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**EASTERN AND WESTERN CHALLENGES: LINKAGES
AND OPPORTUNITIES FOR THE EUROPEAN UNION**

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1. The New Arc of Crises

- In the eighties, security in Europe was strongly influenced by what Brzezinski called the arc of crises: a vast area extending from the shores of the Atlantic across North Africa, the Middle East, the Gulf and Iran as far as Afghanistan. For years, Europe looked upon that belt of land as the theatre for global confrontation between the US and the USSR. In it, local factors and religious phenomena were instrumentalized by both sides in attempts to expand their spheres of influence.

- With the demise of ideological confrontation at the end of the eighties and the breakdown of the Eastern European and Soviet political systems, a new area--lying to the north of the old one--became the scene of serious instability and growing conflict. With the risks and threats posed by Eastern Europe, a new arc of crises has been formed that extends uniformly from South to East.

- Among the overwhelming consequences of the disintegration in the East are the destruction of enormous economic wealth and the dissolution of the stable security framework guaranteed by the division of East and West into opposing blocs. The magnitude of this destruction of wealth and lack of security is comparable to that in the Middle East and Afghanistan in the preceding decade. Thus, a potentially explosive semi-circle has formed around Europe.

- Evaluation of not only the possible future crises, but also the steps to take to avoid them, is difficult. Some instability crises that will continue in the coming years have already emerged: conflicts on the periphery of the former Soviet empire, particularly in the south; the Gulf and the Middle East; the disintegration of Yugoslavia; the crisis in Albania; the growing instability in Algeria.

- In general, the European Union has to address in depth the meaning of the radical changes of these last years and assess its role in matching the challenges and risks which have emerged. The starting assumption is that the present crisis is not a completely negative notion. On the contrary, there seem to be a series of good chances for a great step forward towards a good management and an economic, social, human and political growth in Europe and in the neighbouring Regions. Today, however, such result is not taken for granted, as strong adverse elements could jeopardize it or make it exceedingly difficult to be achieved.

2. The New European Security Scenario

- Since 1991 a crumbling international system has been marked by several crises, none of which has been settled down. In general we are witnessing to a series of national fragmentation crises and to the overwhelming presence of a growing number of "small wars", important issues relating to global environmental management, open and substantial violations of the most

fundamental human rights, immigration as well as nuclear and technological and military proliferation.

Former Yugoslavia

- The most impressive case is obviously represented by the Balkans. In January 1992, Yugoslavia's breaking-up was definitely acknowledged, thanks to Europe's recognition of Croatia and Slovenia and, subsequently, of Bosnia-Herzegovina. While Slovenia's strife was over by the summer of 1991, Croatia's turmoil was turning into a military standstill, with Serbian forces occupying about one third of the Croatian territory, and UN intervention troops (UNPROFOR) deployed in the contended regions of eastern and southern Croatia. At the end an old actor was drawn into the area: with the intervention of Nato and ad hoc multilateral mission the crisis had come to an apparent end through the Dayton Peace process and a series of political and electoral initiatives, under the control of Nato troops (SFOR).

- Still, with the opening of another front southern to Bosnia, namely Albania, the perception of a yet very precarious Region is very much high. Europe is in the uncomfortable position of deciding which kind of responsibility and involvement to accept for matching future possible crises.

- In reality, as the recent case of Albania has shown, a common policy toward the Balkans is far from being fixed. Here, in the Region where the East crosses the South, European governments are more inclined to divide responsibilities along geographical lines and a freely interpreted concept of "willing and able" than to build a common response. Therefore Albania has been left to the responsibility of the Southern European countries (with the exception of Denmark), without any consideration of the linkage between the Albanian case and the surrounding problematic neighborhood.

Central and Eastern Europe

- The European policy was more successful with regards to the newly-founded democracies in central and eastern Europe, despite the serious economic and political crisis still ravaging in these countries. In this case, the joint Italian-Austrian initiative to attempt the setting up of a grouping of central-European countries (initially called the Quadrangular and now, renamed Central European Initiative, including the countries concerned by the Visegrad agreement as well as Hungary, Croatia, Bosnia and Slovenia, etc.), though a clever move on the political and planning level, has been actually obstructed by the aftermath of the Balkanic war as well as by the lack of a matter-of-fact approach in the implementation of common projects. This was a further evidence that the trend to group together in sub-regional blocks is far from being natural and easy.

- The European countries once belonging to the Warsaw Pact and at least one of the new Republics of former Yugoslavia - Slovenia - wish to join the EU and become member of

NATO or at least of the WEU, to ensure and shore up their domestic stability. The problem is that such a process cannot be only one-way direction, but should be based on a clear evidence of a sound co-operation approach within these very countries. Unfortunately, the actual freeze of the Visegrad agreement (between Poland, the Czech Republic, the Slovakian Republic and

Hungary) is the result of an escalating regional conflict likely to threaten future prospects, even if it could still be successfully managed.

Former Soviet Union

- The issue of the former Soviet Union is still a pending one. During 1992, after the failed coup in August 1991, the USSR broke up, fragmented into several independent republics, eleven of which (excluding Georgia and the Baltic republics) set up the Commonwealth of Independent States (CIS). Since the beginning, the CIS has been pervaded by political and institutional inconsistencies that have seriously undermined its very existence until the present deadlock, apart from assurance of the Russian control over the strategic nuclear weapons left in three of the Republics.

- By way of simplification, the main problems in the breaking-up mostly concerned the territory and ethnic minorities. Above all, the most relevant was the dispute between Ukraine and Russia over Crimea, but even more serious troubles are looming to the fore between Russia and Kazakhstan as well as between Moldova and Ukraine. The war between Armenians and Azerbaijani is still ravaging in southern Caucasus, while in northern Georgia, claims by Ossetians, Abkazians and many other groups (not to speak about Cecenia) have been violently expressed - though still on a small scale - inside and outside the new Russian Republic.

- Secondly, former Soviet republics negotiated the splitting-up of former Soviet armed forces. Within this framework, agreements were reached - whose implementation will take some time - on delivery of strategic nuclear forces back to Russia (tactical forces were all transferred on the Russian territory) and on the subdivision of conventional force quotas available to the USSR under the CFE treaty.

- Finally, several talks began on the sharing out of former Soviet infrastructures, of movable goods and real estate property as well as of the foreign debt. As yet, with all these ongoing negotiations, both in the preliminary and implementation phases, the relations between CIS countries are still characterized by a widespread uncertainty, although no dispute connected with the Soviet disintegration has resulted in an open war between the republics.

- On the whole, a gloomy picture can be drawn: a looming failure of economic reforms in Russia, with a serious social impact. The risk of an authoritarian resurgence is still there and the situation could be made even more threatening by the general political disarray, by Boris Yeltsin's flagging popularity, by nationalistic disputes in the federation's peripheral areas and by the lack of reliable democratic alternatives.

The Mediterranean and the Middle East

- In the Middle East and in the Mediterranean, the international-system crisis is all the more evident, as the expectations of a new world order were based on the ability to settle these regional conflicts themselves.

- The international instruments for crisis-management proved to be ineffective, firstly owing to a lack of cohesion between the members of the Security Council and secondly, because of the local actors' reluctance to adopt integrated security systems in the region.

- The Arab-Israeli peace settlement is going on the worst side. Given the irrelevance of the Russian patronage, the pattern of regional talks with individual countries is affected by the exclusive dependence on Washington, whereas a coherent joint supervision could ensure a more attentive monitoring and lead to more comprehensive breakthroughs. Even the multilateral negotiations on the aids and economic support to be released to the Palestinian people are influenced by hierarchical rankings among western partners, not to mention Europe's failure to consistently co-ordinate its participation, except for claiming a higher profile that no one is ready to grant.

- Even more serious is the setback - if not the utter failure - of the policy concerning self-restraint in arm exports to the region by the Security Council's permanent members, responsible for 85% of the world exports. Apart from undermining any chance for an effective monitoring on proliferation in this region and elsewhere, this standstill is covering up massive weapon transfers to the area by the Council's members themselves, it is fostering the local actors' unwillingness to adopt joint security systems and it is raising both the chances and the lethal effect of future conflicts in the area.

- Even in the Mediterranean, political and economic-integration policies, advocated by the southern European countries and partially retained by the European Union (the Barcelona Conference), are losing their effectiveness, considering a declining Union's cohesion. Consequently, while the Union's Mediterranean policy cannot ensure even the meeting of previous standards of economic and financial co-operation in the region, the institutions in charge of the North-South integration in the area - for example the Group of Ten in the Mediterranean - have not managed to play a significant role, compared to the disintegration trends prevailing in the area.

- Finally, Turkey's delicate and important political strategic situation should not be undervalued. Turkey has an associate status to the EU and the WEU, and is a NATO member that supported both the anti-Iraqi coalition and the Atlantic allies' policy during the Gulf crisis. However, the country is being pervaded by waves of Islamic religious resurgence, is shaken by a deep domestic crisis concerning Kurdish minorities and is involved in the Balkan international game. Turkey attempted its own strategy for regional co-operation - similar to Italy's move on the Central European Initiative - with the countries belonging to the Black Sea basin and it has strong traditional cultural and linguistic ties with the new republics in central Asia. Turkey is at the heart of any strategic policy for crisis-management and co-operation in the area. Its alliance with Europe and the US provides these powers with a secure strategic advantage, but is now being challenged by integration problems, mounting regional strife and, most significantly, by a delicate domestic situation.

3. Towards the Progressive Regionalization of EU Responsibility

- Western Europe and especially the European Union represent an island of pronounced stability and opulence in a sea of poverty, accentuated economic decline and ethnic and religious conflicts. But such a complex situation in proximity to the EU generates strong pressure and requests for action in the specific field of economics and the vaster and more general one of security. It also puts Western Europe into an entirely new position. During the Cold War, it could count on almost total security protection and was left unscathed by the today enormous difficulties and almost desperate need for financial assistance of some of the economies on its borders. The requests now issuing from the East and the rival requests coming from the South

suggest that the time has come for Europe to take on a different kind of responsibility in the field of foreign economic action. The end of nuclear confrontation in Europe and the disbanding of the Warsaw Pact have stripped military threats of their global character and have opened the door to differentiated actions based on local and regional requirements rather than on traditional ideological confrontation.

- The geopolitical factor is destined to play an increasingly important role in the EU's future economic and security policy. Indeed, a trend seems to be emerging towards more marked regionalization of Union interests and responsibilities. At the same time, given the nature of the crises in the new arc lying at the EU's doors, their global significance is diminishing progressively, making them more regional. Although there may be links to the global dimension, as was the case in the Gulf war, it is unlikely that this linkage will be common to all the crises emerging to the East and to the South of the Union.

- More direct responsibility on the part of the Union is also related to the emerging concept of comprehensive security, that is, the increasingly close ties between the economic, political and military dimensions of current crises. Recent experience, above all in Balkan Europe, has shown how difficult it is to manage crises when states and international organizations have instruments in only one of these fields at their disposal. The combined use of economic, diplomatic and military pressure is indispensable. Therefore, the Union--essentially an economic organization, but potentially a political and security one--must adapt its competences and decision-making structure to these new requirements.

- Western Europe has awakened to the fact that its days as an isolated and protected island of bliss are over; it will not be able to resist outside pressure for long. It has to act and to equip itself with the instruments that it lacks, above all in the fields of foreign policy and security. And in turn, it will have to increase internal integration to be able to respond more effectively to external requests. Internal integration is a prerequisite for the management of all external relations, be they simple association or requests for membership; only a strong and integrated Union can provide consistent and efficacious responses.

4. The Risk of East-South Competition

- The most immediate problem in cooperation between the Union and the East and the South is growing polarization, which manifests itself in the increasing trade asymmetry with the Union. By way of example, the four former Visegrad countries of Central Europe (Poland, Czech Republic, Slovakia and Hungary) account for roughly 5 per cent of the Union's foreign trade. The same four countries plus Russia account for a mere 7 per cent. On the other hand, approximately 50 per cent of the foreign trade of the four countries and 14 per cent of that of Russia is with the Union. The countries in the southern Mediterranean account for only about 4 per cent of EU foreign trade, while the EU accounts for 48 per cent of theirs. In such an extremely unbalanced situation between the Union and two groups of countries, completely new criteria and policies must be adopted. Although the Union managed to do this only to a limited degree in the superassociation agreements with the Central European countries, those agreements nevertheless represent a first step towards a thorough revision of external relations with the Union.

- Any new policy will have to be based on an attentive analysis of all EU association agreements, with the aim of avoiding competition between Eastern and Southern areas. The matter is far from being theoretical for three main reasons:

- a) the paucity of international financial resources calls for rigid priorities;
- b) the urgent financial needs in the East may decrease resources available to the South;
- c) although the strong economic development expected in the East in the long-term would be beneficial to the South as well, in the short term, exports towards the Union from the two areas will be competing, as they are largely similar or comparable.

5. The "New Conditionality"

- Although this issue is common to all countries of the South of Europe, the most direct challenges to Union stability originate in the Mediterranean and sub-Saharan Africa areas. Since the EU does not have the internal mechanisms to balance emerging disequilibria between policies towards the East and policies towards the South, the situation is critical. For cultural, historical and political reasons, the countries of the East are destined to enter the EU sooner or later. This is not true of the countries of North Africa and the Mediterranean, with the probable exception of Turkey, Cyprus and Malta. Thus, regional development policies must be set up for the excluded countries: policies aimed at strengthening their economies, developing labour intensive productions, promoting integration into subgroups, and involving them in the prevention and management of local conflicts.

- But how should the Union respond to this new primary responsibility? What new concepts are required? Essentially, the Union has to take on the task of "conditioning" the development of neighbouring areas. With respect to the past, the new conditionality must be less neutral towards the nature of the political regime and the respect of human rights in these areas--both factors which are in contrast with the stability it wishes to ensure. A purely mercantilist aid policy cannot serve this purpose; it has to be replaced by a strategy for stability and direct action in crisis situations.

- Therefore, the new conditionality must have much broader characteristics and much more ambitious goals than simple national mercantilism. It must be directed at the long-term promotion of certain development factors in both the political and the economic fields, and at strengthening trends towards integration among the countries in those areas. In other words, it must prefer multilateral choices over the strictly bilateral choices of the past.

- The Union will have to expand its capacity for autonomous analysis of contingent situations and for proposal of multidimensional plans of action with well-defined economic and political characteristics. This seems to be the direction taken with respect to the Central European countries.

- But the success of this strategy in the long term depends on the EU's ability to continue with its own integration and to revamp its institutions.

- **Internal conditionality** is subsidiary to the new conditionality. While a strategic choice in favour of long-term multi-dimensional (economic, foreign and security) policies towards the East and the South is essential if a new approach is to be adopted in working out agreements with countries outside of the Union, institutional reform is equally necessary if the Union is to maintain its credibility. A profound change in EU institutions is required to implement a new

policy offering countries in the East and the South something more than just a neo-mercantilist trade policy.

- Internal conditionality means undertaking the institutional strengthening demanded by the new circumstances. In addition to the transition to an economic union planned for the end of the decade, foreign and defence policy mechanisms must also be set up to provide a consistent institutional framework for the pursuit of stability within the EU and outside of it.

- From this point of view, Union enlargement is not conceptually very different from the problems related to Union association policy. In fact, the new conditionality also requires reform of the EU, especially in those cases in which the policy of association is going to open the Union's door to new member states. Association, enlargement and strengthening are, therefore, closely interrelated in terms of Union institutional strategy.

- Finally, association policies must respond to the objective of diversification among areas and groups of countries, while maintaining the same basic criteria for cooperation policy in general. For Eastern countries (in particular, Poland, Czech Republic, Slovenia, Hungary and Estonia) and for southern European countries (Cyprus, for the time being), the objective is eventual entry into the EU. Thus, any association agreement must contemplate the time needed to achieve that goal. To avoid creating false expectations, that length of time must be specified beforehand and agreement mechanisms tailored to create the conditions for entry. The situation is different for African and Middle Eastern countries: the aim of association should be to provide them with the instruments with which to achieve sub-regional economic stability, security and integration.

- To satisfy **external conditionality**, third countries will have to comply with a number of requirements and conditions explicitly set down in the association agreements. As mentioned earlier, compatible policies will no longer be required only in the economic and commercial fields; consistent responses must be forthcoming in the sectors of human rights, disarmament, democratization of economic and political systems--in general in the adoption of rules aimed at achieving stability and security in the area of crises.

- In addition to association to the Union, other initiatives similar to those that have proven successful in the past (e.g. the OSCE) must be undertaken. Adapted to the various geostrategic situations, such undertakings could be repeated in other areas (integrative initiatives among groups of countries).

- In conclusion the East-South issue has to be treated in parallel by the Union and the linkage between the two dimension has to be maintained. As a consequence, the whole range of instruments and initiatives has to spring from a unique source, the Union as such. Only their implementation can be distributed internally among partners "willing and able", but the final political responsibility has to be shared in common. This is less a problem for the communitarian aspects of Union's policies, where the question concerns mainly the balancing of financial and structural policies towards both sides and to keep differentiation under control. On the contrary in the security field (hard and soft) the temptation of dividing the front between southern and northern European responsibilities is still very high: but this approach undermines the new concept of conditionality which should inspire the policy of the Union towards the bordering Regions. The linkage between challenges and opportunities in the East and South is already well demonstrated by experience and this can not be neglected by the Union.