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AICGS POLICY REPORT

**TOWARD A TRANSATLANTIC
EASTERN POLICY? THE U.S.,
THE EU, AND THE “IN-BETWEEN
STATES”**

Kai-Olaf Lang



AT JOHNS HOPKINS UNIVERSITY

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ISBN 1-933942-20-7

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FOREWORD

Barack Obama's election victory elicited hope that German-American relations, which had experienced considerable friction over the past few years, would be restored to a more amicable relationship. Even though President Obama's popularity in Europe overall, and especially in Germany, has soared, contentious policy issues remain. One of these issues is the West's relationship with Russia and the countries now bordering the European Union to the east. Not only a transatlantic issue, the question of what policy toward the "near abroad" should be pursued is also debated within the EU. Germany and other western European states argue for engaging the eastern neighborhood on topics ranging from security issues to energy policy, while others, primarily eastern EU member states, contend that only a more confrontational policy, especially toward Russia, will be successful.

In this Policy Report, Dr. Kai-Olaf Lang, DAAD/AICGS Fellow in Spring 2009 and Senior Associate at the German Institute for International and Security Affairs (*Stiftung Wissenschaft und Politik, SWP*), examines the European and American policies vis-à-vis Russia and the post-Soviet space over the past decade. Germany, as one of the most significant political and economic players in the European Union, a bridge between eastern and western Europe, and one of the U.S.' most important allies, plays a special role in European and transatlantic policies vis-à-vis this region. Dr. Lang focuses his analysis on the "in-between states," such as Ukraine, Georgia, and Belarus, situated between the overlapping European, American, and Russian interests. The essay also examines whether the U.S. and Europe are pursuing conflicting objectives or if their goals overlap, especially in light of a more conciliatory tone to Russia coming from the new U.S. administration. In conclusion, Dr. Lang outlines proposals for a U.S.-EU dialogue on a policy toward the "near abroad" and Russia.

This timely topic will continue to be of importance to U.S.-German relations in particular and the transatlantic relationship in general. Through its publications, events, and fellowships, AICGS will continue to provide a platform for these and other issues to be analyzed and for policy proposals to emerge. AICGS is grateful to the *German Academic Exchange Service (DAAD)* for their support of this publication. Additionally, AICGS would like to thank Jessica Riester, Research Program and Publications Coordinator, and Kirsten Verclas, Research Program Associate, for their work in editing this publication.

We hope that you find this publication as well as the continued examination of these issues pertaining to the transatlantic relationship of interest and welcome any feedback you might have.



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ABOUT THE AUTHOR

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Dr. Lang has published numerous articles in German, English, Polish, and Czech. Apart from foreign policy problems of central and eastern European countries and EU integration issues, the focus of his publications has been domestic affairs and especially party politics in the ex-communist transition countries of eastern Europe.



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INTRODUCTION

INTRODUCTION

A Region that Matters

For a long time, the post-Soviet countries between the European Union and the Russian Federation have not been bright spots on the radar screen of EU or U.S. foreign policy. This is astonishing considering that after the break-up of the Soviet Union these “newly independent states” (NIS) were often seen as a source of potential unrest and instability. No doubt, already in the early and mid-1990s, there was a widespread opinion on both sides of the Atlantic that the countries in this part of the world needed help and that it was in the interest of the West to strengthen their statehood as well as economic, social, and political reforms. However, no one wanted to evoke new tensions with Moscow by dragging these countries actively to the West or cutting off their longstanding economic or societal ties with Russia. What’s more, with Russia regaining parts of its old strength and deep transformation troubles as well as a sharp economic downturn in some of the former Soviet Republics (for example, in Ukraine up to the late 1990s) Russia was regarded by some as the only effective stabilizer in the region. So, European and American efforts aimed at the consolidation of the young political entities, without trying to pull them out of the Russian orbit. The U.S. and some of the EU member states (together with Russia) also tried to work on the solution of the “frozen conflicts” in Moldova and the Southern Caucasus—an endeavor which quickly reached its limits, since Russia, a key player in all these ethno-nationalist antagonisms, appeared to be interested in maintaining the unclear status quo rather than having a lasting settlement. Moreover, at that time the EU and NATO were busy with themselves, focusing on their ongoing enlargement processes in central and later in southeastern Europe, so the transformative capability and the

strategic outreach of both toward the countries further in the east was limited.

However, things have changed and since the middle of the current decade, the countries sometimes called the western part of the Commonwealth of Independent States (Western CIS), have gained unprecedented importance for EU and U.S. foreign and security policies.

■ First, after their double enlargement, the EU and NATO moved closer to the post-Soviet space. Countries like Belarus or Ukraine are now direct neighbors of both organizations. With a fragile region in its backyard the European Union began to look for new ways to promote stability in the region. Particularly, the new member states from central and southeastern Europe were calling for more EU engagement with the countries in the Union’s eastern vicinity.

■ Second, whereas in many countries of the former Soviet Union repressive and authoritarian tendencies were gaining ground, in some of them public discontent and citizens’ protests brought about what at that time was seen as a democratic breakthrough: the Rose Revolution in Georgia at the end of 2003 and Ukraine’s Orange Revolution in late 2004 seemed to show the will of a broad majority of societies and new elites to overthrow corrupt governments and to orient these countries to the West. The struggle for change displayed in Kiev or Tbilisi brought many in the European Union and the United States to the conclusion that the West has to offer better incentives for the partner countries to strengthen the pro-reform camps all over the region.

■ Third, Russia’s new strength, built on resources

and high oil prices, together with Moscow's confidence in foreign and security policies and power concentration on the domestic political front, have increased doubts about Russia's role in international affairs. Russian criticism of pro-Western governments on the territory of the former Soviet Union and its heavy resistance to NATO and recently even EU activities in these countries seemed to confirm this assessment. The Russian-Georgian war in summer 2008 raised fears that Russia might step up its efforts to prevent countries in the region from joining Euro-Atlantic organizations and, more generally, that Moscow has adopted a belligerent approach to pursue foreign policy interests. In this context, the U.S. and some EU member states (especially those that recently joined) see the area bordered by the EU and NATO on the one side, and Russia on the other, as a key factor in Europe's strategic architecture. According to this school of thought, the Westernization and Europeanization of the in-between countries would reduce the risk of Russian expansionism in the post-Soviet space.

■ Finally, the countries alongside the EU's eastern borders are now present on the political mind maps of Western politicians as they recognize the growing relevance of the region with regard to important policies. Energy is certainly the most important one, with the EU's eastern neighbors located on important transit routes for Russian or Central Asian oil and gas to the West and with one of them, Azerbaijan, a major producer of hydrocarbons. "Gas wars" e.g., between Russia and Ukraine or Russia and Belarus, have caused supply interruptions and shown how vulnerable EU members are to energy conflicts between Russia and its neighbors. Also with regard to other policies, such as those related to the broader justice and home affairs sphere (e.g., illegal migration, drug trafficking, or organized crime), there is a growing awareness of how significant the area is. This especially concerns the European Union, for which securing steady energy transit or managing migration flows through and from these countries are priority challenges.

This all has given impetus to new debates in the EU and the U.S. about how to enhance reform and change in the countries concerned. Cautious to

promise membership for the eastern partners, the EU has developed and launched the European Neighborhood Policy (ENP), a broad framework for intensified cooperation, including partners on its eastern flank as well as countries in the Southern Mediterranean. Based on deepened bilateral relationships, the ENP offers partners a stake in the EU's internal market, involvement in European policies, and technical as well as financial assistance. At the same time, but independently of the EU track of cooperation, cooperation with NATO developed, with the U.S. and some European states arguing in favor of bringing eastern partners (or to be precise, those partners who wish to join) into the Alliance. However, neither of the two processes has advanced substantially.

Although in recent years the EU has given more substance to its Neighborhood Policy, many in the EU and all of the partner states have criticized the concept for a lack of incentives, substance, and money. After additional efforts to upgrade the eastern dimension of ENP during the German EU presidency in the first half of 2007, the so-called Eastern Partnership, an initiative proposed by Poland and Sweden in 2008, was approved by the EU and officially launched in May 2009 during the Czech EU presidency. NATO's Bucharest summit in 2008 postponed the possible membership of Ukraine and Georgia in the alliance indefinitely. Although future accession was not excluded and close political and military relations were maintained, the negative attitudes of France, Germany, and others prevented NATO from setting a clear road-map for both countries to join. The Caucasus war did not change the assessment.

This Policy Report discusses EU and U.S. objectives and interests in the region located between the European Union and Russia and looks for differences, commonalities, and possible synergies in the European and U.S. approaches to this part of the post-Soviet space. It first gives an overview of what the EU has been doing to stabilize its so-called eastern neighborhood. It then sketches U.S. interests and activities in the countries of the region. Subsequently, the paper compares EU and U.S. engagement and interests, trying to single out common goals and divisive issues. Special attention

is given to the new U.S. administration and its attempt to re-launch and improve relations with Russia for two reasons: First, pressing the reset button and embarking on a “pragmatic” approach to Russia might have implications for U.S. cooperation with the “in-between countries.” Second, changed U.S. policy on Russia could also have an impact on the dialogue with European partners on Russia and eastern European countries. The Policy Report concludes by identifying guidelines for a reinforced U.S.-EU dialogue on a future “Transatlantic Eastern Policy” and a number of more specific policy recommendations.

The In-Betweens: Swing-States, Setbacks, and Stagnation

For many observers it is no surprise that, given a lukewarm EU approach and a strong U.S. emphasis primarily on NATO membership, the track record of reforms of the countries in eastern Europe is rather bleak. Despite recent gestures to open up to the EU and to ease the grip on the opposition, Alexander Lukashenko’s Belarus remains an authoritarian regime with close ties to and dependencies on Russia. After the disintegration of the “Orange camp” and with the old conflict between eastern and central/western parts of the country, Ukraine’s domestic political scenery is far from a pro-transformation consensus of political elites and rather resembles a polarized rivalry between irreconcilable leaders. The Tymoshenko-Yushchenko squabble and unclear competencies between the constitutional bodies not only led to gridlock and growing distrust against the political class, but they also created additional inroads for external influence. Moldova’s parliamentary elections in April 2009 ended in a victory of the ruling communist party and subsequent turmoil, since the opposition accused the Communist party, including President Vladimir Voronin, of election fraud and vote-rigging. Civil unrest was brutally oppressed and many protesters were obviously imprisoned and harassed for political reasons. In Georgia, opponents of President Mikheil Saakashvili intensified their criticism after the lost war in South Ossetia and Abkhazia. Saakashvili has been blamed for a concentration of power and an incompetent handling of the conflict with Russia. The opposition’s tough protests and

Saakashvili’s intransigence led to violent clashes. Oil and gas-rich Azerbaijan, a country firmly controlled by the Aliyev-clan and far from democratic standards, has signaled its readiness to join European and Western energy and pipeline projects; however, Russia is trying to build new ties with the country. With new initiatives to settle the Armenian-Azerbaijani conflict around Nagorno-Karabakh, Russia might emerge as a guarantor for an arrangement between the two countries, thus confirming not only its old friendship with Armenia but also enhancing its position vis-à-vis Azerbaijan and the whole Southern Caucasus.

All in all, the countries of the region are far from a stable path of development and growth. Political divisions, ethnic conflict, energy dependence, and difficult socio-economic conditions have caused stagnation or even set-backs of reforms and transformation. Also, at least in some cases, foreign and security policy orientations are ambivalent and countries have attempted to balance between the West and Russia or have been objects of Western and Russian involvement strategies, swinging between both poles of attraction.



THE EASTERN NEIGHBORHOOD

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THE EUROPEAN UNION AND ITS EASTERN NEIGHBORHOOD

A New Neighborhood for the EU

When the EU's so-called "eastern enlargement" was approaching, the Union realized that the traditional instruments and forms of cooperation with the countries now directly bordering the bigger community would not suffice. That is why the European Union began to search for new ways of enhancing cooperation with its direct neighbors in the east and in the south. New and denser relations with the neighboring countries were to give the Union additional leverage to support economic transformation, democratic reforms, good governance, and the rule of law in adjacent countries. Moreover, they were to help project the EU systems of basic values and transform neighbors into reliable and stable partners. As opposed to enlargement, this happens without giving the neighboring countries the promise of becoming a member of the Union. Between 2002 and 2004, these discussions in the EU intensified and new initiatives were launched. At that time, four factors fuelled the debate and the EU's commitment to create deeper relations with its (eastern) neighbors.

■ The eastern enlargement rounds of 2004 and 2007 bore the risk of new fragmentation on the continent. The eastern neighbors of the accession countries face the problem of being located beyond the borders of wealth and stability. At the same time they must deal with new political, economic, and administrative obstacles hampering their contacts with the new member countries: inclusion (of the accession countries) was causing exclusion (of the eastern neighbors).

■ Hence, the new member countries—who do not want to be situated alongside a new "paper curtain"—are an important lobby, demanding more attention of the Union's foreign policy for the eastern neighbors.

Apart from the interest to reduce the socio-economic and political discrepancies toward their neighbors, some of the central and eastern European accession/member states have a more security-related interest in pressing for more political engagement regarding their eastern European neighbors. For them, strengthening Ukraine or Belarus means reducing the probability of Russian neo-imperialism on the territory of the former Soviet Union.

■ The expanding Union is increasingly bordered by fragile regions, unstable states, or even crisis zones. The old concepts of cooperation have not generated substantial transformation effects. This is something that can be observed in the south, but also in the eastern neighborhood, where the PCA approach (i.e., a set of relations which have been based on so-called Partnership and Cooperation Agreements) has neither produced additional dynamics for reforms nor solved any of the "frozen conflicts" in the region.

■ From the outset, the European Neighborhood Policy was meant to be a program for gradual approximation to the EU and growing inclusion of the "outs" in EU policies. However, blurring the inside-outside dichotomy, there was one principle that should not be touched: neighboring countries were not to become part of the complex decision-making process of the Union. In the words of the then-Commission president Romano Prodi, the EU could share with neighbors "everything but institutions."¹ Such an understanding very much results from "enlargement fatigue" in some member countries and an intensified discussion about the integration capacity of the Union: It is more and more difficult to apply enlargement, i.e., the most efficient foreign policy instrument for the stabilization and transformation of the EU's neighborhood. In this context, at least some member states have understood cooperation with neighbors

as an alternative to membership (others, of course, have seen the EU's policy toward the eastern neighbors as a first step toward future candidacy). So, for the time being, the EU attempts to mold neighboring countries and to reach objectives similar to enlargement policy—but without offering the “golden carrot” of membership. Accordingly, the powerful mechanism of accession conditionality cannot be applied.

Stabilizing the New Periphery: From Wider Europe to the European Neighborhood Policy

At the very beginning of the EU's discussions about a new neighborhood policy, in the phase between 2002 and 2004, the political focus of these discussions was clearly on the “new neighbors” to the east. One of the first important political signals came from the EU's foreign ministers, who encouraged the European Commission and the High Representative Javier Solana to strengthen “relations between the future enlarged EU and its Eastern neighbors.”² During the run-up in summer 2002 to the December EU Summit, which would finalize the eastern enlargement negotiations, Solana and Christopher Patten, the then-Commissioner for External Relations, wrote a common letter that called for “a new proximity policy initiative, with initial focus on the Eastern neighbors.”³ This idea was endorsed by the General Affairs Council in November 2002, which stated that “there is a need for the EU to formulate an ambitious, long-term, and integrated approach towards each of these countries, with the objective of promoting democratic and economic reforms, sustainable development, and trade, thus helping to ensure greater stability and prosperity at and beyond the new borders of the Union.”⁴ Already at this stage, a new aspect began to shape the debate. Many of the member states from the southern flanks of the EU feared that upgrading cooperation with the new eastern neighbors would be detrimental to the contacts with the Union's partners in the Mediterranean region. Consequently, the “Wider Europe – New Neighbors Initiative” began, and almost simultaneously the southern partners were included in the emerging framework for intensified cooperation. Acknowledging the southern dimension of the EU's peripheries was a precondition for

securing EU-wide support for deepening relations with the eastern partners.

A second question regarding the scope of new European neighborhood activities concerned Russia: Should Russia be part of the EU's future proximity policy? In this regard, divisions among member states became evident. Some of the old member states tried to insert Russia in the new framework. The Solana-Patten letter seemed to speak this language, emphasizing that Russia “is an indivisible part of the region.”⁵ On the other hand, some of the accession countries opposed making Russia part of the new initiative. Although they were interested in advancing EU-Russia relations and moving the EU's attention to cooperation with Russia, it soon became clear that they wanted a program targeted predominantly at the eastern European countries, i.e., Ukraine, Moldova, and, depending on the internal situation, Belarus. An unofficial paper presented by the Polish Foreign Ministry at the end of 2002 proposed the establishment of “a coherent, comprehensive framework of [the EU's] eastern policy that will enable individual development of relations with each of the countries concerned, without prejudicing their final formula.” Although the paper also addressed Russia, its basic idea was to constitute an “Eastern Dimension of the EU” which would upgrade relations with Ukraine and Moldova (and possibly Belarus) and give these countries the prospect for new contractual arrangements with the Union, offering them association agreements.⁶

Already at that stage it was obvious that the emerging concept had to find harmony between the southern and eastern vectors of EU external relations and that, in one way or the other, the question of how to incorporate Russia would be a permanent challenge. This was also recognized by the European Commission, which in March 2003 delivered a first comprehensive conceptual document, a Communication called “Wider Europe - Neighborhood: A New Framework for Relations with our Eastern and Southern Neighbors.” At that time, the target countries of the new policy were the countries of the “Western NIS” (Newly Independent States) and the southern Mediterranean partners, but also Russia. Binding together eastern European and North African states

under one conceptual umbrella was highly controversial, especially in the eastern partner countries. They felt they were “de-Europeanized” and saw their long-term membership prospects in the EU fade away. Russia, though mentioned, was not a key objective of the document; it was rather a message on the part of Brussels to show that the new concept did not intend to segregate or marginalize Moscow. Although Russia was skeptical of a reinforced EU engagement on the territory of the former Soviet Union and for this reason wanted to be involved in the new efforts, Russia did not show practical ambitions to become part of the project. “It seemed that Russia considered itself too large and too important to be treated on par with Belarus, Ukraine [...] or Tunisia.”⁷

Besides the question of geographic scope, the Commission document described the basic objectives of future EU activities beyond its external borders. The communication envisaged the development of “a zone of prosperity and a friendly neighborhood—a ‘ring of friends’—with whom the EU enjoys close, peaceful, and co-operative relations.” The core stimulus to enhance reforms and transformation was to be “the prospect of a stake in the EU’s Internal Market and further integration and liberalization to promote the free movement of persons, goods, services, and capital”, i.e., the so-called “four freedoms”.⁸

More detailed elements came with a strategy paper by the Commission published in May 2004 and endorsed by the Council in June 2004. The paper defined the overarching mechanism of the initiative, which was now officially called the European Neighborhood Policy (ENP). Together with its partners, the EU intended to establish a set of priorities. The fulfillment of these shared objectives would move neighboring countries closer to the EU. New instruments, jointly-agreed Action Plans, were to determine “key areas” and to help to implement common goals. According to the strategy paper, these key areas included:

- political dialogue and reform; trade and measures preparing partners for gradually obtaining a stake in the EU’s Internal Market;

- justice and home affairs;

- energy, transport, information society, environment, and research and innovation; and

- social policy and people-to-people contacts.⁹

The ENP strategy paper also meant a change in regional coverage. Armenia, Azerbaijan, and Georgia, the countries in the southern Caucasus, were added to the list of official neighborhood countries. Although Russia was also mentioned as a country addressed by the ENP, the Commission explicitly underlined the importance of the EU-Russia relationship. The ENP was rather defined as a toolbox which might be instrumental for the further deepening of EU-Russian cooperation and that could “enrich work on the common spaces, notably in the areas of cross-border and sub-regional co-operation”.¹⁰

By mid-2004, the main tenets of ENP were more or less clear in terms of instruments, principles, and offers for the neighbors. Action Plans were the decisive new tool to speed up and effectively implement reforms. A newly created European Neighborhood Policy Instrument (ENPI) was the financial framework for ENP. The ENPI integrated more specific regional programs for southern partners and the former Soviet Union (MEDA and TACIS) and introduced new forms of financial support, e.g., in cross-border cooperation. In the EU budgetary period from 2007 to 2013, about €12 billion are available for partners in the south and east (including Russia). This is almost one-third more than in the previous period.

The ENP was supposed to be comprehensive in order to intensify collaborative relations on all levels and in all sectors of cooperation. ENP was to follow the principle of differentiation, given the fundamental differences between countries like Moldova and Algeria or Ukraine and Egypt. This means that ENP is rather a broad roof under which specific traverses coexist. At the same time, there is an element of unification in ENP, because in principle, all partners should accept basic values such as democracy or rule of law, as a precondition for moving closer to the EU. The legal dimension, especially the adoption of parts of the *acquis communautaire* (i.e., the stock of

EU law), is a challenge common to all neighboring countries.

In the beginning phase between 2002 and 2004, the ENP took shape and developments in some of the target countries created new dynamics for the debate on Neighborhood Policy. Particularly, the “colored revolutions,” the pro-democracy movement in Georgia in 2003 (“Rose Revolution”) and Ukraine’s democratic breakthrough during the Orange Revolution at the end of 2004, meant a new quality. Ukraine is an instructive example. In the years of President Leonid Kuchma’s seesaw policy between West and East, something like Ukraine fatigue emerged in the European Union. The EU blamed Ukraine for not delivering reforms, so it refused to put new offers on the table. Ukraine argued just the other way around: From Kiev’s point of view it was a lack of sufficient European incentives which was responsible for stagnation and reform backlogs. With the democratic opening in late 2004 Ukraine fatigue gave way to “Ukraine euphoria”—or at least a wave of sympathy throughout the whole EU. Politically, this meant that there was a common conviction in Brussels and most member states that now something new had to be offered, something like a democracy dividend to support the new leadership. The result of this was a list of ten specific areas where the EU intended to step up its efforts. These ten points (put forward by the EU High Representative Solana and External Relations and Neighborhood Commissioner Benita Ferrero-Waldner at the beginning of 2005) were an add-on to the Action Plan that had been negotiated with the old regime. The plan included the prospect of negotiations on visa facilitations, EU support for Ukraine’s WTO accession and the possible granting of the Market Economy Status to Ukraine, more EU assistance, and additional money from the European Investment Bank. For Ferrero-Waldner the ten points list was “a specific response to the Ukrainian people’s bold political action.”¹¹

ENP: Open Questions and Main Trends

With more and more detailed programs and Action Plans being negotiated and implemented, the ENP entered its operative stage. But although the ENP machinery started to work, doubts about the concept

and its performance were raised. The skepticism referred to the “finalité” of the policy, its scope, and its substance. The question of the long-term prospects and the teleology of ENP continued to be especially controversial. A group of EU member states, including most of the accession countries from central and southeastern Europe as well as old member states like Sweden and others, argued that the eastern European partners should be granted a long-term membership prospect. They mention Article 49 of the Treaty on the European Union, giving all “European” states that observe certain principles the right to apply for membership (which does not automatically mean the right to join).¹² According to them (and the wishes of many of the eastern neighboring states), a membership proposal is the only effective incentive to galvanize reforms in the target countries. In spite of the reluctance of some of the old member states, a certain evolution in the debate on membership prospects took place. Although the EU so far has not opened its doors to any of the eastern neighbors, it has not sent a signal that the doors are closed for all times.¹³ The EU simply has not said no. Moreover, in recent years a certain semantic shift took place, with ENP documents beginning to differentiate between “partners of Europe” (i.e., North African or Middle East countries, which are not European) and “European partners” (i.e., those who at least in principle are covered by Art. 49). This is one of many indications that the EU leaves the future development of the membership question open and that the ENP does not anticipate one or the other path.

Independently of these problems, the first years of EU relations with eastern partners in the ENP framework have shown some overarching tendencies. These tendencies will probably also affect the further development of the policy.

■ There is a growing “politicization” of ENP. The ENP originally was much of a bureaucratic clearance approach, trying to realign and consolidate existing measures and new instruments in order to develop a more efficient framework for bolstering transformation on the periphery. At least since the Orange Revolution, ENP has become a growing strategic component. Beyond its eastern borders the EU is becoming a (geo)political actor, unintentionally and

with considerable uncertainty—and therefore it is perceived by Russia as a potential rival in the post Soviet space. The EU has not yet found convincing answers on how to deal with this rising “integration competition.”¹⁴ So far, the EU has tried to “sell” ENP to Russia as a program for technocratic modernization of a shared neighborhood. As a positive-sum game, a successful ENP should be in the interest of all sides involved—the EU, Russia, and the ENP-target countries. However, Russia did not buy this argument and EU efforts to improve and upgrade ENP were seen as further intrusive steps into Moscow’s sphere of specific or “privileged” interests.

■ There are a number of priority issue areas concerning the EU’s neighbors which have emerged. Energy; Justice and Home Affairs (i.e., domestic and border security, visa questions, migration, and related problems); and the EU Common Foreign and Security Policy (CFSP) have turned out to be significant fields of cooperation. With regard to energy, the Commission has come up with a Communication on External Energy Relations to the European Council in Lahti,¹⁵ which includes various references to EU neighbors’ cooperation. Neighbors are included in the European Energy Community, which establishes a unified regulatory space in order to include south-eastern European and other partners in EU energy markets. With Ukraine, a Memorandum of Understanding on Energy Cooperation has been set up. The importance of energy issues is a result of the intra-EU debates about energy security and a European energy policy. It shows that ENP issue areas will be increasingly driven by the domestic salience of particular questions in member states. This is true also for other “sensitive” issues like visa regulations or trade liberalization. The more substance the EU is ready to offer, the more domestic political controversies will arise.

■ There is an increasingly vivid discussion on “dimensionalism” in the ENP.¹⁶ In this “process of drawing new, regional spaces of cooperation”¹⁷ substantial divergence of national interests of member states have come to the fore with central and eastern European countries, Austria, and (to some extent) Nordic countries “lobbying” for the Eastern Dimension and the Mediterranean member states calling for

more impetus in EU relations with Maghreb-Mashreq countries. Germany’s announcement defining a “new Eastern Policy” (*Ostpolitik*) made it one of the German government’s priorities for its EU presidency in the first half of 2007—and evoked doubt and criticism among the Mediterranean “caucus” within the Union, fearful that the biggest member state might turn its back on the south. For this reason, Germany changed its approach and declared its will to strengthen the eastern flank of neighborhood policy (ENP plus) and to deepen cooperation with the southern peripheries.

Toward a New Regionalism? The Eastern Partnership

With the benefit of hindsight, the German efforts before and during its EU presidency in the first half of 2007 might be seen as the prelude to a more profound rearrangement of the regional components in ENP. During the German presidency the European Union embarked on a number of new cooperation schemes with its Eastern neighbors:¹⁸ New financial instruments, a Neighborhood Investment Facility (NIF), and a Governance Facility were created in order to give additional leverage to the broader ENPI framework. In the course of 2007, Ukraine (together with Morocco) became the first recipient of financial transfers from the Governance Facility. After the establishment of the NIF, the idea of a NIF trust fund, which would include Community and member states’ financial contributions, may materialize. The relevance of Justice and Home Affairs related issues concerning the eastern neighborhood has been emphasized, including the conclusion of visa facilitation and readmission agreements with Ukraine and Moldova as well as the extension of the “Global Approach of Migration” to neighborhood regions in the eastern and southeastern neighborhood—which was seen as one of the means to create “geographic balance” between the southern and eastern component of ENP.¹⁹ At the beginning of March 2007, the official start of the negotiations on a new Enhanced Agreement with Ukraine took place. This agreement—which was to include the prospect of deep free trade with the EU—was “considered as a flagship project for the enhanced ENP.”²⁰

Germany was also interested in advancing the

regional dimension of ENP. In this context, the Black Sea has been deemed a “central area of the EU’s Neighborhood Policy” and Germany has intended “to bring more focus and coherence” to this region.²¹ The Black Sea Synergy, which was co-developed by Germany, the Commission, and other member states before and during the German presidency, is intended to bring together “the EU’s contribution for fostering stability and peaceful development in its immediate neighborhood,” aiming at “enhancing mutual trust and close cross-border cooperation” and including all countries of the broader region.²² With an emphasis on projects and practical sub-regional and regional forms of cooperation, the Black Sea Synergy aims at strengthening pragmatic exchange and mutual trust as well as bundling bilateral and other existing regional initiatives.

Another way of fostering regional cooperation was the proposal to establish multilateral sectoral agreements with neighboring states. This idea was incorporated into the Commission Communication of December 2006 in the form of so-called thematic dimensions. This proposal was unanimously accepted as a substantial innovation in the ENP tool box. The opening up of the southeastern European energy community was moved forward (with the aim of a full inclusion of Ukraine and Moldova) and the Council’s support for the extension of the trans-European networks to neighboring states was secured.

But the decisive thrust for a new regional initiative came in 2008. In the run-up to its EU presidency in the second half of the year, France was urging for a new program to boost relations with the partners around the Mediterranean. In its original version the plan embraced only Mediterranean EU members and neighbors. However, this idea was rejected by many of the member states. “German Chancellor Angela Merkel, in particular, openly accused France of excluding non-Mediterranean countries in an attempt to sideline existing EU policies and hijack European funds to support French foreign policy initiatives. London announced that it would not spend an extra penny on the project, and Ankara denounced the plan as a ploy to bar Turkey from EU membership (although it said that it would participate as long as the project did not damage its path to EU accession).”²³ Finally,

France was forced to embed the initiative in the EU framework, turning it basically into an attempt to reinforce the Euro-Mediterranean Partnership (EMP), the “Barcelona process,” an older and rather vegetating multilateral framework for cooperation with the partners in the region. The “Union for the Mediterranean” (UMed), as it was called now, was officially launched in July 2008.

Poland, which for years had called for a regional process in the eastern neighborhood, now took the lead and, together with Sweden, put a new proposal for a regional cooperation initiative on the table. In June 2008 a Polish-Swedish paper on an “Eastern Partnership” was presented to the partners in the EU.²⁴ The Eastern Partnership should be “based on, but go beyond the current ENP.” What was new as compared to the traditional ENP approach was the idea of having a regional format of cooperation “creating a permanent formula for multilateral cooperation complementary to the existing regional cooperation schemes” on the eastern flank of the EU, creating a two-track architecture of bilateral and multilateral contacts. The initiative was endorsed by the EU heads of state and government, and in December 2008 the European Commission came up with a more detailed set of proposals.²⁵ In the second half of 2008 an additional driver for enhanced cooperation with eastern neighbors emerged: The Russian-Georgian conflict about South Ossetia and Abkhazia of August 2008. As most of the EU members did not want to “punish” Russia for the military intervention or did not believe in the effectiveness of sanctions against Russia, quite soon a consensus emerged within the EU that the best response to Russia’s behavior was to support the EU’s neighborhood in the post-Soviet space. All in all, the quest for symmetry with the Southern regional mechanism, the UMed, and a new intra-EU accord about enhanced aid for the eastern neighbors laid the groundwork for the new initiative. During the consultations an informal group of the “Friends of Eastern Partnership” (comprising Poland and Sweden, central European countries, the Baltic states, and Germany)²⁶ emerged, which was critical for giving sufficient political clout to the project.

In its December 2008 document, the Commission

confirmed the double-layered philosophy and laid out specific priority areas for the bilateral and multilateral tracks.

On the bilateral level, the Commission basically restated and generalized the offers for all eastern neighbors:

■ Fulfilling certain criteria, every country would be able to get new contractual relations, so-called Association Agreements, superseding existing Partnership and Cooperation Agreements. A “Comprehensive Institution-Building program (CIB) for improving administrative capacity in all relevant sectors of cooperation” would be developed with each partner to improve the preparations for getting new agreements.

■ After WTO membership, the EU and particular partners can establish deep and comprehensive free trade areas which would be part of the Associations Agreements.

■ The EU can offer partners “Mobility and Security” pacts “that would include both the mobility aspect and the conditions required to ensure the secure environment.” After periods of visa facilitation and successful implementation of readmission agreements, dialogues on the long-term objective of visa-free travel can to be established.

■ Individual dialogues on energy supply and transit are to be intensified. Special attention is given to talks with Ukraine and Azerbaijan.

■ The EU wants to support economic and social development on different levels, including regional and trans-border cooperation.

On the multilateral level, the Commission proposed four cross-cutting policy platforms: on democracy, good governance, and stability; economic integration and convergence with EU policies; energy security; and contacts between people to further support partners’ individual reform efforts. The Commission also identified a number of potential flagship projects related to particular thematic platforms: an integrated border management program, a SME facility, the

creation of regional electricity markets, the improvement of energy efficiency, a southern energy corridor, and others.²⁷ After the official launch of the Eastern Partnership at a summit between the EU and Eastern Partnership countries, held in Prague in the beginning of May 2009, a series of working group meetings concerning particular platforms in June 2009 marks the start of the implementation phase of the Partnership. These working meetings include representatives of the six partner countries covered by the program (Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, and Ukraine),²⁸ the EU member states, the Council Secretariat, the European Parliament, the Committee of the Regions, and the European Economic and Social Committee.

In terms of money, a total of €600 million is to be spent in the period from 2010 to 2013. Most of that amount (about €350 million) is additional financial support. Other funding will come from the reallocation of sources earmarked for already existing aid schemes.

All in all, the Eastern Partnership is neither a revolution nor the end of ENP. It is, rather, a topping up or “reevaluation” of the current ENP. The modest institutionalization (for the time being there is no secretariat or other specific operative bodies), a project-oriented approach, and the regrouping rather than putting away of existing mechanisms, fits into the basic logic of ENP and makes the Partnership a part of the ENP principles and instruments. Irrespective of the outcome of the initiative—it cannot be ruled out that the whole endeavor will lose its dynamics if the partners do not deliver or EU members are reluctant regarding the financial and political costs of the program—an important result of the Eastern Partnership is the decoupling of the big macro-regional peripheries of the EU. After the integration of eastern and southern partners into the ample architecture of ENP, the neighborhood policy now has done clear steps toward subdividing the two neighboring spaces. In doing so, paradoxically, the EU returns to the situation at the beginning of the discussions about wider Europe, when the debate focused primarily on the new eastern neighbors.



U.S. POLICY AND THE
“NEAR ABROAD”

03

U.S. POLICY AND THE “NEAR ABROAD”

After the demise of the Soviet Union, the United States has been one of the most active external players to support the transition to market economies and the emergence of democracy and the rule of law in the newly independent states. However, U.S. engagement has changed over time in intensity, regional focus, and primary issue areas.

The end of the Soviet Union went along with considerable uncertainty over the future development of this part of the world and its implication for world politics. For this reason, originally many Western countries took a rather cautious stance toward the new states in Russia's neighborhood. Except for the Baltic states, whose European identity and Euro-Atlantic orientation was soon accepted by most Western partners (the U.S. had never recognized the annexation of the three Republics in 1941), the West was not willing to embark on extensive democratization support for these countries. At this time, the political attention was primarily directed to the central European frontrunners of transformation and the crisis-laden western Balkans. Also, bold support for Russia's western and southwestern neighbors could have had repercussions for the future development of Russia, which in a period of international disorder might have regarded Western efforts as a sign of being constricted by old adversaries. Instead, most Western countries decided to take a low profile toward Russia's neighborhood and to treat Moscow as the priority partner in the region. Russia was the only regional power; it still disposed of substantial military power and nuclear arsenals, so it had to be involved and stabilized and not annoyed by tearing away regions and countries with which it had a dense network of economic, political, societal, and cultural ties.

For quite a while, the U.S. seemed to follow this pattern. U.S. policies vis-à-vis the emerging Ukrainian state, the most important of the “in-between-countries,” are especially telling. In summer 1991 President George H. W. Bush gave a speech in Kiev. Just weeks before Ukrainians went to the polls to vote on their independence, the U.S. president cautioned against “suicidal nationalism” and warned that the country might take a “hopeless course of isolation.”

Ukraine: A Pivotal Country in the Post-Soviet Space

However, U.S. foreign policy on Ukraine policy changed rapidly, and three factors were particularly responsible for heightened U.S. interest. First, Kiev gave up its reluctance to abandon its nuclear weapons; at the beginning of 1994, Ukraine, Russia, and the U.S. reached a trilateral agreement regulating the withdrawal of the weapons from Ukrainian territory, at the same time giving Ukraine a sort of security guarantee. What had caused unease in the U.S. security community for quite a time now turned out to be an important contribution to non-proliferation in the immediate post-Cold War era. What is more, the nuclear weapons issue in the end “may have also helped to form the current U.S. policy consensus that a strong, multi-faceted relationship with a stable, democratic, prosperous, and sovereign Ukraine, integrated with Europe and the wider world, is key to Europe's stability, a vital U.S. interest.”²⁹ Second, Ukraine's internal divisions, especially tensions between the Russian-speaking and Russian-feeling parts of society and ethnic Ukrainians, created doubts about the stability or even sustainability of Ukrainian statehood. Third, in U.S. foreign policy debates about the future of the post-Soviet space, an increasingly

prominent position was attached to Ukraine, whose independence and sovereignty was held to be a safeguard against a new Russian hegemony. Now, the line of argumentation used by Zbigniew Brzezinski and others seemed to be heard more clearly: "... [W]here I fault the Clinton administration the most in the case of the former Soviet Union is that it has neglected by and large the non-Russian states, thereby contributing to a vacuum around Russia which inherently enhances the imperial aspirations of those in Moscow who would like to have both an empire and a strong economy financed by us." And in a similar vein: "I think what is quite likely is that we are going to see a very intense effort to rebuild the old Russian empire, to subdue the newly independent states, to subvert Ukraine, and thereby to recreate an empire which inherently will have to be dictatorial, probably poor because of the costs of empire, and perceived by its neighbors as aggressive. And that is, I think, a danger."³⁰

That is why during the Clinton administration U.S. foreign policy attention on Ukraine grew substantially. Ukraine was seen as "a net contributor to shaping a wider, more stable and secure Europe." It was also considered "a partner in tackling key proliferation challenges" and an attractive market for U.S. trade and investment.³¹ However, the upswing in U.S.-Ukrainian cooperation since the mid-1990s was not without slowdowns. Alleged persecution of media and the murder of the independent journalist Georgiy Gongadze (with accusations of President Kuchma's involvement) were one area which created doubt. Another bone of contention was suspicions (revealed in autumn 2002) that Ukraine had exported Kolchuga radar systems to Iraq and thus broken the UN arms embargo. Although these accusations were not confirmed, they put strain on bilateral relations. Also due to U.S. pressure, the NATO summit of November 2002 downgraded the bilateral meeting with Ukraine to the foreign minister level. Additional conflict was caused around commercial issues. Irrespective of continuous U.S. support for Ukraine's WTO accession, U.S. companies complained that Ukraine did not care about the protection of intellectual property rights.

Nevertheless, bilateral cooperation went on in spite of

these rebuffs. Ukraine's reputation improved particularly in the context of the 2003 Iraq War. Having been classified as part of the anti-Saddam coalition by Washington, sending 1,650 peacekeeping troops to Iraq after the war, Ukraine became an important ally in an international conflict of key significance for the U.S.

But the real push for a new character of bilateral cooperation came after the Orange Revolution. It was not only the mere fact that Washington wanted to strengthen the pro-Western and market-oriented leadership around Viktor Yushchenko, but Ukraine seemed to have the potential to act as a role model for democratic change in the post-Soviet space. During a meeting with Yushchenko in Washington in April 2005, U.S. president George W. Bush said that the events in Ukraine during the end of 2004 could "serve as an example to other nations where people are eager to embrace democracy." He also told his Ukrainian counterpart that both countries shared the goal "to spread freedom to other nations." Bush also said, "After all, the Orange Revolution may have looked like it was only a part of the history of Ukraine, but the Orange Revolution represented revolutions elsewhere, as well."³²

In spite of heavy domestic conflicts and the disintegration of the Orange camp due to personal animosities between President Yushchenko and his rival Yulia Tymoshenko, the Bush administration maintained its support for the country. In April 2008, the U.S. and Ukraine upgraded bilateral ties, signing a "roadmap" with priorities for strengthening their "strategic partnership" in various fields of cooperation, including trade and investment, energy security, defense, technology, and space.³³

During the Russian-Ukrainian conflicts over gas transit to western Europe, the U.S. administration put the blame clearly on the Russian side, calling Russia's behavior "politically motivated efforts to constrain energy supply to Ukraine" or criticizing it as "black-mail" and "intimidation" (according to Vice President Dick Cheney).³⁴

The U.S. also reinforced its engagement for a future Ukrainian accession to NATO and was able to push

through at least a commitment to principle openness of the Alliance at NATO's Bucharest summit in spring 2008. In mid-December 2008 the outgoing U.S. administration signed a "Charter on Strategic Partnership" with Ukraine, which was to "affirm the importance of our relationship as friends and strategic partners" and was basically a message to Ukraine that the U.S. (or at least the outgoing administration) intended to continue its support for Ukraine's reforms and NATO aspirations by bilateral action.³⁵

The U.S. and the Southern Caucasus

During the early 1990s, U.S. engagement in the southern Caucasus (Georgia, Armenia, Azerbaijan) was mainly driven by the will to regulate or soften interethnic and interstate collisions. The hot and later "frozen" conflicts in the region like the Armenian-Azerbaijan conflict, the clashes on Georgia's territory about separatist tendencies in the regions of Abkhazia, South-Ossetia, or Ajaria led to increased aid for the region including a border and customs security program for Georgia or directing considerable humanitarian aid to Nagorno-Karabakh (a break-away area of Azerbaijan, mostly inhabited by Armenians).

The attacks of September 11, 2001 gave a new stimulus to U.S. engagement in the region. Now, all three countries were significant security partners for U.S. anti-terror efforts. In this context, Georgia and Azerbaijan played an important logistic role since their readiness to grant over-flight rights and airbases were instrumental for the coalition intervention in Afghanistan. U.S. authorities also supported Georgia and Azerbaijan undertakings to contain activities of mujahidin, Chechen guerillas, and Caucasian terrorists on their territories.³⁶ Military aid and security-related cooperation intensified after 2001, with Georgia as a primary partner participating in the Georgia Train and Equip Program (GTEP) which should improve capabilities to counteract terrorist infiltration and its follow up, the Sustainment and Stability Operations Program (SSOP) which helped Georgia to train about two thousand troops which would be able to support U.S. operations.³⁷

Energy has been a preoccupation of U.S. policies

toward the region since the late 1990s, when U.S. administrations began to support building new pipeline routes which would make new oil and gas stocks in the Caspian region accessible and which would not run through Russian or Iranian territory. Thus, Washington began to support the construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the South Caucasus gas pipeline (SCP), which at least in part were meant to be "hedges against a possibly uncooperative Russia."³⁸

In the words of one of the State Department's key architects of U.S. policy toward the southern Caucasus, energy, traditional security interests, and democratic and market reform are the three main clusters of U.S. interests in the region.³⁹

Georgia developed into a key U.S. ally in the region, especially after its Rose Revolution in 2003, a relationship that was bolstered by the close personal ties of Georgia's pro-Western leader Saakashvili and his political entourage. With aid packages amounting to \$1.9 billion between 1992 and 2007 (including the Freedom Support Act and agency funds), Georgia was one of the top beneficiaries of U.S. financial support per capita in the world (even before the increased interest in the region as part of the war on terror).⁴⁰ After the Russian-Georgian war in August 2008 Washington upheld support for Georgia. On the diplomatic front, the U.S. administration sharply criticized Russia's intrusion. At the same time, the U.S. announced generous monetary support amounting up to \$1 billion for humanitarian and reconstruction aid. At the beginning of January 2009, Secretary of State Condoleezza Rice and her Georgian colleague Grigol Vashadze signed a bilateral strategic accord (similar to the one between the U.S. and Ukraine) to boost "cooperation in defense, trade, energy security" and to support the development of democratic institutions.⁴¹

U.S. Interests in the Post-Soviet Space: The Role of the In-Between Countries

American engagement in and for the countries in eastern Europe and the southern Caucasus is longstanding and has increased over the almost two decades following the demise of the Soviet Union.

Bearing in mind the ups and downs and particularities concerning specific target countries like Ukraine or the southern Caucasus, looking to these countries in broader terms, four general sets of interests have dominated the U.S. agenda.

SECURITY

Security concerns and cooperation efforts related to questions of internal and external security have fuelled much of U.S. activities in the region. In the 1990s two main elements have been central to the American engagement: First, the traditional nonproliferation agenda with a focus on (Ukraine's) nuclear weapons and the struggle to control arms trafficking has been an important tenet of U.S. activities. Nonproliferation programs have been conducted by the Department of Defense, the Department of Energy, and the State Department. Second, the U.S. tried to become a co-regulator of the "frozen" conflicts in the southern Caucasus and in Moldova (Transnistria conflict). Lifting the ban on aid for Azerbaijan in the wake of September 11 (when the country supported the U.S. anti-terror efforts) has made it easier for the U.S. to play a role in the so-called Minsk group, a multilateral formation anchored loosely to the Organization for Security and Cooperation in Europe (OSCE), which also includes Russia and France and is in charge of the Karabakh peace process. However, recent experiences with the Minsk group shows how difficult it is for the U.S. to contribute to a settlement. The U.S. seems to be sidelined, after Russia and Turkey (two major external players in the region) started to intensify their dialogue. Also the 2008 war in the southern Caucasus is an indication that Russia, as the direct regional neighbor and stakeholder, seems to control the "temperature" of the conflicts and is able to defreeze conflict constellations if necessary.

The global war on terror has given security-related U.S. cooperation additional momentum. A bulk of new programs were launched and existing programs were upgraded. Initiatives like Non-proliferation, Anti-terrorism, Demining, and Related programs (NADR), Foreign Military Financing (FMF), international military education and training funding (IMET), or country specific programs like the Georgia Train and Equip Program (GTEP) or the Georgia Sustainment and

Stability Operations Program (SSOP) for Georgia are an important part of the cooperation agenda with most of the partner countries in the region. Finally, especially during the eight years of the Bush administration, U.S. engagement in the region focused increasingly on the "NATO-ization" of at least some countries, i.e., Ukraine and Georgia. On the political level, the U.S. (together with some European NATO allies) stood up for a clear membership promise for these countries. On a practical level, the U.S. tried to support the implementation of national plans necessary for the preparation or at least approximation to NATO.

All in all, security related initiatives make up about 40 percent of U.S. assistance to the countries of the former Soviet Union since 1992; by 2005 their share increased to up to two-thirds of annual U.S. aid (of course, the number also includes assistance for Russia).⁴²

DEMOCRATIZATION

Planting the roots of democracy has been a permanent task for U.S. activities toward countries in eastern Europe and the southern Caucasus and was one of the core motivations of the 1992 Freedom Support Act. Support for democratic initiatives and the rule of law includes technical aid and grants for non-governmental organizations, for direct political players like political parties, and for democratic institutions like parliaments. The improvement of democratic governance or the creation of an effective and transparent public administration are priorities of the broader idea of democratization. This sphere of U.S. engagement also received an additional push during the Bush era, since it was part of a broader freedom and democracy agenda. In a speech to the citizens of Georgia in 2005, President Bush, pointing at the achievements of the Georgian Rose Revolution, called the country "a beacon of liberty" that would have a meaning for the whole Caucasus, central Asia, and the broader Middle East.⁴³

SOCIAL AND ECONOMIC REFORM AND THE HUMAN FACE OF TRANSFORMATION

Furthering economic reform has been (simultaneously

with democratic change) the second leg of transition support in the former Soviet Union. With regard to economic reform, U.S. assistance covers the whole range of market-related reforms—drafting new legal frameworks, improving the business climate, strengthening small and medium-sized enterprises, and transferring skills to the business community. In 2008 U.S. support for Ukraine in this area included technical assistance for Ukrainian authorities to draft new regulations and laws in the context of the WTO accession of the country and support for local governments to set up local economic development plans and related Municipal Offices. A common grain warehouse receipt system for Georgia, Ukraine, Azerbaijan, and Moldova (which form the GUAM organization) was established as a nucleus for a similar system for all Black Sea countries.⁴⁴ Special interest is also devoted to the human face of transformation and living conditions of people in the target countries. This dimension of engagement entails assistance for health care or housing problems. Some specific institutions like the Millennium Challenge Corporation (MCC) provide funding for fighting corruption but also for other important areas of public policy.

ENERGY

In recent years, the priority action of U.S. energy policy engagement in the region was pipeline politics. Although the U.S. government justified its support for pipeline projects like BTC (Baku-Tbilisi-Ceyhan) or SCP (South Caucasus Pipeline) as a part of U.S. supply security and energy diversification attempts, the main argument in favor of new transport routes was to strengthen the countries in the region by making them less dependent on Russia in terms of energy supplies and, thus, politically.

Looking at these sets of interests altogether, one cross-cutting driver should not be forgotten: the strategic or geopolitical moment. It is exemplary that the authors of a recent policy paper on Ukraine are highlighting this very aspect of U.S. interests in Ukraine, “While Ukraine remains an important nonproliferation partner, and American business has become increasingly involved there [...], the primary reasons for engaging Ukraine remain geopolitical. A successful Ukraine promotes stability. Moreover, a

democratic and prosperous Ukraine firmly anchored in Europe will offer a model that might encourage Moscow to pursue a more cooperative, integrative foreign policy and give up any sort of seeking to restore the Russian empire. A weak and unstable Ukraine, on the other hand, would not be an attractive partner for the European Union or NATO, would worry its Central European neighbors, could prove an unreliable energy transit country, and might tempt Moscow even further to interfere in its politics. Were Ukraine to plunge into severe crisis, become a ‘gray’ security zone, or turn away from Europe back toward Russia, it would be a major setback for U.S. policy, particularly the objective of promoting a more stable and secure Europe.”⁴⁵

All in all, U.S. engagement in the region is securitized and it has a clear strategic component. Russian expansionism is a real or at least potential threat to the countries in the region, and that is why it is in their interest to make the non-Russian states of the region robust against hard and soft hegemony. Fostering democracy and market reforms or emphasizing the sovereignty of these countries and their right to join NATO and EU is, on the one hand, a purpose in itself. On the other hand, it is part of a broader U.S. foreign policy agenda and U.S. policy toward Russia, of course with the latter motivation considerably changing according to the ideological or political preferences of varying administrations.



04
U.S. AND EU INTERESTS
IN THE POST-SOVIET
SPACE

U.S. AND EU INTERESTS IN THE POST-SOVIET SPACE: CONFLICTING OR HARMONIOUS?

Are U.S. and EU interests in eastern Europe and the southern Caucasus at odds? Or is there some sort of compatibility which would enable both sides to coordinate their activities or even cooperate on particular questions? Of course, comparing and confronting U.S. and EU interest profiles is a highly intricate endeavor, since when looking at the European Union no single, monolithic European interest appears, but rather a scenery of national interest sets of member states and the attempt to establish an aggregated EU policy as a combination of the specific national interest profiles. An in-depth analysis of national positions toward the European Neighborhood Policy (ENP) conducted in the context of the German EU presidency in 2007 revealed that “the various aspects and offers of the ENP are perceived very differently” in the member states.⁴⁶ Moreover, the evaluation of national interests showed that “the interest profile of the EU, e.g., toward the Southern Caucasus, but also toward Belarus and Moldova, is still unclear.”⁴⁷ However, there is a growing awareness among member states that the EU and its neighborhood policy with its instruments and mechanisms is the best framework through which democratic and economic reforms can be brought forward. Russia’s military action in the southern Caucasus, the gas squabbles between Russia and Ukraine or Belarus, as well as the economic slump in the wake of the international financial crisis have shown that individual action of member states vis-à-vis eastern partners is important, but not sufficient enough to exert enduring influence and a pro-reform momentum. At least, the need for a European neighborhood policy or tailor-made EU policies toward specific neighborhoods is widely accepted. In spite of discussions about the scope and incentives of ENP, no one questions the necessity of an efficient neighborhood policy in the framework of the Common Foreign and Security

Policy as such. So, it is legitimate to talk about the existence of a framework of shared basic neighborhood policy objectives within the EU, albeit some questions remain to be controversial and conflicts between member states may arise.

Differing Emphasis and Common Interests

That said, it is possible to contrast U.S. and EU interests—and to look for differences and commonalities.

GEOPOLITICS VS. TECHNOCRATIC MODERNIZATION

One of the most striking differences between the U.S. and EU approach is the strong geopolitical and strategic vector that was characteristic for most of the time in the U.S. approach. Opposed to that stands a rather technocratic vision of the European Union, which sees its efforts to mold the eastern neighborhood as a geopolitically neutral project to homogenize and modernize its peripheries, to make them more similar to itself, and to reduce structural gaps. This bureaucratic approach is not shared by all member states. New members like Poland or the Baltic states pursue a strategic agenda which is quite close to the American efforts aimed at the creation of geopolitical multipolarity in the post-Soviet space. However, these same member states endorse the character of neighborhood policy as a modernization project on the one hand because they have a genuine interest to reduce development disparities with their eastern neighbors and, on the other hand, because for tactical reasons they do not want to provoke controversies with those member states who are cautious of making ENP a geostrategic initiative.

RUSSIA

The U.S. does not accept a sphere of privileged interests nor a *droit de regard* for Russia to decide about the foreign policy choices of the countries in the post-Soviet space. That is why at least some U.S. administrations have opted for NATO enlargement without caring too much about Russian opposition. Additionally, the EU and basically all of its member states would reject the idea of giving Russia a veto position over the long-term orientation of Ukraine or Georgia. Nevertheless, a group of member states including France or Germany tries to involve Russia in efforts to intensify EU neighborhood cooperation. For them, the Westernization of Ukraine, Moldova, or the southern Caucasus countries is a broader European civilization project, which is to include Russia and not to antagonize Moscow or evoke new conflicts or dividing lines between Russia and its direct neighbors. Their ideal model is a triangular constellation between the EU, ENP eastern countries, and Russia which would harmonize relations between all sides, while maintaining flexibility to deepen relations more dynamically with those countries ready and willing to come closer to the Union.

ENERGY ISSUES

Hence, the rising prominence of energy-related issues in U.S. policies toward the countries of the region is nourished by a rather politicized perception of energy dependency on the territory of the former Soviet Union. According to this view, Russia uses asymmetries in energy supply as a political instrument. Therefore, in order to reduce the risk of energy blackmailing, the U.S. is supportive of route and supply diversification of the countries in Russia's near abroad. This could buttress their statehood and do away with their political and economic entanglement by Russia. In the European Union, energy is a highly divisive issue and the posture toward Russia, as well as the individual degree of supply dependence, determine the position of single member states. Furthermore, a number of member states are rather close to the U.S. and press for new pipeline routes like Nabucco (a direct connection with the Caspian region through Turkey and southeastern Europe) or in

general a more active EU external energy policy, advocating for new routes together with transit countries such as Ukraine and Belarus and energy producers such as Azerbaijan or the central Asian states. Conversely, countries interested in deepening their energy partnership with Russia (e.g., Germany) see Russia as a reliable partner and put part of the blame for energy conflicts in the post-Soviet area on transit states. They tend to include Russia in EU arrangements on energy matters with neighboring countries. Whereas critics of Russia are striving for energy solidarity mechanisms as part of an "energy NATO" (Poland), the pragmatists in favor of EU-Russia cooperation favor a sort of "energy OSCE."

DEMOCRACY AND CIVIL SOCIETY

Traditionally the U.S. has put strong emphasis on democracy and the development of civil society. Much of U.S. assistance has been channeled through semi-governmental agencies and non-governmental organizations⁴⁸ and, as mentioned above, democratic grass-roots activities form a substantial part of U.S. financial aid for the former Soviet Union. In contrast, the EU and its agencies are much more oriented toward cooperation with governments and public administration in the target countries. However, activities of non-governmental organizations from member states have, to some extent, compensated for the strong emphasis on government contacts in the official ENP framework.

BILATERAL CONTACTS AND REGIONAL STRATEGIES

Both the U.S. and the EU have pursued their relations with the countries of the region predominantly through bilateral cooperation. However, the EU recently developed its (sub-)regional efforts: The Black Sea Synergy and the Eastern Partnership as well as the discussions about the inclusion of Russia in these initiatives are attempts to insert a multilateral component into neighborhood policy and are first (and for the time being vague) elements of possible regional strategies for the EU's eastern flank.

POLICY AREAS

For geographic proximity and other reasons the functional priority areas of cooperation with eastern European and southern Caucasus countries differ between the U.S. and the EU. For the EU, given the possibility of considerable migration from the partner countries or ill-functioning police structures and border management, the question of visa-liberalization and the whole field of justice and home affairs and internal security are of particular importance. Also, the question of opening up markets (for trade or at a later stage of labor markets) in the context of free trade with neighbors can spark intensive discussion in member states. For the U.S., the war on terror and hard security questions like access to Afghanistan or support in Iraq have been and will continue to be key questions determining the quality of cooperation with the countries in question.

This list of differences and incongruence seems to speak a clear language and suggests a lot of separateness between U.S. and EU policies in the post-Soviet space rather than good chances of collaboration. However, this catalogue of varieties is only part of "Eastern policy" realities. Because irrespective of these nonconformities, there is also considerable overlap between what both sides of the Atlantic are aiming at with regard to eastern Europe and the southern Caucasus. First, the U.S. and the EU are interested in an eastern neighborhood of the EU which is developing according to the patterns of liberal democracy and market economy. Transforming the countries of the region into prosperous economies, democratic polities, and trustworthy and predictable partners is the long-term goal of American and European efforts. The projection of stability and wealth as well as the advancement of basic values including respect for human rights, societal pluralism, protection of minorities, freedom of media, etc. are a shared objective of American and European activities. Both sides are also interested in the settlement of interstate or interethnic conflicts, particularly in a sustainable and amicable regulation of the "frozen" conflicts in the region. Irrespective of the emphasis attached to certain policy areas, there is a high parallelism of interests regarding the goals of practical reforms. So, despite differing assessments of the broader strategic context, both the U.S. and the EU

are interested in energy sector reforms in the countries of the region, in a more efficient use of resources, and in a transparent and modernized transit system. Also, the U.S. and the EU agree that due to the use of incentives the eastern countries have relatively good prospects for the successful reforms so that they can act as role models for other transition or pre-transition states on the territory of the former Soviet Union.

This all means that there is ample space for common initiatives and for coordination or even cooperation between the U.S. and the EU or the U.S. and EU member states.

The Obama Administration and the Reset Button

One of the priority foreign policy objectives of the Obama administration is to work for a less antagonistic relationship with Russia. The buzzwords symbolizing change in bilateral relations are "fresh start" (Secretary of State Hillary Clinton) and "pressing the reset button" (Vice President Joseph Biden). The first high-level meetings between the foreign ministers and the presidents of both countries in spring 2009 have shown a certain improvement in the atmosphere between Washington and Moscow. Although there is still considerable uncertainty about the substance of the re-launch of U.S.-Russian relations, some elements of Washington's new approach are already visible.

Apart from simply distinguishing its Russia policy from its predecessors, the overarching motivation of the "reset button" rhetoric seems to stem from the basic U.S. foreign and security priorities. In this context, Russia per se is not a priority, but Russia is considered to be instrumental for major challenges of U.S. foreign policy. On questions like Iran or Afghanistan, Russia's cooperation might be useful to achieve progress—or Russia's refusal to cooperate might cause additional damage: "Moscow has an almost unique ability among nations to either facilitate or complicate things for Washington in its pursuit of major foreign policy objectives."⁴⁹ The Obama administration obviously has come to the conclusion that the U.S. has no instruments to alter Russian foreign policy behavior: When it comes to what

Moscow sees as vital interests neither verbal condemnation nor the threat of diplomatic sanctions have helped. Against this background, the Obama administration has chosen to “reduce the costs of discord”⁵⁰ and to improve bilateral contacts. A first priority area is arms control and the follow-up to the START I treaty (which expires in December 2009), where negotiations have started in spring 2009.⁵¹ Less has been achieved in the economic sphere, although suggestions have also been made for this area.⁵²

The interesting question, here, then, is what the implications of a more cooperative U.S.-Russian relationship for the countries in eastern Europe and the southern Caucasus will be. Will these countries fall prey to a possible U.S.-Russian rapprochement? Will a successful “reset” be neutral? Or will it open up new chances?

The prevailing considerations seems to be that although the countries between the EU and Russia are important for U.S. interests, cooperation with them should not harm the “restart” with Russia. This means that obvious irritants like missile defense (which does not directly concern these countries) or NATO enlargement (which does directly concern these countries) are no longer actively pushed. Whereas previously countries like Ukraine or Georgia were treated in some way as a “frontline” against Russia, any form of neo-containment or geopolitical hedging against Russia seems to have disappeared. Pressing for Ukraine’s NATO accession now is seen by some U.S. observers as something which would destabilize the country since there is no consensus about membership either in Ukraine’s political elite or in society. Others go even further, and are calling for the development of alternatives to Ukraine’s and Georgia’s NATO membership.⁵³ These countries are not acting as frontrunners of a proactive democratization agenda or regime change mission, notions which are clearly part of the previous administration’s foreign policy discourse.

Of course, this all does not mean a complete break with the past. There is inertia and political continuity. During his speech at the Munich Security Policy Conference in February 2009 Vice President Biden

announced once more the will to move bilateral relations forward, but he unequivocally rejected the concept of a special “sphere of influence”: “We will not recognize a sphere of influence. It will remain our view that sovereign states have the right to make their own decisions and choose their own alliances.”⁵⁴ People who have been called “liberal hawks” or “neo-cold warriors” pursuing a Clinton-style form of democracy-spreading are part of the Russia and Eurasian policy machinery of the new administration. They are calling for more pragmatic and sophisticated ways to support democracy (e.g., by better channeling or diversifying pro-democracy efforts) than to abandon it completely. Most of the assistance programs will also continue to work, albeit in a less politicized context and with some initiatives (but not necessarily their content) being tacitly downgraded as projects of the previous administration (e.g., the strategic accords with Ukraine and Georgia). Some U.S. experts are arguing that better U.S. relations with Russia are positive for eastern Europe and the southern Caucasus because the U.S. in such a situation can do more for these countries.⁵⁵



PROPOSALS FOR U.S.-EU
DIALOGUE

05

PROPOSALS FOR A U.S.-EU DIALOGUE ON A POLICY TOWARD THE “NEAR ABROAD”

Irrespective of the outcome of the “reset button” attempts, the pragmatic turn in U.S. policy toward Russia opens up new opportunities for transatlantic dialogue and cooperation—particularly because the attempt to find a new balance in Washington’s Russian policy comes in a time when the European Union and many of its member states complete their Eastern policy: Countries like Germany or more recently even France that have traditionally followed a “Russia first” or “Russia only” policy have “discovered” the EU’s “near abroad” and are steadily looking for new ways to bind the neighbors in eastern Europe or the southern Caucasus closer to the Union. This development is one of the preconditions for why those EU members with pro-Ukrainian proclivities (e.g., Poland) have been able to launch their initiatives for the eastern partners.

In order to advance the discussions between the U.S. and the EU as well as between the U.S. and EU member states a continuous exchange about strategic objectives and specific initiatives is necessary. The following are some suggestions for concrete steps to improve mutual actions and to move toward better coordination between both sides of the Atlantic.

■ The EU’s Neighborhood Policy and more specifically its offer for the eastern partners is a framework for cooperation that bears huge potential. The countries beyond the eastern borders of the EU can gain access to the Common Market and to many EU policies, programs, and agencies. Even though—at least at the moment—the EU is not ready to give eastern neighbors a membership promise, a successful neighborhood policy *de facto* means a partial integration of partners into the EU. This would imply a substantial advance in terms of economic and social

development of these countries. An ever closer involvement in the process of European integration (even without formal membership) would also solidify statehood and sovereignty; by creating comprehensive economic and societal interdependence, these countries would be firmly anchored in the West. For this reason, U.S. engagement in eastern Europe and the southern Caucasus should be brought in line with the European Neighborhood Policy. For that purpose the EU should invite the U.S. to join the Eastern Partnership as a special observer. As such the U.S. could participate in and contribute to EU programs. Just like member states of the EU, which often fill ENP initiatives with content, the U.S. could define priority areas of engagement along its preferences and abilities. One example is the traditionally strong U.S. experience with NGO engagement and civil society support. The added value for both sides would be to avoid duplications and to improve the targeting of resources.

■ Given the tendency toward having additional multi-lateral formats of cooperation between the EU and the eastern partners, a U.S. special envoy for regional cooperation in eastern Europe and the southern Caucasus would be useful. This person could act as an interlocutor for the EU or, more precisely, to the respective institutions within the European Commission. Alternatively or additionally, a U.S. regional initiative covering the whole region could be launched. However, such an initiative should avoid two things: It should not copy the Adriatic or Baltic Charters, which are very much focused on NATO enlargement. Such an initiative could rather be broader and resemble the “Enhanced Partnership in Northern Europe” (e-PINE). Second, a U.S. regional initiative could risk duplications with ENP or the Eastern Partnership. From the beginning a close

coordination would thus be useful.

■ In order to improve communication and transparency it would be helpful to have a common U.S.-EU High Level Committee on the eastern neighborhood. Such a body would meet regularly and include officials from the State Department and the External Relations Directorate-General of the European Commission, but also representatives from other branches of the U.S. government (e.g., Department of Energy) and other Directorates-General. The High Level Committee would also develop new ideas for deepening contacts with eastern European and southern Caucasus states. The leaders of the Committee would especially have to consider priority areas defined by the EU-U.S. summit. For the time being, the summit has mentioned energy, and particularly Ukraine, as important areas for mutual cooperation.⁵⁶ A permanent U.S. desk officer could be placed in the Commission; a Commission official could be hosted in the State Department.

■ To give a future U.S.-EU dialogue on the countries concerned more political orientation, annual meetings of a U.S.-EU working group on eastern Europe and the southern Caucasus should be established. This group would consist of policy planners, parliamentarians, and experts from the U.S., the EU institutions, and the EU member states. It would provide the High Level Committee with strategic guidance and could discuss basic political questions like risk assessments, the role of Russia, the future of NATO enlargement, etc. Such a body would also figure out specific strengths and weaknesses of either side. A first step to set up such a broad group could be bilateral dialogues between policy planners, diplomats, and experts from the U.S. and Germany.

■ Bilateral Association Agreements with the European Union are the most important building block in the new cooperative structures with eastern partners. The Association Agreement with Ukraine is currently under negotiation and will probably be the first accord of this type signed with one of the eastern neighbors. The implementation of this Agreement in the following years will be decisive for the future development of bilateral relations between Ukraine

and the EU (for its status as a role model), but possibly also for other relations. That is why it is important to have efficient mechanisms to execute the agreement and to take advantage of the new joint instrument for implementation. Just like organizations and institutions from EU member states, U.S. organizations with experience in the countries of the “near abroad” could be invited to take part in the implementation and monitoring process.

Outlook

Is a well-coordinated transatlantic policy toward the countries beyond the eastern borders of the EU and in a broader sense toward Russia and the post-Soviet space possible? Given the rather inward-looking foreign policy machineries, a variety of specific national interests, and a differing tradition in eastern policy the emergence of a common transatlantic “eastern strategy” seems unlikely. However, the EU’s growing preoccupation with its wider eastern neighborhood, and a checkup of U.S. policies toward “Eurasia” and Russia gives new opportunities—although it might be too optimistic to anticipate convergence, the reduction of divergence concerning eastern policies as well as a sober dialogue on eastern affairs seems to be attainable. This of course requires the end of mutual misperceptions. The EU has to acknowledge that U.S. engagement in the “near abroad” was more than just NATO-ization and geopolitical hedging against Russia. And the U.S. has to recognize that EU activities in the eastern neighborhood are more than a long-winded reluctance and a bureaucratic maneuver. Accepting this would enable both sides to learn from each other and to identify synergies. Brussels and some of the “old” EU capitals might understand that the region beyond the eastern flanks is not only an object for modernization but also a strategic space. Washington might begin to appreciate that the combination of soft power and technocratic reform is an efficient lever for transformation.

Moreover, both sides should be aware that NATO is not the primary place where a transatlantic *Ostpolitik* can be born. NATO’s relations with Russia and other ex-Soviet states as well as the future of NATO enlargement are key issues with bold implications for

U.S. and EU cooperation with the countries of the region. However, a possible NATO membership for Ukraine or Georgia is not only divisive and sensitive; it is also too narrow to serve as an engine for broader political, economic, or societal changes in the target countries of American and European eastern policies. It is for this reason that rather a reinforced U.S.-EU or U.S.-EU member states dialogue has the potential to be the strategic forum and clearing house where Washington, Brussels, and EU members discuss and develop initiatives toward the area of the former Soviet Union.

NOTES

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- 11 Напередодні важливого кроку [On the eve of an important step], in: *Weekly Mirror*, 19 February 2005, article by Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood.
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