

The EU's new borderlands

Judy Batt

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ABOUT THE AUTHOR

Judy Batt is Professor of Central and South East European Politics at the Centre for Russian and East European Studies, University of Birmingham. She is currently on leave from Birmingham, working as a research fellow at the EU Institute for Security Studies in Paris. Recent publications include *Region, state and identity in Central and Eastern Europe* (with Katarzyna Wolczuk, Frank Cass, 2002), and *The long-term implications of EU enlargement: the nature of the new border* (with Giuliano Amato, European University Institute, Florence, 1999).



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1 Introduction

Ten new members will join the European Union in May 2004, eight of which are located in Central and Eastern Europe. The EU has been slow in getting to grips with the implications of its biggest-ever enlargement. An inter-governmental conference started meeting in October 2003 to prepare the EU's institutions and decision-making procedures. But the EU also needs to think through the impact on the wider Europe. Enlargement threatens to create new divisions between the countries coming into the Union and those left outside.

Most of the EU member-states have removed border controls between themselves to create a zone of passport-free travel called the 'Schengen area'. While people and goods can move freely within the Schengen area, the EU has strengthened controls at its external borders to keep out criminals, drug smugglers and illegal immigrants. With enlargement, the EU's external border will shift eastwards. It will stretch for thousands of kilometres from the Arctic southwards via Ukraine to the Black Sea, and around the Balkans. The EU has so far focused its attention on how to make this long and poorly guarded border more secure, so as to allow the new member-states to join the Schengen area of passport-free travel.

The EU is right to be concerned about security threats coming from outside the Union. Its new external border will run through regions characterised by poverty and political tensions. But the EU's current members would be extremely short-sighted if they sought to counter these threats just by putting up new fences. They need to take into account the effects that the eastward shift of external borders will have on their new neighbours.

The last decade has seen many positive developments in the regions that will soon be the EU's new borderlands. Cross-border trade and business have flourished. Many countries and regions have overcome long-established animosities, particularly the legacies of the Second World War. However, EU enlargement could threaten these achievements. New barriers to travel and trade would leave the people on the other side of the border with a feeling of exclusion and anger. They would be cut off from the prosperous European market. Robbed of the prospect of improved living standards, they may well try to slip into the EU illegally or resort to crime and smuggling.

It was only in 2003 – one year before the first round of eastward enlargement – that the EU started to formulate a comprehensive policy on how to deal with its new neighbourhood. The EU's stated objective is to surround itself with a “ring of friends” as it enlarges into Central and Eastern Europe. In the past, the EU's main tool for stabilising neighbouring countries has been to offer them the prospect of eventual membership. This strategy has been very successful. But it has clearly reached its limits, not only because the EU is threatening to become unwieldy, but also because the EU's new neighbours, such as Russia and Ukraine, are neither willing nor able to assume the obligations of membership in the foreseeable future. But if the carrot of accession is no longer available, what can the EU offer its

¹ *European Commission, 'Wider Europe – neighbourhood: a new framework for relations with our eastern and southern neighbours', Brussels, March 2003. http://europa.eu.int/comm/external_relations/we/doc/com03_104_en.pdf.*

neighbours as an incentive for rapid reform, deeper integration and enhanced co-operation? In a recent paper, the European Commission suggested that the EU should offer its neighbours access to the single European market – without, however, letting them take part in joint institutions and decision-making.¹ This working paper will argue that the Commission's proposals may not have the desired stabilising effect, at least in the short to medium-term, unless the EU adds a stronger regional dimension.

Clearly, the EU needs to improve its relations with the governments of neighbouring states and give more substance to them. But it should also focus more on the regional dimension of its emerging neighbourhood policy. This working paper explains why the regions along the EU's new eastern border matter for Europe's security. It provides potent examples of these regions' turbulent history and illustrates the positive developments that have taken place since the collapse of communism. It argues forcefully that the EU needs to be extremely careful in how it manages its new external frontier. Border checks and immigration controls must not be allowed to turn into a new Iron Curtain.

This working paper focuses on the regional dimension of neighbourhood policy, and it does not purport to give a comprehensive view of the EU's relations with surrounding countries. In terms of geography, the paper covers only the EU's new eastern neighbours, namely the western countries of the Commonwealth of Independent States (CIS) and the Western Balkans. It seeks to keep its regional focus throughout and does not discuss many of the issues that dominate the bilateral agenda between the EU and its new neighbours – such as Belarus or the Russian exclave of Kaliningrad.

The paper ends with a series of practical suggestions of what the EU can and should do to improve border management and visa controls. In formulating its frontier policies, the EU must also encourage cross-border co-operation between people, officials and businesses in the border areas. It recommends that the EU should let the new Central and East European member-states play a major role in forging its neighbourhood policy. Finally, the EU must improve its own internal processes of decision-making, to make its neighbourhood policy more effective.

2 A new Iron Curtain?

The extension of Schengen into Eastern Europe

To qualify for EU membership, the accession countries had to take over the EU's common rules on external border controls and visa requirements, known as the Schengen *acquis*. Since border control is a politically sensitive issue, some of the EU's existing member-states have insisted on a degree of flexibility when applying the Schengen rules to their own frontiers. But because many West Europeans worry about the security of the EU's external border after enlargement, the new member-states will be required to apply all Schengen rules strictly. This implies the risk of deep divisions between the enlarged EU and its new neighbours. Although a rapid extension of the Schengen regime to the new members appears to be in the EU's short-term interest – in order to build an effective barrier against crime and trafficking around the enlarged EU – it may work against the Union's long-term security interests.

The Schengen agreement was signed in 1985 by five EU member-states – Belgium, France, Germany, Luxembourg and the Netherlands – to create a zone of passport-free travel between themselves. Other EU members subsequently joined, and in 1997 the Schengen convention was incorporated into the EU's treaty framework and made part of the body of EU law (called the *acquis communautaire*).² Originally, the purpose of the Schengen area was to bring people closer together in a Europe without visible internal borders. The aim was to allow for the free movement of people and goods by

² The UK and Ireland have not signed up to the Schengen area, but Norway and Iceland – which are not member-states – have joined it.

removing all controls at the common borders of the participating states. But at the same time, EU leaders resolved to strengthen controls at the Union's external borders to compensate for the abolition of internal checks.

This security aspect of border controls has since gained in importance, especially since 1989, when the collapse of the Iron Curtain resulted in increased fears about an influx of illegal immigrants and organised crime from east to west. With internal border checks already dismantled, the EU has shifted its focus more and more towards securing its external border against threats coming from outside the Union. The EU member-states have also

³ See Malcolm Anderson and Eberhard Bort, 'The frontiers of the European Union', Palgrave, 2001. reinforced their co-operation in other areas of internal security, for example through the exchange of information on illegal immigration and crime; enhanced co-operation between national police forces and judiciaries; and steps towards a common visa, asylum and immigration policy.³

The EU's shift of emphasis towards external border controls and co-operation in internal security puts a particular onus on the new member-states as its first line of defence. Many in the current EU doubt whether East European customs and immigration officials will be able to police the new external border efficiently. They also question the ability of East European police forces and court systems to fight organised crime effectively. The EU has made it clear that the new member-states will not be granted an opt-out

⁴ The EU has also negotiated a transition period of up to seven years before people from the new member-states can seek work in the current EU countries. The free movement of workers, however, is different from the right of all EU citizens to move around the EU area freely. from the Schengen *acquis* (or any other part of the *acquis*) like the ones that the UK, Ireland and Denmark have negotiated. But the East Europeans will not be admitted into the Schengen area straightaway when they join the EU.⁴ All EU member-states will have to agree to the newcomers' entry into the borderless Schengen area. Given existing security concerns, this is unlikely to happen

before 2006 at the very earliest. Technical difficulties also suggest that the enlargement of the Schengen area will face long delays. In particular, the EU will have to overhaul the computer systems that it uses to exchange information on missing persons, suspected criminals and stolen goods, called the Schengen Information System. To enlarge the Schengen area securely, the system will have to handle massive amounts of new information. The technical upgrade is scheduled for completion by 2006, but it may well overrun.

Although the East Europeans will not enjoy the benefits of borderless travel until at least 2006, they will have to implement and enforce Schengen rules fully from the first day of their EU membership. In fact, although EU countries such as Germany and Austria will not dismantle their border controls for years to come, the accession countries have already fulfilled their side of the bargain by taking over large parts of the Schengen *acquis*. They have done this partly in response to EU pressure, but also because they share the EU's concerns about organised crime and illegal immigration. East European governments are keen to make their borders not only more secure but also more efficient. Improved border controls, they hope, will shorten travel times, clamp down on smuggling (and thus bring in more tax and customs revenue), and reduce opportunities for petty corruption and arbitrary decisions by customs and immigration officials.

However, the new members' resources – both financial and human – are already stretched to the limit by the need to implement other parts of the *acquis* and carry out structural economic reforms. Most of the new members will not have the money to modernise their border controls quickly or to expand their visa-issuing services in neighbouring countries. The EU recognises that it cannot and should not let its poorest member-states bear the full burden of securing the Union's new external border. The EU has already spent millions of euro on upgrading border crossings and training customs officials in Central and Eastern Europe. At their

Copenhagen summit in December 2002, EU leaders earmarked an additional €860 million from the EU budget for this purpose for the first two years after enlargement. However, these grants fall well short of effective burden-sharing, which would require the EU to move towards a joint management of its external border.⁵

⁵ See Adam Townsend, 'Guarding Europe', *CER*, May 2003.

At the Seville summit in July 2002, EU leaders approved a Commission plan for 'integrated management' of the Union's external border as a first step towards the establishment of a common border guard. However, so far, the initiative has not progressed beyond a number of pilot projects, notably joint naval patrols in the Mediterranean and the co-ordination of land border patrols. The member-states have yet to agree on how to share the costs of managing the EU external border, a question that will become all the more controversial (and urgent) after enlargement.

The EU's fight against security threats will have to go well beyond helping the new member-states to strengthen their borders. Security experts generally agree that visa requirements and border checks – however strict – are not a very effective defence against crime, drug smuggling and people trafficking. Well-organised crime rings and smugglers with good local knowledge will always find a way of circumventing controls. If the EU wants to address these threats effectively, it will have to engage more deeply with neighbouring states to tackle the roots of those problems. The Union will have to help them strengthen their law enforcement services and judiciaries. It will have to foster mutual trust as the basis for cross-border co-operation. And it will have to work with its new neighbours to stabilise border region economies. One of the most important tasks is to reduce poverty, which is often the root cause of social upheaval and creates the conditions in which crime can thrive.

The challenge does not stop there. Most of the drugs, smuggled goods and migrants that the EU is concerned about do not

originate in the countries directly across its borders but further afield, in Asia and Africa. Since the collapse of communism, some of the East European and Balkan countries have become key transit routes for drug smuggling and human trafficking. Although the countries concerned have stepped up their fight against such activities, there is a mismatch between their means (in terms of money and human resources) and their motivation (because the final destination of drugs, illicit goods and migrants is beyond their own borders).

The EU therefore needs to build lasting partnerships with neighbouring countries in the fight against trafficking and organised crime. The success of these partnerships depends on mutual trust and a strong sense of common interest. However, the transfer of Schengen rules to the new member-states in Central and Eastern Europe threatens to work in the opposite direction. By creating new divisions and leaving the EU's new neighbours with a sense of exclusion, enlargement may well undermine mutual trust and co-operation. What is more, EU enlargement could stunt or even reverse the many positive cross-border developments – political, economic, cultural – that have taken place since the collapse of communism in 1989. The following chapter gives an overview of what is at stake.

How Schengen visas work

People from outside the EU who want to visit a Schengen country have to apply for a Schengen visa, which then entitles them to move around freely the entire Schengen area. However, since the maximum duration of a Schengen visa is 90 days, those wishing to stay longer, such as exchange students, still need a national visa as well.

In theory, applicants for Schengen visas should be able to obtain their documentation from the consular offices of any Schengen member-state. In practice, however, the member-states require those wishing to travel to more than one country to obtain their visa from their main destination (the country the applicant is planning to spend most time in). Those who have no main destination, say tourists on a round trip, are required to apply to the country of first entry. Nevertheless, visa applicants in countries such as Russia and Ukraine often 'shop around' the different embassies for the shortest queues.

Since the new member-states from Central and Eastern Europe will not join the Schengen area until several years after their EU entry, they will not initially be able to issue Schengen visas, only national ones.

3 Developments in the new neighbourhood

The growth of cross-border travel since 1989

For the people living in post-communist Central and Eastern Europe, borders do not merely signify the geographical delimitation of their home countries. They are potent symbols of political freedom or its absence. During the years of communism, cross-border travel was severely restricted for the peoples of Central and Eastern Europe. Those wishing to travel had to endure the lengthy, complex and humiliating process of applying for a passport. They had to ask their employers and local authorities for political references. They had to undergo unpleasant negotiations with and interrogations from the police officers who issued the passports. And since all citizens had to surrender their passports after each journey, they had to repeat the entire process each time they wanted to leave the country.

Communist governments not only controlled travel from east to west, they also restricted travel between the countries of the Soviet bloc. In fact, the citizens of the more liberal communist countries, such as Poland and Hungary, often found it easier to get permission to travel to the West than to visit the Soviet Union. At times of regime crisis – in 1956 in Hungary, 1968 in Czechoslovakia and 1980-81 in Poland – neighbours within the socialist bloc would usually close their borders completely. In addition, communist countries remained worried about territorial disputes in those areas that had changed hands at the end of the Second World War – such as the eastern parts of pre-war Germany

which became Polish, and parts of Poland which were given to Ukraine. The presence of ethnic minorities on both sides of the new borders only added to the communist authorities' conviction that cross-border contacts of even the most modest kind were fraught with danger.

Not surprisingly, the peoples of Central and Eastern Europe regard their newly won right to travel as the most significant achievement of 1989-90 revolutions. This feeling has been reinforced by widespread disappointment with other post-communist changes. Economic reform and market liberalisation went hand-in-hand with rising unemployment and poverty levels. And many voters have become disillusioned with their newly democratic governments, which they see as self-serving and incompetent. The right to hold a passport and to cross borders, however, has remained a clear and unambiguous sign of the freedom gained after 1989.

Millions have happily taken up the opportunities created by new border regimes. In many East European countries, the number of

⁶ See *Kataryna and Roman Wolczuk, 'Poland and Ukraine – moulding a strategic partnership through a new Iron Curtain', Royal Institute for International Affairs, 2002.*

people using their passport to holiday in far-flung locations is dwarfed by those who exploit open borders to seek business and employment. For example, between 1990 and 1997, the number of people crossing Poland's eastern border rose almost threefold, from 11 million to 30 million a year, turning Poland into one of the world's most frequently visited countries.⁶ Most of these border crossings were accounted for by Ukrainians travelling westwards, many of whom rely on small-scale cross-border trade for their livelihood.

Cross-border trade has thus become an important – sometimes the most important – source of income in regions that are in many ways disadvantaged. The rural areas along the former Soviet Union's western border were already impoverished during the

days of communism. Cities are few and far between in these areas, and those that exist were already dilapidated and decaying by the end of the communist era. Communist governments allowed the transport and communications infrastructure that once linked these regions with western neighbours to rot. For example, the bridges over the river Bug along the Polish-Ukrainian border were destroyed in the Second World War and never rebuilt. Links with far-flung national capitals were equally underdeveloped. People in the western Ukrainian region of Transcarpathia used to lament that 'Transcarpathia is as far from Kiev as it is from God'. The result was widespread poverty and depopulation. For example, one-third of Transcarpathia's working-age population left to seek work elsewhere in the Soviet Union before 1989.

The economic upheavals that followed the break-up of the Soviet Union and the onset of market reforms dealt another severe blow to these border regions. As economic output plummeted in the former Soviet Union and long-established (if usually artificial) trade links broke down, the people of the border regions started to look west. In the Central and East European countries, economic stabilisation and recovery came much earlier than in the former Soviet Union. The prospect of EU membership added further momentum to economic reforms and growth in these countries. People from western Ukraine and elsewhere started taking advantage of the emerging economic opportunities across their borders. Ukrainian workers – usually unregistered – flocked to the building sites in Hungary's booming towns or found seasonal work on Polish farms. Shuttle traders – locally known as 'ants' – crossed into Poland weekly or even daily, usually armed with a suitcase or two full of smuggled cigarettes and cheap merchandise, or a car-load of home-grown food. A flourishing network of bazaars sprang up along the border.

But the direction of trade has not been one-way. Many shopping centres on the Polish side of the border now cater for the growing numbers of Ukrainian visitors. By the second half of the

1990s, more than half of the consumer goods – such as food, furniture, and clothes – sold in western Ukraine came from Poland. According to estimates from the UK government's Department for International Development, informal cross-border trade in the western Ukrainian region of Lviv now

matches officially registered trade with Poland. Similarly, many Romanians cross into Hungary to stock up on sugar, milk and other daily necessities in new shopping centres along the border. The large quantities purchased suggest that the customers are often firms rather than individuals.⁷

⁷ See Gábor Hunya and Almos Telegdy, 'Hungarian-Romanian cross-border economic co-operation', *WIIW Countdown Project Discussion Paper*, 2001.

For the governments of the countries concerned, this flourishing unofficial trade obviously means losses in terms of tax and customs revenue foregone. But for the people of the border regions, the benefits are obvious. Researchers estimate that 240,000 people earn their living from the bazaar trade across the Polish-Ukrainian border, about three-quarters of whom have no

other source of income.⁸ For many others, occasional trips across the border supplement incomes that would otherwise fall below subsistence level. For example, this author was told in 2000 that a Transcarpathian schoolteacher could double his or her official monthly salary of \$20 by making two trips into Hungary to sell a tank-load of petrol on the local market.

⁸ See Kataryna and Roman Wolczuk, 'Poland and Ukraine – moulding a strategic partnership through a new Iron Curtain', *RIIA*, 2002.

People in the new member-states also benefit. Border towns that would otherwise suffer from their peripheral location are recording above-average growth rates due to the border trade. This has helped to mitigate the growing economic disparities between western and eastern regions within the East European countries. An estimated 30 to 40 per cent of small and medium-sized enterprises in the eastern Polish city of Lublin survive through commerce with Ukraine. Economists think that Poland

generates a trade surplus of around \$1.5 billion from its unofficial border trade with Ukraine every year.⁹

The development of cross-border trade has helped these disadvantaged regions to survive, even in the absence of significant support from national governments. Eastward enlargement – and the extension of strict Schengen border rules – threatens to disrupt these cross-border flows of goods and people. It also threatens to stunt or even reverse the political rapprochement that has taken place between the Central and East European countries now lining up for EU membership and the post-Soviet countries that are excluded from the process. Most countries in the region have started to overcome a legacy of deep-seated mutual suspicion and animosity and instead moved towards mutually beneficial co-operation. But these achievements remain fragile. The following section provides important examples of the progress that has been made in cross-border trade and co-operation in recent years.

⁹ House of Lords Select Committee on the EU, 'Enlargement and EU external frontier controls', *Session 1999-2000, 17th Report, HL Paper 110*, October 2000.

Examples of neighbourhood relations in Central, Eastern and South-eastern Europe

★ Poland and Ukraine

The rapprochement between Poland and Ukraine in the last decade has been one of the most positive developments in post-communist Europe. In the previous 150 years, a legacy of historical enmity had built up between Poles and Ukrainians. Bursts of bitter ethnic warfare and large-scale forced migration marked relations between the countries during the Second World War and its aftermath, when the Soviet Union annexed 200 miles of Poland's eastern borderlands. During the communist era, governments, school teachers and historians on both sides helped to perpetuate the hostile stereotypes that kept the two nations apart.

The eastern and southern borders of the enlarged EU



Since the collapse of communism, however, the two states have moved towards a strategic partnership in which Poland acts as a patron of Ukraine, promoting its European vocation and westward orientation. Polish leaders across the political spectrum agree that the relationship with Ukraine is a cornerstone of their country's foreign policy. They recognise that a stable, westward-oriented and independent Ukraine is in Poland's national interest, and will continue to be so after EU accession.

Polish leaders think that the EU's current policies towards Ukraine are inadequate. They fear that a tightening of the border regime and the introduction of visa requirements for Ukrainians in 2003 could foster feelings of exclusion in Ukraine. This, in turn, could weaken the position of pro-western reformers. It could also impede a wide-ranging engagement between the two countries that would help foster political and economic reforms in Ukraine and cement the country's westward orientation.

★ Hungary and Romania

The status of Transylvania has historically been the source of some of the most intractable and bitter territorial and ethnic conflicts in Europe. The peace treaties after the First World War transferred a large part of eastern Hungary, including Transylvania, to Romania. The majority of the inhabitants were Romanian, but there was also a sizeable, and increasingly bitter Hungarian minority. In 1940 Hungary seized much of this territory back, and forced population exchanges took place. At the end of the Second World War, the territory was restored to Romanian control. The remaining Hungarian minority was regarded with deep suspicion, and the Ceaucescu regime further fomented mutual mistrust between ethnic groups.

Since the fall of Communism, nationalist thinking and rhetoric have by no means disappeared from Romanian politics. Anti-Hungarian tendencies have been exacerbated by the sometimes tactless

behaviour of Hungarian governments. Up to the present day, the question of Transylvania's Hungarian minority is one of the most sensitive political issues in post-communist Eastern Europe.

Nevertheless, both sides have exercised self-restraint and are now slowly but steadily groping towards reconciliation. They are trying to move towards a more productive relationship that focuses on present-day issues rather than past grievances. Successive Romanian governments since 1996 have given representatives of the Hungarian minority a greater say in political decision-making. Hungary, in turn, has expressed support for Romania's swift EU accession. Romanians still fear that Hungary could use its first-round accession to the EU to wrest unwelcome concessions from Romania, but the deep-rooted mistrust that has characterised mutual relations appears to be easing.

The EU's decision in January 2002 to remove Romania from the list of countries that need a Schengen visa to travel to the EU averted a potentially damaging setback. Hungary would otherwise have been forced to impose new travel restrictions, not only for Romanians but also for the Hungarian minority residing in Transylvania. Nevertheless, once Hungary has entered the EU it will have to tighten its border controls with Romania, which could become a source of renewed bilateral friction. It could also prompt further emigration of ethnic Hungarians from Romania, if they find that they can no longer move easily between the two countries.

★ Hungary and Serbia

During communist times, Hungary had good relations with what was then Yugoslavia. Both regimes pursued relatively reformist economic policies, and their travel arrangements were more liberal than those of most other communist countries. Hungary kept its border with Serbia open throughout the 1990s, despite the Balkan wars, the imposition of international sanctions and the 1999 NATO bombardment. Hungary remained one of the very

few countries that Serbs could visit without having to obtain a visa, which helped many to keep up a semblance of normal life under the rule of Slobodan Milošević.

The fall of the Milošević regime in 2000 marked an opportunity for a fresh start and the country's return to Europe. But political stability is still precarious, as the assassination of reformist Prime Minister Zoran Djindjić in March 2003 showed. A high degree of popular mistrust – if not outright hostility – towards the West, the EU and NATO remains as a legacy of the last decade. Hungary is well placed to play a leading part in the EU's efforts to support and accelerate Serbian reconstruction. It is a trusted interlocutor in the former Yugoslavia and has valuable experience to offer as a model of post-communist transformation and preparation for EU accession.

Tighter controls at the common border could well impede contacts between the two countries, sending all the wrong signals to Serbian citizens, including the 300,000 ethnic Hungarians who live along Serbia's northern border. In mid-2003 Hungary was preparing to impose strict Schengen visa requirements on its Serbian neighbours, in response to EU pressure. This will erect barriers not experienced since the 1950s, when rifts between Yugoslavia and the Soviet bloc led to closed borders. The new visa requirements will hardly help overcome Serbian mistrust of the EU.

4 An explosive legacy

Centrifugal forces and the appeal of Central Europe

The temporary or even permanent exclusion from the EU of countries such as Russia, Belarus, Ukraine, Romania and Serbia creates considerable uncertainties for the regions that border the EU. On the one hand, proximity to the enlarged EU could potentially stimulate investment and economic growth in their border regions, as it did in western Hungary and Poland over the last decade. However, regional development will very much depend on how the EU handles its new external border, and on whether the central governments of the neighbouring countries make regional development and stability a priority.

As in the new member-states, EU enlargement is likely to deepen regional economic disparities within the neighbouring states. But in these countries the potential political effects could be greater, possibly leading to threats to political stability in the EU's wider neighbourhood.

The EU's new external border runs through an area that is characterised by precarious and often fragile states and a complex, sometimes explosive mix of ethnic groups, languages, cultures and religions. Many of the EU's new neighbours are countries that were cobbled together from pieces of the Habsburg, Ottoman and Russian Tsarist empires in the early 20th century. Their borders changed repeatedly during and after the Second World War. The post-war communist regimes worked hard to suppress any manifestations of regional, ethnic, religious or cultural idiosyncrasies. But the desire to define a distinct identity

and to gain a degree of autonomy from the heavy-handed central governments has lingered.

Long before the collapse of the old regimes, regional and ethnic movements had started to become one of the few vehicles for people to express political opposition and to escape the unifying blandness of communism. In particular, the inhabitants of the Soviet empire's western countries and regions started to rediscover their ethnic and religious identities and their distinct historical roots. Many developed a sense of belonging to a broader cultural space that transcended geographical borders, a space loosely defined as 'Central Europe'.

¹⁰ Milan Kundera, *The tragedy of Central Europe*, *New York Review of Books*, April 26th 1984. It was Milan Kundera, the exiled Czech writer, who resurrected the notion of Central Europe as a historical, political and cultural entity in a famous essay in 1984.¹⁰ He lamented that the Soviets had forcibly cut off the Poles, Czechs, Hungarians and other Central Europeans from their 'natural' roots in mainstream Europe. They were now tied to the 'wrong' empire and in danger of being forgotten by a complacent and indifferent West. Although Kundera loosely equated Central Europe with the territory of the former Habsburg Empire, he defined the concept not only, or even primarily, in geographical terms. Rather, he saw it as a cultural, emotive, even spiritual concept. For Kundera and many after him, the peoples and lands of this vaguely defined area represented the essence of European identity. Having been fought over in all of Europe's major conflagrations, they themselves continued to battle for Europe's core values, such as freedom and self-determination, and the legacy of its civilisation.

This sense of belonging to Central Europe was among the powerful driving forces that made Hungary, Poland, Slovenia and others dash towards EU membership as soon as communism collapsed. But now that these countries have come within reach of 're-joining Europe', Kundera's ideas have been taken up

further east, by the peoples that are finding themselves on the 'wrong' side of the EU's new eastern border. Just like the Czechs, Poles and Hungarians before them, they use the notion of 'Central Europe' to remind their western neighbours that they share their history and culture as well as their aspirations for a prosperous and peaceful common future. People living near the border often want their region to act as a gateway to Europe for the whole country. They would like to spearhead the drive for economic and political renewal. They, too, want to 're-join Europe'.

However, the notion of Central Europe – and the desire to look westward and re-integrate with Europe – could just as easily become a rallying cry by impoverished border regions against their distant, unresponsive central governments. There is much lingering resentment in these border regions against central governments, which is often exacerbated by ethnic tensions. Communist regimes managed to suppress these tensions and animosities, but they re-surfaced as soon as the old regimes collapsed. The peoples of the border regions were keen to re-assert their ethnic, cultural and religious identities. But central governments in the region were reluctant to grant them greater autonomy for fear that increased local powers and freedom could prompt calls for independence and border revisions.

This reluctance, in turn, helped to perpetuate the suspicion that many border-area residents, in particular members of ethnic minorities, feel towards the centre. They often suggest that their more progressive, European outlook clashes with the 'backward', 'Asiatic' or 'Byzantine' system in their capitals. Such suggestions can be highly inflammatory, especially in cases where border regions were once contested by neighbouring states, and where allegiance to the (new) central power is still in doubt. Central governments are quick to interpret any movements to re-assert regional identities as political subversion and a potential challenge to the nation-state's integrity. They will be all the more

reluctant to implement the kind of regional administrative reforms and devolutions that are necessary to allow the border regions to react to the new challenges of EU enlargement effectively.

If EU enlargement is seen as exclusionary, and if the border regions feel cut off from both their Central European destiny and their countries' centres of power, these deep-rooted animosities may well flare up again. The next section contains a series of regional sketches to illustrate just how explosive a legacy many of the EU's new neighbours are harbouring. The EU ignores these potential sources of political instability at its peril. The Union will have to work much harder to engage with its new neighbours, not only with the central governments in the capital but also with the regions that lie just across its new external border.

Sketches of the EU's new borderlands

★ Transcarpathia – Ukraine's westernmost region

¹¹ For further details, see Judy Batt and Kataryna Wolczuk, 'Region, state and identity in Central and Eastern Europe', Frank Cass, 2002.

Transcarpathia is an economic and political backwater that has changed hands several times over the past century between Hungary, Czechoslovakia, the USSR and independent Ukraine.¹¹ Separated from the rest of Ukraine by the high barrier of the Carpathian mountains, it is a multi-ethnic region with a special identity of its own. The Rusyns (Ruthenes) are the largest group, but they were declared Ukrainian after 1945 and their Greek Catholic churches were handed over to the Russian Orthodox church. In the late 1980s, the Rusyns started a national revival, asserting their separate cultural and linguistic identity. After the break-up of the Soviet Union, the central government in Kiev rejected all demands for Transcarpathian autonomy as a threat to the territorial integrity of the new state, particularly in the context of similar movements in Crimea and Donbas.

Transcarpathia's other minority groups – mainly Hungarians and Roma, along with small groups of Slovaks, Germans and Romanians – all get along remarkably well, using Russian as the *lingua franca* and rejecting Kiev's imposition of Ukrainian as the state language. Economically, the inhabitants of this impoverished region depend heavily on their cross-border dealings with Hungary, Slovakia and Poland. Since Slovakia imposed visa requirements on Ukrainians in June 2000, some of this traffic has diverted into Poland, which did not require visas from people with Ukrainian passports until 2003. The Hungarian minority in particular has benefited from closer contact with the Hungarian mainland, which was virtually impossible during the communist period.

Many members of the minority groups emigrated westwards because they were afraid that stricter EU border controls and visa requirements could shut them off from neighbouring countries. In an attempt to forestall a large-scale influx of ethnic Hungarians from Ukraine, the Hungarian government passed a highly controversial bill that awards ethnic Hungarians residing in other countries access to jobs, social benefits and education in Hungary, provided they do not settle in Hungary.¹² The bill has been criticised by the EU and it may also fuel inter-ethnic tensions within Ukraine, should the Hungarian minority be seen as enjoying certain privileges denied to other Ukrainian citizens.

¹² See Brigid Fowler, 'Fuzzing citizenship, nationalising political space: a framework for interpreting the Hungarian 'Status Law' as a new form of kin-state policy in Central and Eastern Europe', 'One Europe or Several?' Working Paper no. 40/02, University of Sussex, January 2002.

★ Banat in south-west Romania

The Banat region in its current shape encompasses two counties along Romania's south-western border. The historical Banat was about one-third larger in territory. It was part of the Kingdom of Hungary until 1920, when the Treaty of Trianon divided it between Romania and the Kingdom of Serbs, Croats and Slovenes (later Yugoslavia), leaving only a fraction in Hungary to the

south-east of Szeged. The region's capital is the city of Timișoara, where in December 1989 a popular uprising began that turned into the nationwide revolution against the Ceaușescu regime.

Romanian Banat and Timișoara are overwhelmingly populated by Romanians, but there is intense local pride in the region's multi-ethnic and Central European heritage that bridges the divide between Romanians and the assertive local minorities of Hungarians, Germans and Serbs. Like Transcarpathia, the region has successfully maintained ethnic peace since the collapse of communism. The shared regional identity has fostered Banat's sense of mission as Romania's gateway to Europe, leading the way in economic reform, pluralist democratisation and tolerance.

Even more than other Romanians, the Banaters are frustrated with the perceived ineptitude and corruption of their national political leaders. Banat's local elites have rejected the nationalist tendencies often emanating from Bucharest, but many of the region's ethnic Romanians have proved less immune. Nationalism appears to have particular appeal to those Romanians who moved to Banat during the communist era from poorer parts of the country. Many of them lost their jobs when the formerly state-owned enterprises for which they used to work struggled to survive in the turbulent economic climate of the 1990s. Their disappointment with the achievements of transition was exacerbated when the EU decided to exclude Romania from the first round of EU enlargement. In the 2001 election, Banaters registered their disillusionment by either abstaining or voting for the far-right Greater Romania Party of Vadim Tudor, whose xenophobic and anti-EU populism appeared to offer the only alternative to established political elites. Banat's tolerant multiculturalism and its quest for a common Central European destiny are clearly fragile.

★ Vojvodina in northern Serbia

Vojvodina, just like Banat, has historically been home to an extraordinary variety of ethnic groups. Nevertheless, the region

became the source of the Serbian national revival during the Habsburg empire. In Tito's Yugoslavia, Vojvodina gained a considerable degree of autonomy, which it used to promote a policy of multi-ethnic co-existence. This legacy, together with the region's relative affluence, helped to protect it against the ethnic wars that swept through the former Yugoslavia throughout the 1990s.

When Slobodan Milošević rose to power, one of his first moves was to abolish Vojvodina's autonomy (along with that of Kosovo, which had enjoyed an analogous status). As a result, Vojvodina became the heartland of opposition to Milošević's rule, and its variegated democratic, regionalist and ethnic minority parties were crucial components of the Democratic Opposition of Serbia coalition that ousted him in the autumn of 2000. The majority of parties in the Vojvodina provincial assembly are united in demanding a renewal of Vojvodina's autonomous status. After protracted wrangling, the Serbian assembly passed an interim bill largely restoring the *status quo ante* in January 2002. Nevertheless, Vojvodina regionalists want more devolution, which Belgrade is wary of granting for fear of further disintegration of the state.¹³

¹³ See Judy Batt, "Fuzzy statehood" versus hard borders: the impact of EU enlargement on Romania and Yugoslavia', 'One Europe or Several?' Working Paper no. 46/02, University of Sussex, July 2002.

Vojvodina also contains a sizeable Hungarian minority of about 300,000. The Hungarians have been pressing for special autonomous status for those districts within Vojvodina that border on Hungary and where they constitute a majority. Some regionalists play on Vojvodina's Central European heritage and orientation, which they contrast with the supposedly 'Balkan' characteristics of the capital, Belgrade. The regionalists can also gain political capital by exploiting economic grievances, in particular widespread suspicions that Belgrade is 'robbing' their province which have been fuelled by bitter disputes over privatisation revenue. Vojvodina's inhabitants are gravely concerned that Hungary's EU accession and the imposition of

stricter visa rules could further damage the regional economy. One Serbian MP from the province warns that Serbia's exclusion from EU enlargement will be tantamount to "isolation from the rest of Europe, almost as bad as sanctions". Talking to the author, a local Hungarian MP described the prospect as a "tragedy" and "a disaster in the eyes of the local population regardless of ethnic background".

5 EU neighbourhood policy in the making

The limits of enlargement

In the past, the EU has mainly used the carrot of EU accession (or the stick of exclusion) to foster economic reform and political stability in its neighbourhood. The strategy has been a big success, not least in the case of the eight Central and East European countries set to join in 2004 (along with Cyprus and Malta). In these countries, the prospect of EU accession – and the competitive pressure of wanting to be in the first round – has allowed successive governments to implement often painful reforms at breakneck speed. It has also fostered a strong cross-party political consensus that has sustained political stability.

The prospect of EU accession promises to have a similarly beneficial impact on the other countries queuing for membership. Bulgaria and Romania started their accession negotiations in 2002, and the EU has endorsed their target date for entry in 2007. The EU has also accepted Turkey as an official candidate for membership, although it has made the start of accession talks conditional on further political and economic reforms. Croatia handed in its application for membership in February 2003 and hopes to catch up with Bulgaria and Romania in its accession preparations. The EU is also offering the prospect of membership to the countries of the Western Balkans – Albania, Bosnia-Herzegovina, Serbia and Montenegro, and Macedonia – through its 'Stabilisation and Association Process'.

However, it is clear that enlargement as a strategy for stabilising the neighbourhood has reached its limits. First, successive enlargement rounds are threatening to paralyse the EU's overburdened institutions and decision-making procedures. Second, as the EU's borders shift outwards its new neighbours appear less and less suited for membership. Some of the EU's neighbours – in particular the southern Mediterranean countries, such as Morocco and Algeria – fail to fulfil the most basic condition for EU membership, that of being a European country (Article 49 of the Amsterdam treaty). Others could qualify as European, but are currently regarded as too poor (Moldova), too undemocratic (Belarus) or too difficult (Russia) to be integrated into the EU in its current form. And even if these countries gained candidate status one day, the EU would only face the same problem again as its border continued to shift outwards.

¹⁴ *The EU negotiated a Partnership and Co-operation Agreement with Belarus in 1995, but then suspended its adoption in 1997 in reaction to the Belarusian government's slide towards authoritarianism.*

The EU therefore has to work out a new strategy for engaging with neighbouring countries that does not rely on the carrot of accession. To deal with non-candidate countries, the EU has in the past used 'Association Agreements', or 'Partnership and Co-operation Agreements' (PCAs) in the case of Moldova, Russia and Ukraine.¹⁴ The PCAs typically foresee gradual mutual trade liberalisation, the instigation of a regular political dialogue and intensified co-operation in areas such as science and education. In practice, however, the PCAs have been a disappointment. They have proved inflexible, leaving little room for bilateral relations to evolve over time. In principle, they open up the prospect for economic integration, but they do not offer preferential access to the large and lucrative EU market. They provide few incentives for neighbouring countries to implement reforms and foresee only very limited technical and monetary assistance for such reforms. As a result, trade relations between the EU and its neighbours have remained flawed, and the promised political dialogues have produced little of substance. The EU's role

in its neighbouring countries has remained minimal. Even senior officials in those countries fail to understand how the EU works, a problem which has been exacerbated by the EU's own internal administrative complexity.

The Commission's 'Wider Europe' paper

The EU has been slow to wake up to the challenges posed by the 2004 enlargement round. It was only in March 2003 – just over a year before the actual accession date – that the European Commission published a comprehensive set of policy proposals on how to deal with those neighbouring countries that do not enjoy the prospect of eventual membership.¹⁵ The EU's stated aim is to "develop a zone of prosperity and a friendly neighbourhood – a ring of friends – with whom the EU enjoys close, peaceful and co-operative relations".

¹⁵ *European Commission, 'Wider Europe – neighbourhood: a new framework for relations with our eastern and southern neighbours', Brussels, March 2003. http://europa.eu.int/comm/external_relations/wel/doc/com03_104_en.pdf.*

To this end, the Commission suggests, the EU should harness its entire range of policies – trade, aid, foreign policy, regional co-operation programmes and so on – to support economic reforms and democratisation in neighbouring countries. Although the new neighbourhood policy would take the PCAs and other existing agreements as a starting-point, it would go beyond them. It would offer what the EU calls "progressivity": those countries that are making good progress in reforms, particularly on the economic side, would be offered improved EU market access and deeper co-operation with the EU in areas ranging from investment promotion to crisis prevention (see box on pages 32-33). The ultimate prize would be a relationship similar to that enjoyed by the members of the European Economic Area (now only Lichtenstein, Norway and Iceland), which enjoy full access to the EU's single market.

Recommendations in the Commission's 'Wider Europe' paper

- ★ promote the adoption of common rules, standards, and regulatory structures to allow neighbouring countries access to the EU's internal market;
- ★ establish preferential trade relations with neighbouring countries, and set timetables and benchmarks for progress towards a free-trade area;
- ★ simplify its visa regime and open up greater opportunities for legal immigration, with a view to moving towards the free movement of people and workers over the long term;
- ★ intensify its co-operation with the new neighbours to combat common security threats, such as terrorism, organised crime or environmental hazards; the EU should support its neighbours' efforts to reform their court systems, train their police forces and fight corruption;
- ★ become more deeply involved in conflict prevention and crisis management in the wider Europe; the EU should, for example, take a more active role in helping Moldova to resolve the long-running conflict in Transdnistria; it should also make extra funds available for post-conflict stabilisation and reconstruction;
- ★ integrate neighbouring countries into its transport, energy and telecommunications networks, as well as EU research programmes; for this purpose, the EU should make loans and

risk capital available through its funding arms, such as the European Investment Bank;

- ★ find new ways to promote EU investment in neighbouring countries;
- ★ develop a new 'Neighbourhood Instrument' to support regional and sub-regional co-operation and sustainable development on the eastern border;
- ★ open new sources of finance; in particular get the European Bank for Reconstruction and Development and the European Investment Bank to work with other international lenders, such as the World Bank, to support projects in infrastructure, education, health and social safety-net provisions in neighbouring countries.

The Commission paper only deals with those neighbouring countries that do not enjoy the prospect of membership, namely the western CIS and the southern Mediterranean. The Commission acknowledges that Ukraine and Moldova have expressed an interest in eventual EU accession but suggests that the EU first needs to conduct a debate about where it wants its eventual borders to lie. Although EU membership for the Western Balkan countries is still many years away, they are not taken into account in the EU's neighbourhood policy. The confusion about the geographical coverage of the policy is reinforced by the fact that the 'Wider Europe' taskforce (dealing with non-candidate countries) is led by the commissioner for enlargement, Günter Verheugen, while the Western Balkan countries (potential candidates) remain in the portfolio of the external relations commissioner Chris Patten.

The Commission paper's main underlying ideas are sound. The EU needs to use available incentives such as trade preferences and aid

more effectively to help its neighbours to achieve balanced growth and stable political systems. It needs to differentiate better between those countries that are still struggling to meet their obligations under the existing PCAs and those that want to move towards deeper economic integration and more political engagement. The Commission's suggestion that the EU should work out regional or country-specific 'action plans' with its neighbours is also welcome. These plans would take into account the degree of co-operation and integration already achieved. They would set clear targets and benchmarks against which further progress could be measured. The action plans could therefore help the EU's policy towards Russia and other neighbouring countries to move away from its peculiar mix of highly technical, small-scale co-operation, and grand but inconsequential rhetoric.

However, the core of the Commission's neighbourhood policy proposal, namely to offer neighbouring countries that are willing to reform and co-operate "a stake in the single market" is problematic. To gain access to the single market, the countries in question would have to take over large parts of the EU's accumulated rule-book, the *acquis*. They would have to meet EU product standards and follow EU rules in areas such as competition policy, industrial subsidies, public procurement, utilities market liberalisation and consumer protection. The Commission acknowledges that this may well be beyond the post-Soviet countries with their stretched financial and administrative resources. It therefore suggests that the EU should offer these countries more support, not only to speed up legal approximation but also to cushion the social and economic impact of further economic opening and structural reforms.

But there are two other potential problems with making the single market the cornerstone of the EU's new neighbourhood policy. First, it is not clear whether the *acquis* – which was drawn up by and for highly developed market economies – is a suitable legal framework for countries that are still struggling to implement even basic

economic reforms. Second, as the case of the European Economic Area shows, joining the single market without joining the EU has serious implications for sovereignty. The countries concerned must adopt EU rules in many areas of economic policy without, however, having a say in developing these rules. This asymmetry of obligations and influence prompted most former EEA members, such as Sweden and Austria, to apply for EU membership. The EU's new neighbours, however, will not have that option. As a result, countries such as Ukraine, Russia and Moldova may find the EU's new neighbourhood policy framework less than compelling.¹⁶

¹⁶ See Tim Gould, 'The European Economic Area as a model for the wider Europe', background paper for the EFTA meeting of MPs and Social Partners, Norway, June 2003.

EU leaders officially endorsed the Commission's suggestions for a neighbourhood policy at their June 2003 summit and they suggested that the EU start drawing up the envisaged action plans in 2004. However, it remains to be seen whether the member-states are serious about putting the Commission's recommendations into practice. The Commission's core idea about extending the single market's 'four freedoms' (free movement of goods, services, capital and labour) to the new neighbours has already been watered down. In particular the suggestion that the neighbourhood policy could eventually lead to the free movement of people and workers between, say, Russia and the EU appears to be too politically controversial for many EU countries to sign up to. Moreover, EU member-states will have to prove how serious they are about a more constructive engagement with neighbouring countries when they draw up the EU's new budget framework for 2007-2013. Many of the Commission's suggestions – for reinforced cross-border co-operation, support for legal approximation, police training, poverty reduction and post-crisis reconstruction – will prove costly. It is not clear whether the EU will be prepared to put its money where its mouth is.

Given that the member-states' political commitment is uncertain, it is all the more important for the EU to include a regional

dimension in its dealings with its neighbours. The Commission's 'Wider Europe' paper does argue for a reinforced regional dimension. In particular, it suggests that the EU should foster co-operation with its neighbours in areas such as border management and regional economic integration. And it proposes the establishment of a new financial support scheme, called the 'Neighbourhood Instrument'. This would initially bundle

¹⁷ *European Commission, 'Paving the way for a new neighbourhood instrument', Brussels, July 2003, http://europa.eu.int/comm/external_relations/wel/doc/com03_393_en.pdf.*

together existing funding instruments for regional cross-border co-operation, but could be transformed into a genuinely unified funding instrument under the EU's new budgetary framework that will run from 2006 to 2013.¹⁷

The EU's East European neighbours will welcome the new proposals. At present, even determined regional and national governments are often confused and put off by the plethora of EU funding instruments, each with its own application procedures and disbursement rules. However, the Commission proposals for a regional dimension are vague, and the new Neighbourhood Instrument will do little more than co-ordinate the disbursement of existing funds. The next two chapters will illustrate the difficulties the EU has encountered in fostering regional cross-border co-operation. They will make concrete and practical proposals on how the EU could improve and reinforce the regional dimension of its neighbourhood policy.

6 Regional co-operation along the EU's new eastern border

Cross-border regional co-operation is a means of mitigating the impact of border controls without challenging them head-on. It can help to transform them into sources of contact and interaction rather than separation and conflict.¹⁸ Western Europe has a long history of fostering such cross-border co-operation. In addition to the Council of Europe's initiatives, the EU has supported cross-border co-operation between its member-states since the early 1980s, funding them through 'Interreg' programmes.

¹⁸ See Council of Europe, 'Handbook on transfrontier co-operation for local and regional authorities in Europe', 2000.

In many places, cross-border co-operation amounts to little more than agreements between local authorities to work together on mundane but important issues like waste disposal and sewage management, or joint planning to cope with emergencies such as floods. In other cases, however, member-states have established 'Euroregions' which cover territory across an international frontier. These more ambitious initiatives establish lasting networks of people, businesses and officials on both sides of the border. Along almost all of the state borders in Europe, clusters of regions have forged some form of institutionalised co-operation to foster regional economic integration and regeneration, educational and cultural exchanges, and joint environmental and infrastructure projects. These activities are often small-scale, but they have practical value as well as symbolic importance.

The most far-reaching co-operation between regions can be found along the border zone stretching from the Benelux states

southwards to the Rhineland – the former zone of conflict between France and Germany. The most advanced is EUREGIO, founded in 1958 on the border between the Netherlands and Germany, with an elaborate institutional framework amounting to a common regional government that transcends the border dividing the two states.

The EU has supported similar cross-border co-operation programmes in the East European candidate countries, including the establishment of Euroregions along the future external border of the enlarged EU. The most prominent examples are the Bug Euroregion, uniting regions in north-eastern Poland, western Ukraine and parts of Belarus; the massive Carpathian Euroregion, with participating regions in south-eastern Poland, western Ukraine, eastern parts of Hungary and Slovakia, and north-western Romania; and the DKMT Euroregion, uniting south-eastern Hungary, south-western Romania and the northern Serbian province of Vojvodina (it is named after the region's main rivers: Danube, Körös, Maros and Tisza).

The East Europeans hope to replicate the success of the EU Euroregions by promoting cross-border contacts and integration and fostering mutual understanding and historical reconciliation between peoples divided by national frontiers. Local elites have thrown their weight behind these initiatives. They often see them as a means of countering threats of poverty, depopulation and criminalisation that are inherent in their regions' peripheral location. They hope to turn their regions into gateways for mutually beneficial interaction with the enlarged EU. They also often hope to foster – albeit vaguely defined – Europeanisation through regional integration. The brochure introducing the Carpathian Euroregion, straddling Poland, Slovakia, Hungary, Ukraine and Romania, serves as a vivid example of the optimism that such initiatives can engender:

[The Carpathian Euroregion] is unique among the hundred-plus transfrontier co-operative structures in the world, and is

truly a microcosm of the New Europe. Although wide diversity defines the region in terms of language, religion, and ethnicity, the zones of each country belonging to the Euroregion share as many similarities as they do differences. A common history and geography, similarities in economic development, and common aspirations for economic prosperity and integration create a sense of ¹⁹ *Carpathian* community and a willingness to work together *Foundation Report* among local leaders and the larger population.¹⁹ 1995-97.

Against such optimistic expectations, the practical significance of the new Euroregions has been disappointing. Although some of them are now more than a decade old, most of their objectives and aspirations still only exist on paper. Some of the problems that regional officials have encountered are similar to those faced by West European Euroregions. But the East Europeans have also struggled with a peculiar set of problems. These are partly related to the artificial historical and economic divisions created during decades of communist rule. But they are also the result of the difficult legacy of central planning, which has left many of the participating regions without the financial, economic and administrative resources required to make the Euroregions a success.

★ *Significant differences in constitutional and administrative systems*

One of the challenges that all Euroregions (west and east) have had to overcome is the diversity in legal powers and political authority among their participating regions. This diversity is the result of different degrees and forms of devolution in the neighbouring countries involved. Some of the participating regions form part of well-functioning federal systems with a high degree of local autonomy, while their counterparts are located in highly centralised states. Communism left a legacy of centralisation across Eastern Europe. As a result, those regional administrations seeking to participate in Euroregion projects often have to refer almost every aspect of planned cross-border initiatives back to their capitals.

The eastern Euroregions



In the mid-1990s, most of the East European candidate countries started to devolve powers and administrative functions to prepare their regional governments for the future influx of EU regional aid. However, this has not resulted in uniform developments (the EU itself offers few guidelines for regional reform). And the devolution of powers has been much less pronounced in the CIS countries that are their partners in the Euroregion projects. Here, lingering concerns about territorial integrity often make central governments reluctant to grant authority and administrative powers to regional and local governments. As a result, lower levels of government find it hard to initiate and manage cross-border projects efficiently without constant recourse to the national government.

★ *Large – and widening – economic gaps*

The process of EU accession has generally supported rapid structural change and economic development in the candidate countries. The same, however, does not hold true for the laggards among the candidates and those countries that are not part of the accession process. As a result, the economic gap between the 'ins' and the 'outs' has widened over recent years. Hungary, for example, has steamed ahead with its economic transformation while Romania has continued to lag behind. Poland has performed well for most of the 1990s, but Ukraine's reform process has been slow and patchy, and growth has been disappointing until recently. These economic divergences – in terms of economic structures, wage levels and so on – are the source of much of the informal cross-border economic activity described in earlier chapters. But the economic gaps also impede more regular and predictable economic co-operation between the border regions.

After enlargement, these gaps are likely to widen. EU membership is expected to boost growth in the new member-states, mainly through further integration into the single market, the disbursement of EU funds for regional development and the new members' eventual

adoption of the euro. The 'outs' will enjoy none of these benefits and as a result they are likely to fall further and further behind.

★ *Underdeveloped transport and communications infrastructure*

Transport and communications infrastructure in the eastern borderlands has remained chronically underdeveloped. During the communist regimes, the border remained closed, obliterating any need to develop cross-border roads, bridges, rail or power links. And since the early 1990s, the candidate countries have prioritised the upgrading of the infrastructure that connects them with the EU. National governments in the candidate countries, as well as their eastern neighbours, are reluctant to spend scarce public investment funds on cross-border infrastructure projects in marginalised regions. And the regions themselves are usually too poor to finance major investments.

As a result, infrastructure bottlenecks have become an obstacle to cross-border co-operation in many places. For example, a representative of the Carpathian Euroregion complains that it is quicker to get from Baia Mare (in north-western Romania) to New York than to travel to Przemyśl (in south-eastern Poland). Similarly, the establishment of the DKMT Euroregion that straddles Hungary, Romania and Serbia was met with much political fanfare in 1997. Yet there was no direct transport connection between the Euroregion's two main cities, namely Timișoara in south-western Romania and Szeged in south-eastern Hungary. As a result, officials, businessmen or other participants in cross-border co-operation programmes had to endure an 80-kilometre detour to reach the next border crossing point. The opening of a new checkpoint in 2000 has greatly reduced travel times between the two cities (although so far the roads across the border are only fit for passenger cars, not goods vehicles).

The EU has invested heavily in the technical upgrading of existing border checkpoints and the establishment of new border crossings

along its new external border. Nevertheless, long queues are still the rule rather than the exception. And the situation is set to get considerably worse once the new member-states have to apply stricter Schengen controls to all those wishing to cross the border. An underdeveloped and dilapidated road and rail infrastructure will exacerbate the traffic jams that are already building up.

★ *Nationalist suspicions and the intervention of high politics*

National leaders have often been much less enthusiastic about the establishment of Euroregion projects than have regional representatives. In the early 1990s for example, the governments of Romania and Slovakia reacted with mistrust to plans for the establishment of the Carpathian Euroregion. They suspected a hidden Hungarian agenda since many of the participating regions were former Hungarian territory, inhabited by sizeable Hungarian minorities. Meanwhile, the Ukrainian government mistrusted Polish motivations for wanting to take part in the project, fearing that the country may still secretly hope to reclaim territory in western Ukraine. Ukraine also worried about a potential separatist movement of the Rusyn and Hungarian minorities in Transcarpathia.

The DKMT Euroregion – encompassing Hungarian, Romanian and Serbian border regions – faced political problems of a different kind. The government of what was then Milošević's Yugoslavia was keen to see the northern Vojvodina province join the Euroregion as a way of breaking out of the country's isolation, and potentially evading economic sanctions. The Hungarians and Romanians were opposed to giving the project such overtly political overtones. Following the NATO bombardment of Serbia in 1999, and the assassination of the Vojvodina provincial governor who held the DKMT chairmanship at the time, Vojvodina's participation was suspended. The fall of the Milošević regime in 2000 in theory cleared the way for Vojvodina's return to the project. But an assertive regionalism in the province has since caused open tensions with the Serbian capital, Belgrade. Many

Serbian politicians now fear that any initiatives that strengthen Vojvodina's regionalism may have a knock-on effect on Kosovo and on Serbia's relations with Montenegro, and thus lead to a further disintegration of the state.

★ *Scarce administrative resources*

State administrations in the formerly communist countries are generally starved of funds and expertise, and officials are often both inefficient and corrupt. As anyone who has done business in one of Eastern Europe's more far-flung regions will testify, administrative shortcomings are often more pronounced at the regional and local levels than in the capitals. Since most of the Euroregion projects require the active participation of regional governments and officials, these problems are a clear obstacle to cross-border co-operation.

The candidate countries have gone much further with reforming and streamlining their bureaucracies than their eastern neighbours. Nevertheless, even countries such as Hungary and Poland found that the demands of the Euroregion projects exceeded their limited resources. Their bureaucracies were already stretched by the need to prepare their countries for EU accession. Therefore, progress in the Euroregion projects has often relied entirely on the involvement of international organisations. For example, the US-based Institute for East-West Studies was a major backer of the Carpathian Euroregion. Once the Institute moved on to other projects, progress in the Euroregion stalled. It then fragmented into smaller, mainly bilateral cross-border projects that are more manageable and realistic given the financial and, not least, human resources available at the local level.

For the overstretched and often inefficient bureaucracies of Central and Eastern Europe, it is clearly difficult to establish and sustain institutionalised cross-border co-operation. The situation was once quite similar in Western Europe. Most Euroregion projects failed to

advance beyond narrow technical agreements and empty declarations of good intent. The situation only changed in the 1980s, when the EU started to devote significant financial and administrative resources to cross-border co-operation under its Interreg programmes. Subsequently, the momentum of cross-border co-operation has been much easier to sustain. Local communities began to realise the potential benefits and became more willing to be involved. And the European Commission started to see these flourishing projects as a good way of promoting European integration 'from below'.

However, although the EU now has ample experience with setting up frameworks for cross-border co-operation, it has not managed to exploit fully its potential in the case of its new external border. To be fair, the establishment of such frameworks was particularly difficult in the highly fluid and uncertain environment of economic and political transition. Nevertheless, many of the actors involved in new Euroregion projects, be they local officials or non-governmental organisation (NGOs), found the EU less helpful than they had expected.

The candidate countries' participation in Euroregion projects often clashed with other aspects of their EU-inspired policy agenda. For example, the EU in the early 1990s encouraged the candidate countries to seek more regional trade integration, to forestall the development of a 'hub and spoke' integration model. However, once the EU accession talks got under way in earnest, the candidates found that many of the bilateral and multilateral free trade agreements they had concluded with their neighbours were incompatible with EU rules for trade with 'third countries'. Subsequently, the accession countries became more reluctant to sign agreements on cross-border economic co-operation within the Euroregions framework, fearing that these, too, may prove incompatible with EU membership. Similarly, efforts to reinforce cross-border co-operation seemed somewhat futile once the candidates and their neighbours realised that the extension of

Schengen rules threatens seriously to disrupt cross-border trade and travel.

Furthermore, the East European officials involved in the Euroregion found it frustratingly difficult to secure EU support – in terms of advice and funding – for their projects. Within the European Commission, different parts of the bureaucracy (which is divided into directorates-general) deal with the new members and those countries that do not have candidate status. The EU also operates separate funds and technical assistance programmes for

²⁰ *After enlargement, the 10 new member-states will be entitled to the EU's support programmes for member-states, in particular the regional subsidies paid out through the Structural Funds.*

each group of countries, namely Phare for the candidates, Tacis for the countries of the former Soviet Union and Cards for the Western Balkans.²⁰ The co-ordination and co-operation between these various funds and programmes is often poor. As a result, even those border regions that were keen to work together to overcome their historical divisions often failed to overcome the bureaucratic divisions within the European Commission.

7 What the EU should do

Mitigate internal administrative and legal divisions

The EU has only just begun to draw up a comprehensive neighbourhood policy to improve its relations with the new neighbours. The EU member-states have yet to discuss and approve of the specific content of this 'Wider Europe' concept. They will have to start with reforming the institutional framework for formulating and implementing these policies. At present, the EU divides its policies into three broad areas, called 'pillars', each of which contains different decision-making procedures and rests on a distinct legal basis. The EU's neighbourhood policy sits awkwardly between the three pillars. For example, the EU conducts economic co-operation with the neighbours through one set of institutions and procedures, deals with foreign policy through another, and tackles matters of internal security and migration through yet another. But even within the individual policy areas, the different parts of the European bureaucracy often work together poorly.

These administrative divisions will clearly impede the co-ordination of different parts of the neighbourhood policy agenda. Project planning and implementation will be unnecessarily slow and complex. This set-up will also lessen the enthusiasm of the new neighbours for working with an EU that appears tediously complicated and confusing.

²¹ See 'The CER guide to the draft EU constitution', CER, July 2003.

The abolition of the EU's three-pillar structure – likely if the EU's new constitution is ratified around 2006 – will leave it better able to respond to the problems of its new borderlands.²¹ In the

meantime, however, the EU will have to work hard to mitigate the problems created by its internal fragmentation. And it will have to work harder to improve the co-ordination between its directorates-general and the respective assistance programmes for the new member-states, the remaining accession candidates and the eastern neighbours.

Make the most of the new member-states' experience

The EU needs to make greater efforts to involve those most directly affected by the shift of the external border – namely national and regional politicians from the new members and the neighbouring countries – in the formulation and implementation of its neighbourhood policy. Many of the new members not only have immediate national interests at stake, they also have a wealth of experience with the cultures and political reflexes of the neighbouring states. They are therefore well placed to bring fresh ideas and impetus to developing a comprehensive neighbourhood policy and to improving existing cross-border policies. In some cases, the new members have started acting as interlocutors, using their established contacts with the new neighbours to explain EU objectives. Their experience with economic and political transition has been helpful in drawing up proposals to support reforms in the EU's new neighbourhood.

The EU was somewhat slow to take advantage of the interests and expertise in its future members. Poland, for example, has long offered to play a significant role in shaping the EU's policies towards Ukraine and Belarus, as well as providing input for the EU's 'Wider Europe' initiative more generally. But until recently, Polish policy-makers found that their ideas on how to deal with Ukraine were more likely to be taken up in the US than in Brussels. It was only in 2002 that the Danish government, which held the EU presidency at the time, asked Poland to take part in the EU's neighbourhood policy discussions. Although Poland's useful role as an interlocutor is now widely accepted, some Polish

policy-makers have become disillusioned with the EU as an effective foreign policy partner in the process.

Hungary, meanwhile, has thrown its weight behind Romania's accelerated EU accession – efforts that the EU has welcomed and taken seriously. The EU should now encourage Hungary and Romania to work together to support Serbia's re-entry into the European integration process. Such co-operation would not only strengthen ties between Hungary and Romania, but it would also give Romania a purposeful, responsible role in an area that is of acute concern to the EU. Although both the Hungarian and Romanian governments stood firmly behind the West at the time of NATO bombardment of Serbia, public opinion in both countries is broadly sympathetic to the Serbs and other Balkan peoples, and would strongly support actions that encourage their re-integration into Europe.

Improve the visa regime

The new member-states are struggling to prepare their borders for the onerous requirements of the Schengen regime – even though, as explained in Chapter 2, they cannot expect to join the Schengen area until 2006 at the earliest. They need to modernise checkpoints, reform their relevant bureaucracies and train customs and immigration officials. So far, the EU has helped the new members only with strengthening the customs and control infrastructure along the new external border, but not with building up efficient systems for visa applications and processing. Unless the new members greatly expand and upgrade their consular facilities, the introduction of Schengen visa requirements will create bottlenecks. To maintain present cross-border traffic levels, Polish consular services in Ukraine and Belarus, for example, would have to issue around 5,000 visas per day, requiring an extra 250-300 staff and significant technical upgrading of existing consular offices.²² In its 'Wider Europe'

²² See Stefan Batory Foundation, 'The half-open door: the eastern border of the enlarged European Union', Warsaw, March 2001.

proposal, the Commission opens up the prospect of visa-free travel between the EU and neighbouring countries – but only in the long term. In the meantime, the EU needs to do its utmost to facilitate and speed up existing visa processes. The EU could start with the following measures:

★ **Move to a system of appointments for visa interviews**

Visa applicants in Eastern Europe regularly queue for hours outside the consular offices of the EU member-states. Often, they do not even make it to the front of the queue within the office's opening hours, which is particularly frustrating for those who have travelled from remote border regions to apply for a visa in the capital or large provincial cities. A visa applicant from western Ukraine, for example, would typically spend 36 hours on a train to travel to Kiev and back. An applicant from western Romania faces a 20-hour return journey to Bucharest. Add several hours, sometimes days, of queuing and the need to return after a couple of days to collect the visa, and an applicant may have to set aside the larger part of a working week to obtain a visa. Moreover, the EU should require interviews only for the first award of a Schengen visa. Subsequent visa applications should be routinely processed on a same-day basis, or by post – provided the applicant has not abused previous visa conditions.

★ **Grant more multiple-entry visas**

The EU's Schengen regulations already allow the member-states to issue multiple-entry visas that are valid for up to one year and allow the holder to spend up to six months in the EU at a time. These, however, are not widely used. The EU's member-states should grant more national multiple-entry visas to certain categories of applicants, including business-people (providing an incentive for cross-border traders to move out of the 'grey economy'), residents of border regions, local authority representatives, and people working in education, culture and NGOs.

★ **Reduce the price of a Schengen visa**

Ukrainians can expect to pay €20-50 for a single entry or short-stay Schengen visa, and up to €100 for a long-stay one (for more than 90 days), depending on the issuing country. In a country where the monthly average wage is little more than €80, this is a formidable expense for most people. The EU should think about reducing visa fees in all member-states to a level that is more affordable for the average household, for example €5-10 for a single entry visa and €10-15 for multiple entry. Alternatively, EU member-states should follow the example set by Poland and Slovakia. Both countries agreed in 2003 to issue visas to Ukrainians free of charge. In return, Ukraine will continue to let in Poles and Slovaks without visas.

★ **Issue visas at the border**

The optimal solution for border area residents would be if they could obtain their visa directly at the border. This would require much-improved information-sharing between the existing Schengen countries and the new member-states. To gain full access to Schengen, the new member-states will in any case have to link up to the Schengen Information System. Once the database is readily available at all major border crossings – sometime after 2006 – the new members should be able to start issuing visas at their borders.

★ **Find innovative solutions for local cross-border traffic**

The EU and the new members have long worked out special facilitated travel regimes for people living within 25 kilometres of their mutual border. After enlargement, the EU should extend these regimes to larger border regions, and especially to non-EU residents of Euroregions. The EU should think about issuing 'smart card' visas. These could be swiped through an electronic check-point, and would allow residents of border areas to cross as often as they wished for single-day visits. If the visit exceeded a certain time limit (say 12 or 18 hours), the smart card would automatically be

retained upon return and future entry would only be possible with a full Schengen visa.

Reinforce the regional dimension of EU neighbourhood policy

The EU's neighbourhood policy needs a stronger regional dimension – targeted specifically at the areas on both sides of the new border. As explained in earlier chapters, EU enlargement will have a particularly severe impact on the economic and social conditions in these areas. Conversely, economic stagnation and social crises in the borderlands could threaten the EU's ability effectively to manage its new external border. If the border is located in an unstable area of economic deprivation, the threats of corruption, organised crime and smuggling will multiply, and the EU will have to commit significant additional resources for securing it. At the same time, it will find it all the more difficult to attract reliable and well-trained staff to remote and depressed areas.

It is perhaps inevitable that the EU conducts its neighbourhood policy primarily through dealing with the capitals of the countries involved. However, the EU needs to be aware of the fact that the national capitals in these often highly centralised states are poorly connected – politically, economically and in terms of infrastructure – with the country's peripheries. Politicians and officials in the capital may be ill-informed, indifferent or insensitive to the needs of their border regions. And even if they are aware of these needs, they may not be able to muster the financial or human resources to meet them. Therefore, if the EU wants to counter threats of unstable borderlands, it cannot afford to rely on a perspective derived mainly from contacts in the national capitals.

At the same time, the EU must take into account the political sensitivities that regularly characterise relations between central governments and border regions in those countries, especially

where those regions contain sizeable ethnic minorities. The EU needs to carefully explain to central governments why it is seeking to strengthen ties with regional administrations in their countries. At every step along the way to its new neighbourhood policy, the EU must aim to create a sense of mutual interest and engagement with all the actors involved.

Bearing these sensitivities in mind, the EU should increase its presence and engagement in the areas along its new external border. So far, the EU's presence in these regions comes mainly through increased security operations along the border. As a result, many people living in these areas could be left with the feeling that the EU is a fortress and a threat to their livelihood. In order to counter such perceptions, the EU should:

★ Establish regional representative offices

The EU should open up permanent offices in the larger towns near the border. The European Commission already runs delegations in all countries bordering the EU. It should supplement these delegations with regional representative offices.

The EU regional offices would:

- ★ inform EU policy-makers about the impact of the Union's new border;
- ★ become a direct point of contact for local and regional authorities, NGOs and individual citizens, as well as dispensing information and advice about applications for visas or EU funding opportunities;
- ★ serve as EU information resource centres for local schools and universities and, more generally, help to improve the people's understanding and appreciation of the EU.

In a further step, the EU could develop its regional representative offices into full consulates, which would require authorisation from the EU member-states to issue visas on their behalf. Citizens would particularly appreciate such a move in countries where the EU's national consulates are located in distant capitals. The establishment of additional visa-issuing facilities would also reduce the backlog and queues in the existing EU consulates that have become such a source of frustration.

★ Harness the potential of Euroregions

Another way for the EU to counter fears that it is mainly interested in border security would be to harness the potential of the existing Euroregions that straddle its new external border. For reasons explained above, the Euroregion projects are popular with local leaders and the public at large, but they function poorly in practice. The EU should give these existing institutional frameworks for cross-border co-operation a prominent place in its neighbourhood policy.

To strengthen the Euroregions the EU should:

- ★ make it a priority to help the development of decentralised local and regional government structures that are capable of managing cross-border co-operation;
- ★ support NGOs in border regions involved in cross-border activities;
- ★ set up a dedicated task-force to work with the Euroregions, perhaps as a sub-division of the 'Wider Europe' task-force set up by the Commission in July 2003; this new task-force should develop a common approach to promoting Euroregions all along the EU's external border; it should provide an institutional focus for the co-ordination of the EU's various activities and funding programmes that are

relevant for this aspect of neighbourhood policy; it should also work out the details of the EU's new funding mechanism (the Neighbourhood Instrument) and lobby the EU member-states to provide sufficient financing for it in the next EU budget;

- ★ work closely with the Council of Europe, which is already actively supporting the development of Euroregions and has both experience and legal expertise to offer; the EU's new Euroregion task force and the Council of Europe could provide joint training and exchange of experiences and best practice with established Euroregions;
- ★ encourage the member-states to give Euroregions legal personality under national law (even though they extend beyond national borders); legal personality would make it much easier for the Euroregions to apply for EU project funding;
- ★ accord high priority to education and educational exchanges within the framework of Euroregions; the EU should encourage and support student and teacher exchange programmes, the development of common curricula for regional history, language training and campaigns to raise the awareness of neighbouring cultures; the EU should support financially stretched regional universities that often find it particularly difficult to develop new fields of study relevant to political and economic transformation and European integration;
- ★ make a special effort to involve ethnic minorities in EU education programmes, to support their aspiration to act as a bridge between neighbouring states and to improve mutual understanding between minority and majority populations.

8 Conclusion

The way in which the EU manages its new external border will have far-reaching ramifications, not only for the border regions, but also the new member-states, their eastern neighbours and thus the development of the wider Europe. The EU's policy so far has been driven largely by the security concerns of current member-states. The Union has not sufficiently taken into account the profound impact that EU enlargement will have on the Union's new neighbours. The Commission's 'Wider Europe' proposals recognise the mutual dependence of the EU and its eastern neighbours. The Stability and Association Process for the Western Balkans aims to break down barriers to reconciliation and cross-border co-operation between these states. But the EU also needs to promote the integration of these states with the enlarged Union, and that means first of all finding ways to mitigate the potential negative effects of its new external border.

EU enlargement threatens to widen the economic gap between the 'ins' and the 'outs'. It could re-ignite old political and cultural resentments between the peoples of Central and Eastern Europe. It could undo some of the achievements of the past decade, during which many of the region's peoples have started to overcome deep-seated mutual suspicions and animosities.

EU enlargement will re-shape the wider Europe. But it will have particularly severe and immediate effects on the regions that straddle the EU's new external border. After decades of neglect, the fragile regions along the Polish-Ukrainian border have become heavily intertwined as their residents have gone to and fro in search of trade and employment opportunities. Both Romania's western regions and the Vojvodina in northern Serbia have benefited from

their proximity to Hungary. They are now relatively buoyant regions within otherwise poor and unstable economies. All along the EU's new eastern border, multi-ethnic communities have revived their memory of what it means to be part of mainstream or 'Central' Europe, and they now take pride in their ability to live and work together.

²³ *This term is the one that British Prime Minister Neville Chamberlain used in 1938 to refer to the Czechs and Slovaks, large parts of whose state he had just conceded to Hitler at Munich.*

The eastward shift of the EU's external border – with its strict visa regime and customs controls – threatens these achievements. It could bring economic stagnation and political tensions to the border regions. Many people in the EU may wonder why they should care about the fate of far-away regions such as Banat or Transcarpathia. However, history shows that Europe ignores the plight of “far-away peoples of whom we know nothing” at its peril.²³ The EU's new borderlands are among Europe's most fragile areas.

Traditionally neglected by European capitals, they have seen some of the Second World War's fiercest battles. Some of the border areas are still struggling to recover from a legacy of economic devastation, inter-ethnic hostility, even genocide. It is in the EU's self-interest to have good relations with its neighbours. If the EU focuses solely on making its new external border 'watertight', it will breed frustration and anger in its new borderlands. People in Ukraine or Serbia see the EU as their destiny and their natural cultural orientation. They will be all the more disappointed if EU policy engenders a sense of exclusion and neglect. A narrow-minded EU approach would also undermine the position of reformist forces in countries such as Ukraine, where pro-reform often means pro-western and pro-EU.

The EU must not allow its external border to resemble a new Iron Curtain. No fence will be high enough, no border controls strict enough to protect the EU if its new borderlands develop into poor, unstable and neglected areas, full of people who lack any prospect of significant improvement within their lifetime. Poverty and

insecurity are the source of all the things that the EU fears most: mass illegal immigration, smuggling and organised crime. The external border is the EU's 'face' in the new neighbourhood. The EU needs to improve its image not only by managing that border in a mutually beneficial way, but also by increasing its presence in the borderlands beyond border guards and immigration officials – for example through representative offices and strong support for Euroregion projects. If the EU is serious about surrounding itself with a “ring of friends”, it needs to do its utmost to work with its new neighbours to build an area of freedom and prosperity that includes the whole of Europe.

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Centre for European Reform
29 Tufton Street
London SW1P 3QL UK
T: 00 44 20 7233 1199
F: 00 44 20 7233 1117
www.cer.org.uk
info@cer.org.uk

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