

ADVISORY LETTER

THE EASTERN PARTNERSHIP

No. 15, February 2009

Members of the Advisory Council on International Affairs

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ADVISORY LETTER ON THE EASTERN PARTNERSHIP

Introduction

On 7 November 2008 the government asked the Advisory Council on International Affairs (AIV) to produce a brief update on its advisory report entitled *The European Union's New Eastern Neighbours* (July 2005) and submitted several questions that will be addressed below (for the request, see annexe I). The request was prompted by the crisis in Georgia, which had put relations with Russia under strain, and by the proposals for an Eastern Partnership (EaP) announced by the European Commission. The Commission published the proposals in an official Communication on 3 December 2008. The European Council has adopted conclusions on the Commission's proposals at its meeting in March 2009. The AIV decided to issue an advisory letter in the short term as a contribution to the preparation of the definitive Dutch position.

This advisory letter was prepared by a joint AIV committee that included several external experts. The members were: Professor A. van Staden (chair); Dr P. van Ham (Peace and Security Committee (CVV)), T.P. Hofstee (Human Rights Committee (CMR)), F.D. van Loon (Development Cooperation Committee (COS)), Professor J.Q.T. Rood (European Integration Committee (CEI)), C.G. Trojan (CEI), Professor J.W. de Zwaan (CEI), W.L.E. Quaedvlieg (CEI, corresponding member), Professor F.J.M. Feldbrugge (external expert), A.P.R. Jacobovits de Szeged (external expert) and E.P. Wellenstein (honorary member). Ms D.A.C. Kühling (European Integration Department) and W.J. Slagter (Southeast and Eastern Europe and Matra Programme Department) acted as civil service liaison officers. The Executive Secretary was Dr D.E. Comijs (CEI executive secretary), who was assisted by Mr M. Erik and Ms M. van Seeters (trainees). The AIV adopted the advisory letter at its meeting on 26 February 2009.

A European summit on relations with the EU's six Eastern neighbours (Ukraine, Moldova, Belarus and the three Caucasian republics) is planned for 7 May 2009.

In the present advisory letter, the AIV will deal with the questions set out below, taking into account the provisional position on the EaP that the government presented in a letter of 22 December 2008 to the House of Representatives (see annexe II).¹ In addition to answering the minister's questions, the EU's relationship with its eastern neighbours will be placed in the context of the exceptionally severe current global economic downturn and the underlying crisis in the international financial system.

Before answering the questions, a summary will be given of the European Commission's proposals.

Key features of the Eastern Partnership

The aim of the Eastern Partnership is to 'help the partner countries to make progress in their reform processes, thereby contributing to their stability and helping to bring them closer to the EU', as the European Council put it on 11 December 2008. The European Commission emphasises in its communication that the EaP in no way anticipates the participating countries' aspirations regarding membership of the EU.

1 BNC file on the Communication on the Eastern Partnership, House of Representatives 2008-2009, 22 112, no. 763.

In addition to its general purpose set out above, the EaP has two more specific objectives: (1) to strengthen bilateral relations between the EU and its partner countries, and (2) to establish a multilateral framework comprising the EU and its partner countries. Measures that will be used to strengthen bilateral relations include: association agreements; the establishment of deep and comprehensive free trade agreements; relaxing rules on the movement of persons and strengthening the rule of law and legislation; closer cooperation on energy supply security; and support for economic and social development. The multilateral framework should provide a forum for the eastern partners to share information and experience, as well as promoting the development of common positions and activities. In its proposals, the Commission consistently uses the term 'multilateral' whereas 'regional' would probably be more appropriate when referring to the relations between neighbouring countries. Multilateral cooperation only exists where the EU works with the European Neighbourhood Policy (ENP) countries.

The fact that the proposals speak of *deep* and *comprehensive* free trade zones means that free trade will also cover services and that non-tariff barriers must be eliminated. The gradual integration of neighbouring countries into the EU economy is foreseen. At the same time, the Commission's EaP concept places great emphasis on cooperation among the eastern partners themselves. In time such cooperation could lead to a Neighbourhood Economic Community and a regional free trade zone along the lines of EFTA. There are already several organisations for regional cooperation, such as the Organisation of the Black Sea Economic Cooperation (BSEC) and the GUAM Organisation for Democracy and Economic Development, involving Georgia, Ukraine, Azerbaijan and Moldova.

To achieve its objectives, the EaP proposes that the partner countries adopt EU rules on border controls, the free movement of persons and so forth. The EU is already experimenting with mobility partnerships with Moldova and Georgia. In the long run, the EU holds out the prospect of the visa-free movement of persons. Furthermore, the proposals for strengthening ties with the countries in question are not confined to the areas mentioned above. Closer cooperation is also sought, for example, on energy supply security and support for economic and social policies (aimed, among other things, at eliminating the major disparities between regions and population groups).

The European Commission bases the EaP on the principle of joint ownership. This means that, instead of shaping the partnership unilaterally, the EU will decide jointly with the partner countries on the goals and how to achieve them. At the same time, the Commission's proposals are aimed at promoting 'further convergence by establishing a closer link to EU legislation and standards'.

Replies to the government's questions (taking into account the provisional position set out in the letter to parliament)

1. *What added value would the Eastern Partnership provide beyond the possibilities currently afforded by the European Neighbourhood Policy? How would this Partnership relate to the new forms of partnership status (partenariaat) proposed by the Dutch government in the memorandum submitted to parliament on 14 May 2008?*

The AIV takes the view that the primary significance of the EaP lies in the specific political attention the Union is giving its eastern neighbours. The fact that the Union for the Mediterranean project had occupied a prominent place on the EU agenda for

some time understandably aroused concern on the part of the eastern neighbours regarding a possible shift in the ENP's priorities. In a recognition of their own position, the proposed EaP clearly distinguishes them from the southern neighbours. The conflict in Georgia and the problems between Ukraine and Russia concerning gas supplies have again underlined the importance of stability in the region. It is clear to the AIV that the main justification for the new proposals lies in the EU's efforts to improve security and prosperity in a region that, thanks in part to Russia's involvement, helps determine whether relations within Europe as a whole are positive. The EU's own interest plays an undeniable role in this regard. The EU's special responsibility for the eastern neighbours in the framework of the broader ENP is also shown by the fact that these countries have the prospect of joining the EU in the future (see also the reply to question 2).

As far as the substantive merits of the Commission's proposals are concerned, the AIV would point out that the EaP opens up the possibility of multilateral cooperation, whereas the ENP was geared only toward bilateral cooperation. It also offers opportunities to implement those elements of the ENP that have not yet received the attention they deserve. The main benefits are the broader access it offers to the EU's internal market, the prospect of concluding deep and comprehensive free trade agreements, more intensive cooperation among ENP partners and greater involvement from the general public.²

The scope for further differentiation among eastern neighbours – something that began with the implementation of the ENP – is another advantage of the present proposals. After all, although the countries in question have certain characteristics and problems in common, in other respects they cannot be regarded as a homogeneous group. A further advantage, in the AIV's opinion, is the regional nature of the cooperation proposed between the EU and its neighbours. This makes it possible to discuss and tackle a wide range of political, economic and social problems of mutual interest at different levels (political, official and technical).

The AIV sees no conflict between the Netherlands' concept of a new form of partnership status and the new EaP. On the contrary, both approaches have similar aims. The government's interpretation of a new form of partnership status envisages a special relationship with the European Union for two categories of country, but one which does not extend to promises about future EU membership.³ The first category consists of candidate countries that are unable or unwilling to meet the Copenhagen criteria, and the second comprises countries which theoretically have the prospect of membership but do not yet qualify for it. In the context of this special relationship, for example, selected elements of the EU acquis could be adopted, on a voluntary basis of course. The new form of partnership would enable the government to implement the ENP in a flexible manner. The AIV believes that the EaP clearly offers the same kind of flexibility.

Finally, it should be noted that the government states in the above-mentioned letter to parliament that the EU, including the Netherlands, has an interest in having 'a ring

2 Council conclusions of 19 June 2007, Strengthening the European Neighbourhood Policy, 11016/07.

3 See the memorandum on the new form of partnership status that the Minister of Foreign Affairs and the Minister for European Affairs sent to parliament on 14 May 2008.

of prosperous, democratic and stable states around it' (p. 3). The AIV would point out that the objective must not be the formation of a 'ring' around the EU, but rather the creation of mutually beneficial relations in the wider region. The use of the word 'ring' may lead to misunderstandings: firstly, that the EU is attempting to create an exclusive sphere of influence; and secondly, that it has ruled out the possibility of these countries ever being part of the Union.

2. *The government has ruled out any accession prospects for the EU's eastern neighbours. What options (e.g. instruments) would be available within the current ENP to strengthen relations with these countries?*

Accession

'The question makes clear that the government sees no possibility at present of offering the eastern neighbours any prospect of joining the EU. In its Communication, the Commission, too, assumes that the EaP in no way anticipates individual countries' aspirations regarding their future relationship with the EU. The Commission's actual words are abundantly clear on this point: 'The EU will give strong support to these partners in their efforts to come closer to the EU (...) without prejudice to individual countries' aspirations for their future relationship with the EU.'

The AIV would make the following observations. Although the accession of the countries in question is not on the cards, this does not alter the fact that they have the right, under article 49 of the EU Treaty, to apply for membership, provided they meet the requirements set out in article 6 of the Treaty. In its 2005 advisory report entitled *The European Union's New Eastern Neighbours*, the AIV stated that the prospect of membership did therefore exist but at the same time it felt that given political developments within the Union, there was little justification for giving it a more definite form. This is still the AIV's view, and one that assigns due weight to the internal relations in the neighbouring states. Clearly these relations greatly benefit from stability. The EU should make a far greater effort to resolve the frozen conflicts in Moldova and Georgia and between Azerbaijan and Armenia in particular, through intensive consultations, both with the countries concerned and with Russia, the US and (in the case of Moldova) Ukraine.

In the AIV's opinion, giving countries a more definite prospect of EU membership should, in due course, form part of the differentiated implementation of the EaP. Internal developments in the countries concerned must of course be taken into account. In this connection, the AIV would stress that the prospect of membership has more than mere economic significance for the eastern neighbours. For these countries, opting for the EU represents a choice for Western-style politics, in which democracy and human rights are paramount. In that respect, the prospect of membership would also support their transition to a different political system.

The fact that accession is not currently an option – as the eastern neighbours are presumably aware – does mean that the EU must accept that it has fewer means of applying pressure to these countries to make the changes it wants to see. The AIV would frame this observation in the broader context of how the EU's ambitions relate to the instruments available to it, and wonders whether the EaP offers sufficient incentives to achieve its far-reaching objectives. What is not in doubt, however, is that the proposed reforms are undeniably in the interests of the countries concerned, irrespective of whether and when they join the EU.

Financial instruments

The Commission's proposals for additional resources over and above the ceilings agreed in the Financial Perspectives for the period until 2013 probably reflect the wish to adjust upwards the 30/60 ratio in relation to the Union for the Mediterranean. This ratio has been criticised by various parties. The Commission's proposal to allocate €600 million for the EaP in the period 2010-2013, €250 million of which will come from reallocating the European Neighbourhood Policy Instrument (ENPI) budget, has been confirmed on the Prague summit on 7 May 2009.⁴ There will be additional costs of €75 million if visas are issued free of charge. However, this increase is not supported by specific financing requirements. The government has indicated that it wants to remain within the existing budgetary limits. However, it seems to accept the proposed reallocation of €250 million, which will cover the financing in the start-up phase. The AIV concurs. The government has not expressed a clear view on how countries will be compensated for the loss of €75 million in income. The AIV would note that this will only become an issue in the longer term and probably not for all partners at the same time. Moreover, there is still plenty of latitude on the question of more affordable visas versus free visas.

The AIV would prefer the available funds to be distributed on the basis of conditionality (i.e. according to merit); the most essential reforms must be able to count on the most support. The results achieved by the eastern neighbours are generally far greater than those achieved by the southern neighbours. That is reason enough for reviewing the distribution of the budget for neighbouring countries. However, the AIV realises that this will encounter stiff political resistance in the short term. It will probably not be feasible until the period covered by the present Financial Perspectives has ended.

Finally, the AIV welcomes the Commission's idea, supported by the government, to involve the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), and possibly other financial institutions, in the funding of joint projects by means of loans (instead of donations). In addition to the importance of broadening the financing options, this will probably help to ensure better allocation of scarce resources.

Trade instruments

As far as the other instruments for intensifying relations with eastern neighbours are concerned, the AIV agrees with the Commission that both the bilateral and multilateral (i.e. regional) tracks should be pursued. This will allow a differentiated approach to each of the countries concerned, with the prospect of gradually establishing a network of free trade agreements. WTO membership would naturally be a precondition for concluding this type of agreement between the EU and the partner countries. The AIV believes that future free trade agreements must build on the WTO criteria. In addition, eliminating technical and administrative trade barriers can deliver benefits in the short term.

The AIV endorses the importance of creating deep and comprehensive free trade zones. It agrees with the Commission that this will require the coordination of economic legislation. It makes sense to align the relevant economic legislation in these countries

4 This means that the figures relating to funding on the EaP website (an increase from €450 million in 2008 to €785 million in 2013, i.e. a growth of nearly 75%) have not been approved by the member states.

with the EU acquis as far as possible. The EU is, after all, their main trade partner. What is more, a new partnership agreement with Russia will probably result in Russian legislation being increasingly aligned with European legislation, which is also the case elsewhere in the world and ultimately applies to 500 million consumers. Promoting trade between the six neighbours is worthwhile in and of itself (see also points 4 and 5 below).

As far as the latter is concerned, the AIV would point to a potential contradiction within the EaP concept. A strong, or even exclusive, focus on the EU may precipitate a decline in trade among the countries concerned. This could thwart one of the subsidiary aims of the EaP, i.e. regional cooperation (in other words, cooperation among the neighbouring countries themselves). The Netherlands Bureau for Economic Policy Analysis (CPB) states that freeing up trade in accordance with WTO standards is 'first best' and that if the eastern partners focus too strongly on the EU, trade between those countries might decline.⁵ To prevent a clash between these two EaP objectives (expanding intraregional trade and greater integration into the internal market), the eastern partners must do everything possible to eliminate trade barriers. It should be borne in mind, however, that the level of intraregional trade is currently very low.

Visa facilitation

The government believes that visa facilitation is a good idea under certain conditions. The AIV, too, would underline its significance, especially for the countries in question. Well-thought-out measures to strengthen contacts between social groups can contribute greatly to spreading the EU's norms and values. Contacts mainly at government and official level are not sufficient to achieve this. Exchanges in the fields of education, research and culture should be vigorously encouraged, as they are also a way of bringing people from different countries closer together. The AIV would therefore urge the government to actively pursue visa facilitation, despite the potential financial consequences. However, the AIV is not blind to the fact that visa facilitation – possibly in conjunction with mobility partnerships (see below) – also has a negative side, such as trafficking in women and transnational organised crime. It therefore believes that further agreements need to be made on oversight in order to prevent abuse.

Mobility partnerships

The government wants to wait until its trial mobility partnerships with Moldova and Georgia have been evaluated before taking further steps in this area. The AIV can understand this if it is indicative of a pragmatic approach on the government's part. In any event, the AIV believes it is vital to seriously investigate the possibility of a mobility partnership with Ukraine especially given its major strategic importance.

3. What lessons can be learnt from the Union for the Mediterranean with regard to a possible multilateral cooperation partnership with the EU's eastern neighbours?

The AIV takes the view that it is too early to draw lessons from the Union for the Mediterranean, since it has only recently been launched. Aside from taking internal organisational measures (including the creation of a relatively large number of senior secretarial posts), it has not yet done much more than place several major joint

⁵ *Europa's bureu, Europees nabuurschapsbeleid en de publieke opinie over de Europese Unie* (Europe's neighbours, European Neighbourhood Policy and public opinion on the European Union), CPB and Social and Cultural Planning Office (SCP), The Hague, 2008.

projects on the agenda. Furthermore, the AIV would point out that the eastern countries are so different from the countries on the other side of the Mediterranean that there is little point in making comparisons at this stage.

4. *In using its policy instruments, should the EU distinguish between the eastern ENP countries in the Caucasus on the one hand and Ukraine, Moldova and, ultimately (depending on the development of democracy and the rule of law), Belarus on the other? To what extent would it be possible to enhance cooperation among the eastern neighbours themselves?*

As already intimated, the AIV believes that the policy should indeed differentiate between the various partner countries. It goes almost without saying that the EU should distinguish not only between the countries in the Caucasus and those in Eastern Europe, but also between individual countries. For instance, an association agreement has already been offered to one of the six countries – Ukraine. The AIV is struck by the fact that Belarus is not currently allowed to participate in the EaP because it does not yet meet the requirements concerning democracy, the rule of law and human rights, whereas Azerbaijan and Armenia are allowed to participate even though the situation in those countries is no better. In Ukraine, Moldova and Georgia, too, the development of democracy, the rule of law and human rights still has a long way to go.

The AIV would also emphasise that progress in these areas is also needed in order to ensure closer and more productive economic ties. Without clear, reliable legislation and good governance, dynamic economic intercourse will not develop. In the AIV's view, political and economic reforms need to run parallel – not at the same pace or according to the same template for all the partners, but in a tailor-made fashion. As regards the promotion of the rule of law and human rights in particular, the EU needs to provide support for Council of Europe and OSCE initiatives, as the AIV emphasises in its advisory report entitled *Cooperation between the European Union and Russia*.⁶ Vigorous efforts should be made when necessary to ensure compliance with the applicable standards.

The AIV believes that a demand-driven approach, guided by the partners' own needs and wishes, provides a sound basis for differentiation. This also ties in with the view that the EU's aid policy in general should be more demand-driven. If this is achieved, it will be possible to give the concept of ownership real meaning. Which party is doing the 'demanding', however, is vital in this regard. The AIV takes the view that the selection and implementation of programmes should mainly be based primarily on the preferences articulated by civil society. Differentiation should also be combined with financial conditionality. This means making the financial support that countries receive partly dependent on the extent to which they have achieved the goals agreed with the EU. The AIV believes that such conditionality is too weak in the present ENP.

As far as cooperation among the eastern neighbours themselves is concerned, the AIV would reiterate that these countries do not constitute a homogeneous group, either economically or in terms of their aspirations vis-à-vis the EU. Moreover, as already noted, the volume of trade between these countries is very small. Nevertheless the AIV is in favour of promoting cooperation between them. This 'laboratory model' can

⁶ AIV, *Cooperation between the European Union and Russia: a Matter of Mutual Interest*, advisory report No. 61, The Hague, July 2008.

then be scaled up to EU level. It may also help to create better conditions for finding solutions to frozen conflicts.

Rather than trying to establish new structures, however, the AIV favours building on existing partnerships such as BSEC and GUAM for the time being. Priority should be given to launching specific projects that demonstrably benefit the countries concerned (e.g. in areas such as energy supply, border traffic and environmental protection). The prospect of creating an 'Economic Community' for all six countries still seems very remote. The countries concerned should be left to decide on the merits of this goal for themselves. The EU should be wary of adopting a patronising tone in this regard.

5. In what way could Russia be involved in the proposed Eastern Partnership?

The AIV would recall that its 2005 report emphasised that the relationship between the Union and the ENP countries must be regarded as one side of the trilateral relationship between the ENP countries, Russia and the European Union. The rationale behind this position still applies in full: in its relations with its eastern neighbours the EU 'has to have constant regard to Russian views and interests, although never at the expense of its new neighbours' (p. 15). It is questionable, however, whether Russia ought to be formally involved in the EaP, since it is not covered by it and naturally has no right of scrutiny with regard to the Union's relations with sovereign third countries. Despite taking the view that it should not, the AIV remains convinced that developing a productive relationship with Russia is no less important than strengthening ties with the eastern neighbours.

The utility and necessity of good relations with Russia, based of course on both sides' desire to establish such relations, are discussed in detail in the AIV's advisory report of July 2008. If the EU and Russia manage to improve their relationship and place it on a firmer footing in the coming period, this will have a favourable influence on the EaP's development. Even though Russia does not have a right of scrutiny with regard to its neighbours, there is much to be said for involving it in the implementation of EaP programmes and activities as much as possible. This ties in with the broader aim of abolishing existing divisions in Europe. First, however, the EU must clearly establish whether Russia shares the goals of these activities and programmes. If it does not, it could easily frustrate them. To clarify the situation, the AIV believes that the EU should enter into dialogue with Russia and its eastern partners on the policy to be pursued in this – still contested – geopolitical area and record the outcome in writing. The AIV also attaches great weight to the principle of reciprocity. If Russia and the EU can agree, preferably at the highest political level, on the objectives to be pursued in their shared neighbourhood, the EU should be similarly involved in Russia's programmes and activities with its western neighbours.

Lastly, the AIV would like to address the unintended adverse effects that the EaP might have on relations between the EU and Russia. In particular these effects could result from the anticipated deep and comprehensive free trade zones between the EU and its neighbours. As long as Russia is unable to participate in a free trade zone because it is not a member of the WTO, the growing integration of neighbouring countries into the EU economy will inevitably increase the distance between Russia and the Union. Ukraine, for example, has indicated that it will seek a free trade zone with Russia, but at the same time it wants to integrate its economy into the European market. This could lead to undesirable trade diversion.

The AIV therefore concludes that efforts to achieve deep and comprehensive free trade between the EU and its partners should not impede the intensification of those countries' trade relations with Russia. This, however, requires Russia to join the WTO. If it does not, Russia's distance from the EU and its neighbours will increase in the long run. This should be impressed upon Russia.

The AIV also believes that open contacts should be maintained not only with Russia but also with Turkey on the EaP's aims and instruments. Even aside from its possible future membership of the EU, Turkey is already a major player in the Caucasus. It is engaged in political activities there, involving Armenia, for example. Since Turkey forms a customs union with the EU, any tariff arrangements between the EU and its three Caucasian partners might directly impact Turkey. But those factors aside, Turkey is very interested politically in the development of relations between the EU and the Caucasus countries. All the more reason to take Turkey's views and interests into account.

Consequences of the economic crisis

As announced at the start of this letter, the AIV will briefly survey the EU's relationship with its eastern neighbours in the context of the current global economic crisis. The reason is evident: those countries too are seriously affected by the crisis. The more integrated countries are in international trade and capital flows, the greater the impact. The crisis is also likely to affect the balance of economic power – not only within the EU but also between the EU, Russia and the eastern neighbours. Factors that heighten economies' vulnerability include dependence on external financing through deficits on the balance of payments current account and government budget deficits, the availability of reserves and the knock-on effect of raw material prices.

In these circumstances the AIV expects the neighbours to give high priority to receiving economic and financial support from the EU when implementing the EaP. Unlike the large EU countries (and also, at least initially, Russia), governments in the neighbouring countries in question are barely able to take stimulus and rescue measures due to their financial position. The AIV therefore believes that the implementation of the Eastern Partnership should take these exceptional circumstances into account.

The AIV has two types of action in mind. First, the EU can help ensure that support for businesses, and especially banks, in EU countries also benefits branches of these companies in neighbouring countries. Second, both the EU itself, especially through the EIB, and individual EU countries can try to put in place large-scale multilateral support packages that are being prepared by the IMF in cooperation with the EBRD and the World Bank. Promoting this crucial multilateral support and related economic reforms should certainly be a priority for the Netherlands, which represents four of the eastern neighbours on the IMF and World Bank governing bodies.⁷

7 The four countries are: Armenia, Georgia, Moldova and Ukraine.

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Re: Update to the advisory report 'The European Union's Eastern Neighbours'

Dear Mr Korthals Altes,

In July 2005, the Advisory Council on International Affairs (AIV) published an advisory report on future EU policy with regard to its eastern neighbours after the accession of ten Central and Eastern European countries to the EU. The Dutch government had requested the report in response to the European Commission's policy framework, adopted in May 2004, on developing relations with the EU's new neighbours along its eastern borders.

Events in Georgia this summer have revived political interest in the Eastern Dimension of the European Neighbourhood Policy (ENP). This month, the Commission will present its proposals for an Eastern Partnership, which will be presented for approval by the European Council in March 2009. Various member states, including Poland, Sweden and the Czech Republic, have also put forward proposals on strengthening the EU's ties with its eastern neighbours. In the light of these developments, the government requests the AIV to publish a concise update to its advisory report of 2005.

The government would particularly like answers to the following questions:

1. What added value would the Eastern Partnership provide beyond the possibilities currently afforded by the European Neighbourhood Policy? How would this Partnership relate to the new forms of partnership status (*partenariaat*) proposed by the Dutch government in the memorandum submitted to Parliament on 14 May 2008?
2. The government has ruled out any accession prospects for the EU's eastern neighbours.
3. What options (e.g. instruments) would be available within the current ENP to strengthen relations with these countries?
4. What lessons can be learnt from the Union for the Mediterranean with regard to a possible multilateral cooperation partnership with the EU's eastern neighbours?
5. In using its policy instruments, should the EU distinguish between the eastern ENP countries in the Caucasus on the one hand and Ukraine, Moldova and, ultimately (depending on the development of democracy and the rule of law), Belarus on the other? To what extent would it be possible to enhance cooperation among the eastern neighbours themselves?

In what way could Russia be involved in the proposed Eastern Partnership?

I look forward to your updated advisory report.

Yours sincerely,
(signed)

Maxime Verhagen
Minister of Foreign Affairs

House of Representatives of the States General

2008-2009

22 112 New Commission proposals and initiatives of the member states of the European Union

No. 763 LETTER FROM THE STATE SECRETARY FOR FOREIGN AFFAIRS

To the President of the House of Representatives of the States General

The Hague, 22 December 2008

In accordance with existing agreements I have the honour of presenting to you 10 fiches prepared by the Working Group for the Assessment of New Commission Proposals (BNC):

1. Communication on second strategic energy review (Parliamentary Paper 22 112, no. 754);
2. Directive on energy labelling (Parliamentary Paper 22 112, no. 755);
3. Communication on offshore wind energy (Parliamentary Paper 22 112, no. 756);
4. Directive on oil stocks (Parliamentary Paper 22 112, no. 757);
5. Directive on tyre labelling (Parliamentary Paper 22 112, no. 758);
6. Decision on a critical infrastructure warning information network (CIWIN) (Parliamentary Paper 22 112, no. 759);
7. Communication on global monitoring for environment and security (GMES) (Parliamentary Paper 22 112, no. 760);
8. Communication on a European action in the field of rare diseases (Parliamentary Paper 22 112, no. 761);
9. Regulation on the common fisheries policy (Parliamentary Paper 22 112, no. 762);
10. Communication on Eastern Partnership.

F.C.G.M. Timmermans
State Secretary for Foreign Affairs

Fiche: Communication on Eastern Partnership

1. General information

Proposal: Communication on Eastern Partnership

Date of Commission document: 3 December 2008

Commission document no.: COM(2008) 823 final

PreLex: http://ec.europa.eu/prelex/detail_dossier_real.cfm?CL=en&DosId=197721

No. of Commission impact assessment and Impact Assessment Board (IAB) opinion:
http://ec.europa.eu/governance/impact/cia_2008_en.htm

Procedure in Council: The Communication was mentioned during the European Council of 11-12 December and will be discussed during the COEST working group on 18 December 2008. Conclusions will be provided for the European Council in March 2009.

Lead ministry: Ministry of Foreign Affairs

2. Essence of the proposal

The Communication proposes strengthening the relationship with eastern neighbours¹ by setting up an Eastern Partnership. The Eastern Partnership has two aims: to strengthen bilateral relations and to create a multilateral structure.

Bilateral relations are to be strengthened by means of:

- new contractual relations within the framework of the present Neighbourhood Policy in the form of association agreements;
- deeper economic integration by means of deep and comprehensive free trade agreements that can develop into a Neighbourhood Economic Community;
- relaxing rules on the movement of people and strengthening the rule of law and legislation;
- closer cooperation on energy supply security;
- support for economic and social development.

A programme of wide-ranging institutional development will be established for the purpose of these reforms.

The multilateral structure must provide a forum for the eastern partners to share information and experience as well as promoting the development of common positions and activities. Multilateral cooperation can take place in four policy areas: (1) democracy, good governance and stability; (2) economic integration and adoption of EU policy; (3) energy supply security; and (4) cooperation in the fields of culture, science and education. Several projects, funded by IFIs, the private sector and donors, will strengthen the multilateral forum.

1 Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The level of cooperation with Belarus will depend on how EU-Belarus relations develop.

The multilateral forum will be organised at four levels: (1) a meeting of heads of state and government every two years; (2) a meeting of foreign ministers in the margins of the GAERC every spring; (3) a senior officials meeting for the four policy areas twice a year; (4) panels supporting the four platforms.

3. Has the Commission announced action, measures or specific legislation for the future? If so, what is the Netherlands' preliminary assessment of them in terms of competences, subsidiarity and proportionality and what is its estimate of the financial consequences?

As already stated, the Commission proposes creating an Eastern Partnership. In view of articles 179 and 181 EC, which form the basis for the European Neighbourhood Policy, and also the European Community's competences in areas such as trade, the Commission is competent to propose the Partnership. The subsidiarity and proportionality of the proposed Partnership are assessed positively as far as possible. The Neighbourhood Policy is wide-ranging, in terms of both geographic scope and the range of issues covered. It would be impossible to achieve anything like as much at member state level. An Eastern Partnership complements existing programmes with neighbouring countries and also gives fresh impetus to existing bilateral and multilateral cooperation. The financial consequences are as follows: the European Commission requests €600 million for the period 2010-2013, of which €250 million is to come from reallocating the ENPI budget. The remainder (€350 million) will consist of additional funds. On top of that, there will be annual costs of €75 million if visas for the countries in question are issued free of charge. The Netherlands is very cautious about the need for the proposed budget increase. Since the increase does not arise directly from costs associated with new projects and policy, the justification for it is unclear. The Netherlands is of the opinion that the financial consequences arising from the Eastern Partnership initiative should be accommodated within the existing financial frameworks of the EU budget. Any extra funds can be obtained through the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the voluntary Neighbourhood Investment Facility (NIF). The Netherlands has not yet considered whether to make an extra bilateral contribution to the NIF. The financial consequences for the national budget will be accommodated in the budget of the responsible ministry in accordance with the rules on budget discipline.

4. The Netherlands' position on the Communication

The Netherlands is in favour of strengthening relations with the eastern neighbours. The Netherlands and the EU have an interest in creating a ring of prosperous, democratic and stable states around themselves, as they have major political, economic, security and energy interests in this region. The Netherlands believes that the main purpose of the Eastern Partnership is to spur on the reform process in the countries concerned, with special attention being given to democratisation, strengthening the rule of law, cooperation on energy and the environment, fighting crime and corruption, and improving the business climate.

On the basis of the present proposals, the Netherlands intends to adopt the following positions:

- The Netherlands is not by definition opposed to offering eastern ENP partners association agreements. However, this must be subject to conditions concerning democratisation, the rule of law, human rights and a realistic reform agenda.
- The Netherlands is basically in favour of concluding free trade agreements with these countries in the long term, and will assess a Commission proposal to that effect

accordingly. These free trade agreements must align with or build on the multilateral trade system. The Netherlands expects that some of these countries are not yet ready for free trade agreements.

- A multilateral forum not only makes the EU's relations with this region more visible, but can also strengthen coherence and cooperation between the countries concerned. This applies for example to the fields of energy, environment, fighting transnational crime and controlling migration. The Eastern Partnership can provide a welcome addition to existing forms of cooperation such as regional environmental treaties, the UN ECE Environment for Europe process and existing bilateral relations, especially if it allows NGOs, regional environmental centres and financial actors to be involved.
- The Netherlands believes that visa facilitation is politically desirable for these countries, but should be subject to conditions (evaluation of the present visa facilitation agreements, simultaneous conclusion of readmission agreements, abolition of visas should be no more than a long-term objective, the principle that the visa applicant pays should be upheld).
- The EU is currently experimenting with mobility partnerships with Moldova and Georgia. The Netherlands wants to wait until they are evaluated before entering into new partnerships and before including such partnerships in the proposed mobility and security pacts. It wonders whether these pacts have any added value compared with the present mobility partnerships, which could also cover security.
- Finally, although this is not included in the Commission's proposal, the Dutch government continues to believe that these countries should not be offered any prospect of EU membership. The countries in question – and the EU – are far from ready for this. The Netherlands endorses the wording used in the Communication: 'The EU will give strong support to these partners in their efforts to come closer to the EU (...) without prejudice to individual countries' aspirations for their future relationship with the EU.'

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