has to be to gather the representatives of the Member States on a regular basis to discuss and cooperate on significant issues of the Region what can be arranged in clusters to increase the cooperation between countries.

Inasmuch as we are speaking about geopolitical perspectives our first cluster could target the security issues. Today's Europe is facing several security based issues from terrorism to the migration. However Europe is trying to cooperate with countries on these issues, but it remained on bilateral level. It is enough to observe the work of the EU's Counter Terrorism Coordinator, who engages in high level political dialogues mainly on bilateral level. The second cluster could be cultural and educational cooperation, and finally the third will focus on the Trade.

The EU trade negotiations became differentiated in the last decades, and on this level we do not want to change them. Today's Association Agreements contain bilateral free trade agreements, but we are also convinced, the EU has to encourage the establishment of regional free trade areas to move forward the cooperation between the states and to prepare them for the second level of the integration (like it happens now with Balkan countries in CEFTA or in the Agadir Agreement with Jordan, Morocco, Tunisia).

2. Level: Free Trade and Security Area

The second level of the integration is a Free Trade Area. However there are huge differences between the potential participating countries, but we can see from the recent events that there is a need for Free Trade Area in the region. We could see as a good sign

that nearly all countries of the Neighbourhood Policy have concluded Association Agreements with the EU and also almost all of the EU, EFTA, Southern and Eastern Partnership countries signed the '*Regional Convention on pan-Euro-Mediterranean preferential rules of origin*'. Therefore we can see that there is a need for such agreements, but the depth of the agreements remains questionable.

Inasmuch as the first level of the integration contains bilateral free trade agreements and tries to establish regional free trade areas, we believe we have to move forward on this level. A Deep and Comprehensive Free Trade Area could be ideal on the second level that is in force between the European Union and Georgia, Moldova and Ukraine. Such a Free Trade Area will extend beyond the scope of the existing Association Agreement to include trade in services, government procurement, competition, intellectual property rights, and investment protection.

Also the members of this area have to reaffirm their commitment to create a Security Area by securing their borders, stepping up against illegal migration and fighting against terrorism and organized crime. Hence we venture to suggest that on this level the participating countries should adopt common policies.

Therefore we believe its institutional background could be a Free Trade and Security Area Council that will consist of the representatives of all member countries, and the European Commission. This council would adopt common policies concerning with the issues of free trade and security. Also there will be a need for the establishment of a court that can be parallel or be a part of the European Court of Justice.

3. Level: A Custom Union towards the Common Market

As we could see, the first two levels aim to create a Free Trade Zone around the EU while merging the existing structures. This level focuses on the preparation measures of the Full Membership. Probably on this level the EU has to draw the line and who can enter to the fourth circle of the integration and which country reached its final status. Therefore on this level, the EU and the applicants can begin the accession negotiations.

Besides of a Custom Union the third level moves towards a Common Market to prepare the applicants for full membership and to ensure some kind of integrational perspectives for those who cannot enter. Therefore the Member States will grant each other the free movement of goods and capital but the free movement of labour and services would not be guaranteed.

Owing to the fact that we are speaking about the future enlargement of the Union and the closest economic ties, we cannot avoid here the establishment of a Joint Committee in Brussels and the jurisdiction of the European Court of Justice.

Consequently through this process we would be able to answer the four issues that were introduced in the previous chapter. In this system we would be able to merge the existing structures to avoid the overlaps; offer some kind of integrational perspective in a multilateral

institution while the EU do not have to offer full member status. Also there is a need to revisit the conditionality and offer everyone the same conditions.

V. Summary

In conclusion we could say that however the enlargement of the European Union is one of the most successful activities, in the near future it would face with several problems. The effectiveness of the governance of the EU would be questionable with more states; there is a huge chance for that the new accession would open further the gap between the net receivers and net contributors. It remained also disputed if the accession of a new country with weaker economy can prosper in a complex and highly integrated institution such as our Single Market. In addition today it is still not clear which state can apply for full membership or be a part of the Neighbourhood Policy. Furthermore we could see that there are issues with the Neighbourhood Policy. It became inconsistent and overlapping lately, and it could not fulfil its purpose. Therefore we introduced our idea, the Multi-level Widening, to create a new structure to the Neighbourhood Policy and the Enlargement.

Our idea is based on the concept of the Multi-level Europe and the merger of the existing structures. We aimed to create a multilateral integrational structure to give an outlook for the participants and integrational perspectives for those who cannot reach the full member status. Utilizing the processes and tools that the EU uses, we created four levels for the integration that can be described as concentric circles around the Union. The first level aims to create a cooperation area with annual meetings where the parties can discuss and cooperate in the main issues of the region such as security, trade and culture while the European Union encourages them to create regional free trade areas. The second level tries to create a Deep and Comprehensive Free Trade Area between the participating countries and encourages the creation of common policies to deal with organized crime and terrorism. Finally the third level will reach the level of Custom Union and starts making steps toward a Common Market. On this level EU can divide the participants and choose who can enter the fourth level of the integration, the European Union. Therefore in this concept the borders of the EU would be blurred and it creates opportunities for a further multilateral integration, even so if the depth of the Integration is not sufficient.

We could see that the enlargement and the partnership with the neighbour countries is a crucial issue. It is not important just for the Union, but also for each Member State to create a transparent relationship with these countries. We could see this from the involvement of Hungary in the accession of Croatia or its trade relations with other Western Balkan Countries. Therefore it is not the vital interest of just the Members, but also for the European Union to grant a stable and prosperous future for our next generations.